Q1 FIRST QUARTER INTERIM REPORT
For the Three Months Ended March 31, 2012

Three Months Ended March 31,	**2012**	2011	Change
(C$000s, except per share and unit data) (unaudited)	**($)**	($)	(%)
Financial			
Revenue	**474,107**	337,408	41
Operating income [(1)]	**113,381**	88,000	29
EBITDA [(1)]	**127,995**	96,897	32
Per share – basic	**2.92**	2.23	31
Per share – diluted	**2.87**	2.18	32
Net income attributable to the shareholders of Calfrac before foreign exchange gains [(2)]	**59,264**	41,233	44
Per share – basic	**1.35**	0.95	42
Per share – diluted	**1.33**	0.93	43
Net income attributable to the shareholders of Calfrac	**70,841**	49,078	44
Per share – basic	**1.62**	1.13	43
Per share – diluted	**1.59**	1.11	43
Working capital (end of period)	**431,053**	356,370	21
Total equity (end of period)	**779,426**	556,277	40
Weighted average common shares outstanding (000s)			
Basic	**43,811**	43,529	1
Diluted	**44,550**	44,394	–
Operating (end of period)			
Pumping horsepower (000s)	**782**	530	48
Coiled tubing units (#)	**29**	29	–
Cementing units (#)	**23**	21	10

(1) Refer to "Non-GAAP Measures" on page 8 for further information.

(2) Net income attributable to the shareholders of Calfrac before foreign exchange gains or losses is defined as net income (loss) attributable to the shareholders of Calfrac before foreign exchange gains or losses on an after-tax basis. Management believes that net income attributable to the shareholders of Calfrac before foreign exchange gains or losses is a useful supplemental measure as it provides an indication of the financial results generated by Calfrac without the impact of foreign exchange fluctuations, which are not fully controllable by the Company. Net income attributable to the shareholders of Calfrac before foreign exchange gains or losses is a measure that does not have any standardized meaning prescribed under IFRS and, accordingly, may not be comparable to similar measures used by other companies.

CEO's MESSAGE

I am pleased to present Calfrac's operating and financial highlights for the first quarter of 2012 and to discuss our prospects for the remainder of the year. During the first quarter, the Company:

- achieved record first quarter revenue, EBITDA and net income resulting from high levels of pressure pumping activity in the unconventional oil and natural gas plays in western Canada and the United States;
- increased its semi-annual dividend by 400 percent from $0.10 per share to $0.50 per share; and
- continued to remain active in the early-stage development of many emerging unconventional resource plays in North America.

FINANCIAL HIGHLIGHTS

For the three months ended March 31, 2012, the Company recorded:

- record first-quarter revenue of $474.1 million versus $337.4 million in the comparable quarter of 2011, led by year-over-year growth in Canada, the United States, Russia and Latin America;
- operating income of $113.4 million versus $88.0 million in the comparable period in 2011, resulting primarily from strong activity and improved pricing in Canada and the United States, combined with a continued focus on cost control; and
- net income of $70.8 million or $1.59 per share diluted compared to net income of $49.1 million or $1.11 per share diluted in the first quarter of 2011. After adjusting for foreign exchange gains, net income in the first quarter of 2012 would have been $59.3 million or $1.33 per share diluted compared to $41.2 million or $0.93 per share diluted in the first quarter of 2011.

OPERATIONAL HIGHLIGHTS

Canada

During the first quarter of 2012, fracturing and coiled tubing activity in western Canada was very strong as Calfrac's customers focused on the development of oil and liquids-rich natural gas formations. Activity in these plays represented approximately 85 percent of the Company's first-quarter revenue. Although an early spring break-up in March limited Calfrac's ability to execute all of its planned projects, these work programs are expected to be completed in the second and third quarters.

Calfrac remains encouraged by the Canadian market fundamentals and expects that its leadership position in fluid technology will provide the basis for further growth, particularly in oil and liquids-rich plays. The Company has been very active in the early stage development of many emerging western Canadian oil plays and is optimistic about their future potential.

United States

Calfrac's United States operations continued to transition to a greater focus on oil-producing reservoirs during the first quarter of 2012. The Company experienced an expanded presence in the North Dakota Bakken as well as the Niobrara oil shale play in Colorado and Wyoming. During the first quarter, the Company deployed a fourth fracturing fleet into North Dakota further expanding its operating scale in that region. Calfrac anticipates that demand for its services in this region will remain high and lead the growth profile for its United States operations in 2012.

Calfrac's operations in the Marcellus shale play began the year slower than expected as customers refined their capital programs due to the continued decline in natural gas prices. Activity increased in February and March and, with the Company's strong contract position, Calfrac expects that activity will be relatively strong for the remainder of 2012.

The Company continues to proactively manage its commodity and logistical requirements for completions performed in unconventional resource plays. The significant industry shift to unconventional oil basins has resulted in high demand and costs for certain grades of proppant, guar and other chemicals and resulted in lower than expected operating income during the quarter. Calfrac expects to begin recovering some of these cost increases through its contractual cost escalation provisions through the next two quarters.

Russia

Activity for Calfrac's Russian operations was slightly lower than expected as one of the Company's customers deferred some projects into the second quarter. First quarter operating margins are traditionally lower than the remainder of the year due to higher costs related to cold operating conditions as well as higher chemical costs due to strong global demand for these products. As the Russian market is concentrated on the development of crude oil reservoirs, increased demand for the Company's services in Western Siberia is anticipated throughout the remainder of the year. Calfrac continues to manage its operating cost structure and remains focused on improving future financial performance.

Latin America

Completions activity in the oil-producing regions of Mexico continued to increase from the fourth quarter of 2011 as onshore development expanded due to the strong commodity price environment. The Company continues to deploy new technologies into this market to improve the economic returns of its customers and expects that this could represent a significant growth market in the future.

Cementing and coiled tubing activity in Argentina during the first quarter were relatively consistent with the previous quarter. The Company continues to broaden its market presence in anticipation of the future development of several emerging shale natural gas and tight oil plays. As a result, Calfrac plans to commence fracturing operations in Argentina in the second half of 2012.

Calfrac commenced cementing operations in Colombia in late 2011 and experienced an increase in activity and revenue base during the first quarter. It is expected that this emerging international market will grow substantially through the deployment of additional capital and expansion of its customer base.

OUTLOOK AND BUSINESS PROSPECTS

Calfrac expects that North American drilling and completion activity in 2012 will continue to focus on the development of oil and liquids-rich natural gas resource plays. Given the strong price of crude oil, continued levels of high activity are expected in existing and emerging North American oil plays during 2012 and beyond. With the ongoing technological evolution within tight oil producing reservoirs, it is expected that the economics of these plays will continue to improve and result in further growth in the Company's oil-focused revenue base.

In Canada, completion activity in unconventional light oil plays, such as the Cardium, Viking and Bakken as well as emerging plays such as Beaverhill Lake, Alberta Bakken, Dunvegan and Slave Point, is expected to expand as these plays provide very attractive returns at current prices. As a result, fracturing and coiled tubing activity is expected to increase throughout the year and provide further resource-play diversification for Calfrac in western Canada.

The Company anticipates that activity in the liquids-rich natural gas plays of northwest Alberta and northeast British Columbia will remain strong. In addition to some of the traditional producing areas, emerging areas such as the Duvernay shale could drive significant demand for Calfrac's services in 2012 and beyond. Calfrac will be involved in several Duvernay projects throughout the remainder of 2012 and together with its customers, will continue to refine its completion strategies in this play to improve well economics.

An early spring break-up in Canada combined with below-average snow levels over the winter could minimize the traditional impact of road bans on activity during the remainder of the second quarter. To date, the Company has experienced a relatively active second quarter and expects this to continue. In mid-April, the Company commenced a sizable Horn River project which is expected to be completed by early July. In addition, the Company also deployed a fracturing and coiled tubing crew that would otherwise be idle in Canada due to spring break-up, into North Dakota to complete several projects.

In the United States, Calfrac's rapidly expanding presence in the Bakken oil shale play has created a platform for significant growth. With its current fleet of four fracturing spreads and one coiled tubing unit combined with the planned addition of a fifth fracturing fleet in the third quarter of 2012, the Company's activity in this market is expected to grow significantly. Service intensity through longer horizontal legs and a greater number of fractures per wellbore, combined with the increased adoption of 24-hour operations, provide the basis for strong growth that is anticipated for North Dakota.

The Rocky Mountain region of the United States continues to shift from a predominantly natural gas focused region into a liquids-producing region. While still in the early stages of development, recent exploration successes in the emerging Niobrara oil shale play of northern Colorado and Wyoming provide optimism for future growth. Calfrac's long-standing presence in this region leaves it well-positioned to take advantage of future opportunities.

Despite the current price of natural gas, Calfrac believes in the long-term potential of the Marcellus shale play. This play has evolved into one of the most economic natural gas producing regions in the United States. The Company is completing a new district facility in Smithfield, Pennsylvania to service this play, which will also provide the capacity to service a large part of the emerging liquids-rich Utica shale play. Calfrac's strong customer and contract position in the region is expected to provide stability to the Company's operations in the short term as the industry adapts to a lower natural gas price environment.

In Russia, Calfrac recently concluded its 2012 tender process and expects that equipment utilization will remain high. The Company continues to focus on streamlining operating costs and anticipates that profitability will improve throughout the remainder of the year as expenses related to cold weather operations become less prominent. Calfrac expects that fracturing of Russian natural gas wells may become more prevalent in the future given the country's status as one of the world's largest natural gas producers. In addition, the Company believes that the Russian market may begin to increase the application of horizontal drilling and multi-stage completion technology, which could also increase demand for Calfrac's services.

In Mexico, the Company has been encouraged by the improvement in the Mexican oilfield service environment and believes that this will continue given the strong price of crude oil increasing onshore development in Mexico. The Company recognizes this country's long-term potential and will remain focused on providing new technology and improving its operating efficiencies.

Despite some of the current political challenges in Argentina, the Company remains encouraged by the development of a number of emerging domestic unconventional oil and natural gas plays which are expected to drive further oilfield activity over the longer term. Horizontal drilling combined with multi-stage fracturing will be important to developing these reservoirs. In response to these market opportunities, Calfrac deployed additional cementing and coiled tubing equipment in 2011 and expects to commence fracturing operations in Argentina during the last half of 2012.

The Company's recent entry into Colombia is consistent with Calfrac's international expansion strategy of using cementing or coiled tubing operations, which require a smaller initial capital investment, to provide an opportunity to build a market presence prior to the potential deployment of fracturing equipment. The Company expects that the emerging Colombia market will provide significant opportunities for growth. This represents yet another oil focused international growth opportunity as the Company continues to carry out its long-term growth strategy.

On behalf of the Board of Directors,

(signed) Douglas R. Ramsay
Chief Executive Officer

May 7, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) for Calfrac Well Services Ltd. ("Calfrac" or the "Company") has been prepared by management as of May 7, 2012 and is a review of the financial condition and results of operations of the Company based on International Financial Reporting Standards (IFRS). Prior to 2011, the Company prepared its interim and annual financial statements in accordance with previous Canadian generally accepted accounting principles (GAAP). Certain comparative financial information in this MD&A has been restated, where required, based on IFRS.

The focus of this MD&A is a comparison of the financial performance for the three months ended March 31, 2012 and 2011 and should be read in conjunction with the interim consolidated financial statements for the three months ended March 31, 2011, as well as the audited consolidated financial statements and MD&A for the year end December 31, 2011.

Readers should also refer to the "Forward-Looking Statements" legal advisory at the end of this MD&A. All financial amounts and measures presented are expressed in Canadian dollars unless otherwise indicated. The definitions of certain non-GAAP measures used have been included on page 8.

CALFRAC'S BUSINESS

Calfrac is an independent provider of specialized oilfield services in Canada, the United States, Russia, Mexico, Argentina and Colombia, including hydraulic fracturing, coiled tubing, cementing and other well stimulation services.

The Company's reportable business segments during the first quarter of 2012 were as follows:

- The Canadian segment is focused on the provision of fracturing and coiled tubing services to a diverse group of oil and natural gas exploration and production companies operating in Alberta, northeast British Columbia, Saskatchewan and southwest Manitoba. The Company's customer base in Canada ranges from large multi-national public companies to small private companies. Calfrac had combined hydraulic horsepower of approximately 289,000, 21 coiled tubing units and three cementing units in Canada at March 31, 2012.

- The United States segment provides pressure pumping services from operating bases in Colorado, Arkansas, Pennsylvania and North Dakota. The Company provides fracturing services to a number of oil and natural gas companies operating in the Piceance Basin of western Colorado, the Uintah Basin of northeast Utah and the Denver-Julesburg Basin centred in eastern Colorado and extending into southeast Wyoming, including the Niobrara oil play of northern Colorado. In addition, Calfrac provides fracturing and cementing services to customers operating in the Marcellus shale play in Pennsylvania and West Virginia and the Fayetteville shale play of Arkansas. The Company also provides fracturing services in the Utica shale in Ohio. Calfrac increased the scale of its fracturing operations in the Bakken oil shale play in North Dakota throughout 2011 and commenced coiled tubing operations in this region in the fourth quarter of 2011. At March 31, 2012, the Company deployed approximately 421,000 hydraulic horsepower and operated nine cementing units and one coiled tubing unit in its United States segment.

- The Company's Russian segment is focused on the provision of fracturing and coiled tubing services in Western Siberia. In the first quarter of 2012, the Company operated under annual and multi-year agreements to provide services to two of Russia's largest oil producers. At March 31, 2012, the Company operated six coiled tubing units and deployed approximately 45,000 hydraulic horsepower forming five fracturing spreads in Russia.

- The Latin America segment provides pressure pumping services from operating bases in central and northern Mexico, central Argentina and east central Colombia. The Company provides fracturing and cementing services to customers operating in the Burgos field of northern Mexico and the Chicontepec field of central Mexico. In Argentina, the Company provides cementing, coiled tubing, nitrogen and acidizing services. In September 2011, Calfrac commenced cementing operations in the Llanos Basin of east central Colombia for local oil and natural gas companies. At March 31, 2012, the Company deployed approximately 27,000 hydraulic horsepower in its Latin America segment, forming three fracturing spreads, 11 cementing units and one coiled tubing unit.

CONSOLIDATED HIGHLIGHTS

Three Months Ended March 31,	**2012**	2011	Change
(C$000s, except per share amounts) (unaudited)	**($)**	($)	(%)
Revenue	**474,107**	337,408	41
Operating income [(1)]	**113,381**	88,000	29
EBITDA [(1)]	**127,995**	96,897	32
Per share – basic	**2.92**	2.23	31
Per share – diluted	**2.87**	2.18	32
Net income attributable to shareholders of Calfrac	**70,841**	49,078	44
Per share – basic	**1.62**	1.13	43
Per share – diluted	**1.59**	1.11	43
Working capital (end of period)	**431,053**	356,370	21
Total assets (end of period)	**1,507,794**	1,164,141	30
Long-term debt (end of period)	**442,066**	429,757	3
Total equity (end of period)	**779,426**	556,277	40

(1) Refer to “Non-GAAP Measures” on page 8 for further information.

FIRST QUARTER 2012 OVERVIEW

In the first quarter of 2012, the Company:

- achieved record first quarter revenue of $474.1 million, an increase of 41 percent from the first quarter of 2011 driven primarily by strong growth in Calfrac’s Canadian and United States operations;

- reported operating income of $113.4 million versus $88.0 million in the same quarter of 2011, mainly due to high levels of fracturing and coiled tubing activity in the unconventional oil and liquids-rich plays of western Canada combined with strong fracturing activity in North Dakota and the Marcellus shale play in Pennsylvania and West Virginia;

- increased its semi-annual dividend by 400 percent from $0.10 per share to $0.50 per share;

- reported net income attributable to shareholders of Calfrac of $70.8 million or $1.59 per share diluted compared to $49.1 million or $1.11 per share diluted in the first quarter of 2011; and

- incurred capital expenditures of $84.1 million versus $65.8 million in the first quarter of 2011, primarily to bolster the Company’s fracturing operations.

NON-GAAP MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, are considered non-GAAP measures. These measures have been described and presented in order to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and ability to generate funds to finance its operations. These measures may not be comparable to similar measures presented by other entities, and are further explained as follows:

Operating income (loss) is defined as net income (loss) before depreciation, interest, foreign exchange gains or losses, gains or losses on disposal of capital assets and income taxes. Management believes that operating income is a useful supplemental measure as it provides an indication of the financial results generated by Calfrac's business segments prior to consideration of how these segments are financed or how they are taxed. Operating income was calculated as follows:

Three Months Ended March 31,	**2012**	2011
(C$000s) (unaudited)	**($)**	($)
Net income	**70,694**	49,063
Add back (deduct):		
Depreciation	**22,069**	21,524
Interest, net	**8,935**	9,085
Foreign exchange gains	**(13,870)**	(8,663)
Gain on disposal of capital assets	**(744)**	(234)
Income taxes	**26,297**	17,225
Operating income	**113,381**	88,000

EBITDA is defined as net income (loss) before interest, taxes, depreciation and amortization. EBITDA is presented because it is frequently used by securities analysts and others for evaluating companies and their ability to service debt. EBITDA was calculated as follows:

Three Months Ended March 31,	**2012**	2011
(C$000s) (unaudited)	**($)**	($)
Net income	**70,694**	49,063
Add back:		
Depreciation	**22,069**	21,524
Interest, net	**8,935**	9,085
Income taxes	**26,297**	17,225
EBITDA	**127,995**	96,897

FINANCIAL OVERVIEW – THREE MONTHS ENDED MARCH 31, 2012 VERSUS 2011

Canada

Three Months Ended March 31,	**2012**	2011	Change
(C$000s, except operational information) (unaudited)	**($)**	($)	(%)
Revenue	**225,824**	201,454	12
Expenses			
Operating	**144,273**	128,801	12
Selling, General and Administrative (SG&A)	**4,219**	4,220	–
	148,492	133,021	12
Operating income [(1)]	**77,332**	68,433	13
Operating income (%)	**34.2%**	34.0%	1
Fracturing revenue per job ($)	**199,928**	159,590	25
Number of fracturing jobs	**1,037**	1,147	(10)
Pumping horsepower, end of period (000s)	**289**	211	37
Coiled tubing revenue per job ($)	**30,375**	24,441	24
Number of coiled tubing jobs	**609**	753	(19)
Coiled tubing units, end of period (#)	**21**	22	(5)

(1) Refer to "Non-GAAP Measures" on page 8 for further information.

Revenue

Revenue from Calfrac's Canadian operations during the first quarter of 2012 was $225.8 million versus $201.5 million in the comparable three-month period of 2011. The 12 percent increase in revenue was primarily due to improved pricing, larger jobs and a larger fleet of fracturing equipment operating in the oil and liquids-rich gas producing regions of the Western Canadian Sedimentary Basin. These factors were partially offset by a reduction in coiled tubing jobs due to the redeployment of a coiled tubing unit to the United States in the fourth quarter of 2011.

Operating Income

Operating income in Canada increased by 13 percent to $77.3 million during the first quarter of 2012 from $68.4 million in the same period of 2011. The increase in Canadian operating income was mainly due to improved pricing and the completion of larger jobs in the unconventional oil resource plays of western Canada combined with a focus on controlling operating and SG&A expenses.

United States

Three Months Ended March 31,	2012	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**194,899**	98,474	98
Expenses			
Operating	**145,795**	66,563	119
SG&A	**5,000**	3,216	55
	150,795	69,779	116
Operating income [(1)]	**44,104**	28,695	54
Operating income (%)	**22.6%**	29.1%	(22)
Fracturing revenue per job ($)	**82,189**	71,581	15
Number of fracturing jobs	**2,281**	1,337	71
Pumping horsepower, end of period (000s)	**421**	252	67
Coiled tubing units, end of period (#)	**1**	–	–
Cementing revenue per job ($)	**30,362**	20,675	47
Number of cementing jobs	**171**	134	28
Cementing units, end of period (#)	**9**	7	29
US$/C$ average exchange rate [(2)]	**1.0013**	0.9859	2

(1) Refer to "Non-GAAP Measures" on page 8 for further information.
(2) Source: Bank of Canada.

Revenue

Revenue from Calfrac's United States operations increased during the first quarter of 2012 to $194.9 million from $98.5 million in the comparable quarter of 2011. The increase was due primarily to a larger number of fracturing fleets operating in the Bakken play of North Dakota combined with higher fracturing activity in the Marcellus shale play in Pennsylvania and West Virginia. Activity also increased in the Rocky Mountain region as a result of adding another fleet in the Denver-Julesburg Basin to service the Niobrara resource play. The revenue increase was also a result of larger fracturing jobs and an increase in customer demand for ceramic proppant combined with the start-up of coiled tubing operations in North Dakota in the fourth quarter of 2011. The commencement of cementing operations in the Marcellus shale formation in the second quarter of 2011 and the corresponding increase in cementing activity and job sizes also contributed to the increase in revenue.

Operating Income

Operating income in the United States was $44.1 million for the first quarter of 2012, an increase of $15.4 million from the comparative period in 2011. The significant increase in operating income was primarily due to a larger fleet combined with higher equipment utilization in the Bakken oil shale play in North Dakota and in the Marcellus natural gas shale play of Pennsylvania and West Virginia. In addition, the completion of larger fracturing and cementing jobs augmented operating income in the United States during the first quarter of 2012. These factors were partially offset by the use of higher cost proppants in the Bakken play in North Dakota and chemical price increases.

Russia

Three Months Ended March 31,	**2012**	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**28,096**	26,329	7
Expenses			
Operating	**25,139**	22,262	13
SG&A	**1,403**	2,135	(34)
	26,542	24,397	9
Operating income [1]	**1,554**	1,932	(20)
Operating income (%)	**5.5%**	7.3%	(25)
Fracturing revenue per job ($)	**98,904**	101,852	(3)
Number of fracturing jobs	**184**	179	3
Pumping horsepower, end of period (000s)	**45**	45	–
Coiled tubing revenue per job ($)	**58,224**	52,238	11
Number of coiled tubing jobs	**170**	155	10
Coiled tubing units, end of period (#)	**6**	6	–
Rouble/C$ average exchange rate [2]	**0.0332**	0.0337	(1)

(1) Refer to "Non-GAAP Measures" on page 8 for further information.
(2) Source: Bank of Canada.

Revenue

During the first quarter of 2012, the Company's revenue from Russian operations increased by 7 percent to $28.1 million from $26.3 million in the corresponding three-month period of 2011. The increase in revenue was mainly due to the completion of larger coiled tubing jobs combined with higher coiled tubing and fracturing activity. This increase was offset partially by the Company no longer providing proppant to a customer in Western Siberia.

Operating Income

Operating income in Russia in the first quarter of 2012 was $1.6 million compared to $1.9 million in the corresponding period of 2011. The decrease in operating income was primarily due to higher chemical prices, increased fuel consumption and higher equipment repair expenses.

Latin America

Three Months Ended March 31,	**2012**	2011	Change
(C$000s, except operational and exchange rate information) (unaudited)	**($)**	($)	(%)
Revenue	**25,288**	11,151	127
Expenses			
Operating	**21,354**	11,349	88
SG&A	**1,416**	530	167
	22,770	11,879	92
Operating income (loss) [1]	**2,518**	(728)	–
Operating income (loss) (%)	**10.0%**	-6.5%	–
Pumping horsepower, end of period (000s)	**27**	22	23
Cementing units, end of period (#)	**11**	8	38
Coiled tubing units, end of period (#)	**1**	1	–
Mexican peso/C$ average exchange rate [2]	**0.0772**	0.0818	(6)
Argentine peso/C$ average exchange rate [2]	**0.2307**	0.2380	(3)

(1) Refer to "Non-GAAP Measures" on page 8 for further information.
(2) Source: Bank of Canada.

Revenue

Calfrac's operations in Latin America generated total revenue of $25.3 million during the first quarter of 2012 versus $11.2 million in the comparable three-month period in 2011. For the three months ended March 31, 2012 and 2011, revenue generated through non-core well servicing activity was $6.1 million and $2.8 million, respectively. The increase in revenue was primarily due to higher fracturing activity, job sizes and pricing in Mexico as well as higher cementing activity and job sizes in Argentina combined with the Company commencing cementing operations in Colombia during the third quarter of 2011.

Operating Income

Calfrac's Latin America division generated an operating income of $2.5 million during the first quarter of 2012 compared to an operating loss of $0.7 million in the comparative quarter in 2011. The turnaround in operating income was primarily due to higher fracturing activity in Mexico combined with the impact of cost reduction measures the Company implemented in Mexico. Higher cementing activity in Argentina and the recent commencement of cementing activity in Colombia also contributed to the improved operating income. This increase was offset partially by the impact of the depreciation of the Argentine and Mexican peso.

Corporate

Three Months Ended March 31,	**2012**	2011	Change
(C$000s)	**($)**	($)	(%)
(unaudited)			
Expenses			
Operating	**2,180**	1,595	37
SG&A	**9,947**	8,737	14
	12,127	10,332	17
Operating loss (1)	**(12,127)**	(10,332)	(17)
% of Revenue	**2.6%**	3.1%	(16)

(1) Refer to “Non-GAAP Measures” on page 8 for further information.

Operating Loss

The 17 percent increase in Corporate operating and SG&A expenses from the first quarter of 2011 is mainly due to an increase in the number of personnel supporting the Company’s expanded operations and revenue base as well as higher professional fees.

Depreciation

For the three months ended March 31, 2012, depreciation expense increased by 3 percent to $22.1 million from $21.5 million in the corresponding quarter of 2011. The increase in depreciation expense is mainly a result of a larger fleet of equipment operating in North America offset partially by the impact of certain fully depreciated componentized assets in Canada and the United States.

Foreign Exchange Losses or Gains

The Company recorded a foreign exchange gain of $13.9 million during the first quarter of 2012 versus $8.7 million in the comparative three-month period of 2011. Foreign exchange gains and losses arise primarily from the translation of net monetary assets or liabilities that were held in U.S. dollars in Canada, Russia and Latin America. A majority of the Company’s foreign exchange gain recorded in the first quarter of 2012 was attributable to its Russian operations, which have substantial U.S. dollar denominated liabilities. During the quarter, the U.S. dollar weakened against the Russian rouble by 9 percent resulting in significant foreign exchange gains related to this indebtedness.

Interest

The Company’s interest expense during the first quarter of 2012 was $8.9 million compared to $9.1 million for the comparable period in 2011. This decrease was primarily due to the repayment of the remaining US$4.3 million of its 2015 senior unsecured notes in February 2011 as well as $3.2 million of mortgages related to certain properties acquired in the Century acquisition.

Income Tax Expenses

The Company recorded an income tax expense of $26.3 million during the first quarter of 2012 compared to $17.2 million in the comparable period of 2011. The effective income tax rates for the three months ended March 31, 2012 and 2011 were 27 percent and 26 percent, respectively. The increase in total income tax expense was primarily due to higher profitability in the United States and Canada.

Liquidity and Capital Resources

Three Months Ended March 31,	**2012**	2011
(C$000s) (unaudited)	**($)**	($)
Cash flows provided by (used in):		
Operating activities	**92,663**	22,838
Financing activities	**7,058**	(5,164)
Investing activities	**(83,330)**	(65,181)
Effect of exchange rate changes on cash and cash equivalents	**1,865**	(1,542)
Increase (decrease) in cash and cash equivalents	**18,256**	(49,049)

Operating Activities

The Company's cash flow provided by operating activities for the three months ended March 31, 2012 was $92.7 million versus $22.8 million in 2011. This increase was primarily due to higher operating income in Canada and the United States. At March 31, 2012, Calfrac's working capital was approximately $431.1 million, an increase of 8 percent from December 31, 2011.

Financing Activities

Cash flow provided by financing activities during the first quarter of 2012 was $7.1 million compared to cash flow used in financing activities of $5.2 million in the comparable 2011 period. During the first quarter of 2012, the Company issued $8.8 million of Calfrac common shares, received bank loan proceeds of $1.3 million and paid dividends totalling $2.6 million.

On November 18, 2010, Calfrac completed a private placement of senior unsecured notes for an aggregate principal of US$450.0 million due on December 1, 2020, which bear semi-annual interest of 7.50 percent per annum.

On September 27, 2011, the Company increased its credit facilities with a syndicate of Canadian chartered banks from $175.0 million to $250.0 million and extended the term to four years. The facilities consist of an operating facility of $20.0 million and a syndicated facility of $230.0 million. The interest rates for these facilities are based on the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.50 percent to prime plus 1.25 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin ranges from 1.75 percent to 2.50 percent above the respective base rates. As at March 31, 2012, the Company had utilized $2.5 million of its syndicated facility for letters of credit, leaving $247.5 million in available credit.

Investing Activities

For the three months ended March 31, 2012, Calfrac's cash flow used in investing activities was $83.3 million versus $65.2 million for 2011. Capital expenditures were $84.1 million in the first quarter of 2012 compared to $65.8 million in the same period of 2011. Capital expenditures were primarily related to supporting the Company's fracturing operations throughout North America.

Calfrac's 2012 capital budget is projected to be $271.0 million of which $240.0 million will be directed towards its Canadian and U.S. operations and $31.0 million towards operations in Russia and Latin America. In addition to the 2012 capital program outlined above, Calfrac expects that the carryover amount of approximately $150.0 million associated with its 2011 capital program will be completed during the first half of 2012. The 2012 capital program will focus on the Company's fracturing operations in Canada and the United States as well as facilities and infrastructure capital required to support Calfrac's rapidly expanding fracturing, coiled tubing and cementing operations in many of the most active North American unconventional oil and natural gas markets. A portion of this capital is also dedicated to expanding Calfrac's presence in the well servicing markets in Argentina and Colombia.

The effect of changes in foreign exchange rates on the Company's cash and cash equivalents during the first quarter of 2012 was an increase of $1.9 million versus a decrease of $1.5 million during the same period of 2011. These changes relate to cash and cash equivalents held by the Company in a foreign currency.

At March 31, 2012, the Company had cash and cash equivalents of $151.3 million.

With its strong working capital position, credit facilities and anticipated funds provided by operations, the Company expects to have adequate resources to fund its financial obligations, dividends and planned capital expenditures for the remainder of 2012 and beyond.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. Employees have been granted options to purchase common shares under the Company's shareholder-approved stock option plan. The number of shares reserved for issuance under the stock option plan is equal to 10 percent of the Company's issued and outstanding common shares. As at May 7, 2012, there were 44,363,025 common shares issued and outstanding, and 3,053,862 options to purchase common shares.

The Company has a Dividend Reinvestment Plan that allows shareholders to direct that cash dividends paid on all or a portion of their common shares be reinvested in additional common shares that will be issued at 95 percent of the volume-weighted average price of the common shares traded on the Toronto Stock Exchange during the last five trading days preceding the relevant dividend payment date.

Normal Course Issuer Bid

On November 2, 2011, the Company filed a Notice of Intention to make a Normal Course Issuer Bid ("NCIB") with the Toronto Stock Exchange ("TSX"). Under the NCIB, the Company may acquire up to 3,246,216 common shares, which was 10 percent of the public float outstanding as at October 31, 2011, during the period November 7, 2011 through November 6, 2012. The maximum number of common shares that may be acquired by the Company during a trading day is 42,392, with the exception that the Company is allowed to make one block purchase of common shares per calendar week that exceeds such limit. All purchases of common shares will be made through the TSX at the market price of the shares at the time of acquisition. Any shares acquired under the bid will be cancelled. During the fourth quarter of 2011, the Company purchased 196,800 common shares under the NCIB for a total cost of approximately $4.9 million, all financed out of working capital. The Company did not purchase any shares under NCIB during the first quarter of 2012.

SUMMARY OF QUARTERLY RESULTS

Three Months Ended	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010	Mar. 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 31, 2011	**Mar. 31, 2012**
(unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Financial (C$000s, except per share and operating data)								
Revenue	164,849	275,245	268,710	337,408	269,456	440,491	490,037	**474,107**
Operating income (1)	14,878	69,343	62,184	88,000	47,937	126,527	150,364	**113,381**
EBITDA (1)	11,637	70,764	62,464	96,897	50,597	102,042	149,146	**127,995**
Per share – basic	0.27	1.64	1.44	2.23	1.16	2.33	3.40	**2.92**
Per share – diluted	0.27	1.63	1.42	2.18	1.14	2.30	3.38	**2.87**
Net income (loss) attributable to								
shareholders of Calfrac	(10,280)	31,955	16,126	49,078	12,071	47,381	78,921	**70,841**
Per share – basic	(0.24)	0.74	0.37	1.13	0.28	1.08	1.80	**1.62**
Per share – diluted	(0.24)	0.74	0.37	1.11	0.27	1.07	1.79	**1.59**
Capital expenditures	26,813	30,097	47,015	65,777	72,047	85,130	101,008	**84,075**
Working capital (end of period)	138,500	177,561	341,677	356,370	324,832	375,823	398,526	**431,053**
Total equity (end of period)	453,290	485,280	502,032	556,277	568,607	632,889	700,569	**779,426**
Operating (end of period)								
Pumping horsepower (000s)	472	481	481	530	584	656	719	**782**
Coiled tubing units (#)	28	28	29	29	29	29	29	**29**
Cementing units (#)	21	21	21	21	22	23	23	**23**

(1) Refer to "Non-GAAP Measures" on page 8 for further information

Seasonality of Operations

The Company's Canadian business is seasonal in nature. The lowest activity levels are typically experienced during the second quarter of the year when road weight restrictions are in place due to spring break-up weather conditions and access to well sites in Canada is reduced (refer to "Business Risks – Seasonality" in the 2011 Annual Report).

Foreign Exchange Fluctuations

The Company's consolidated financial statements are reported in Canadian dollars. Accordingly, the quarterly results are directly affected by fluctuations in the United States, Russian, Mexican and Argentinean currency exchange rates (refer to "Business Risks – Fluctuations in Foreign Exchange Rates" in the 2011 Annual Report).

Early Redemption of Senior Notes

The Company closed a private offering of US$450.0 million of 7.5 percent senior notes in November 2010, which will mature on December 1, 2020. The Company used a portion of the net proceeds to repay its outstanding indebtedness, including funding the tender offer for its 7.75 percent senior notes due in 2015 and its outstanding credit facilities. As a result of the redemption of US$230.7 million of the senior notes due in 2015, the Company incurred $22.7 million of refinancing costs during the fourth quarter of 2010.

OUTLOOK

Calfrac expects that North American drilling and completion activity in 2012 will continue to focus on the development of oil and liquids-rich natural gas resource plays. Given the strong price of crude oil, continued levels of high activity are expected in existing and emerging North American oil plays during 2012 and beyond. With the ongoing technological evolution within tight oil producing reservoirs, it is expected that the economics of these plays will continue to improve and result in further growth in the Company's oil-focused revenue base.

In Canada, completion activity in unconventional light oil plays, such as the Cardium, Viking and Bakken as well as emerging plays such as Beaverhill Lake, Alberta Bakken, Dunvegan and Slave Point, is expected to expand as these plays provide very attractive returns at current prices. As a result, fracturing and coiled tubing activity is expected to increase throughout the year and provide further resource-play diversification for Calfrac in western Canada.

The Company anticipates that activity in the liquids-rich natural gas plays of northwest Alberta and northeast British Columbia will remain strong. In addition to some of the traditional producing areas, emerging areas such as the Duvernay shale could drive significant demand for Calfrac's services in 2012 and beyond. Calfrac will be involved in several Duvernay projects throughout the remainder of 2012 and together with its customers, will continue to refine its completion strategies in this play to improve well economics.

An early spring break-up in Canada combined with below-average snow levels over the winter could minimize the traditional impact of road bans on activity during the remainder of the second quarter. To date, the Company has experienced a relatively active second quarter and expects this to continue. In mid-April, the Company commenced a sizable Horn River project which is expected to be completed by early July. In addition, the Company also deployed a fracturing and coiled tubing crew that would otherwise be idle in Canada due to spring break-up, into North Dakota to complete several projects.

In the United States, Calfrac's rapidly expanding presence in the Bakken oil shale play has created a platform for significant growth. With its current fleet of four fracturing spreads and one coiled tubing unit combined with the planned addition of a fifth fracturing fleet in the third quarter of 2012, the Company's activity in this market is expected to grow significantly. Service intensity through longer horizontal legs and a greater number of fractures per wellbore, combined with the increased adoption of 24-hour operations, provide the basis for strong growth that is anticipated for North Dakota.

The Rocky Mountain region of the United States continues to shift from a predominantly natural gas focused region into a liquids-producing region. While still in the early stages of development, recent exploration successes in the emerging Niobrara oil shale play of northern Colorado and Wyoming provide optimism for future growth. Calfrac's long-standing presence in this region leaves it well-positioned to take advantage of future opportunities.

Despite the current price of natural gas, Calfrac believes in the long-term potential of the Marcellus shale play. This play has evolved into one of the most economic natural gas producing regions in the United States. The Company is completing a new district facility in Smithfield, Pennsylvania to service this play, which will also provide the capacity to service a large part of the emerging liquids-rich Utica shale play. Calfrac's strong customer and contract position in the region is expected to provide stability to the Company's operations in the short term as the industry adapts to a lower natural gas price environment.

In Russia, Calfrac recently concluded its 2012 tender process and expects that equipment utilization will remain high. The Company continues to focus on streamlining operating costs and anticipates that profitability will improve throughout the remainder of the year as expenses related to cold weather operations become less prominent. Calfrac expects that fracturing of Russian natural gas wells may become more prevalent in the future given the country's status as one of the world's largest natural gas producers. In addition, the Company believes that the Russian market may begin to increase the application of horizontal drilling and multi-stage completion technology, which could also increase demand for Calfrac's services.

In Mexico, the Company has been encouraged by the improvement in the Mexican oilfield service environment and believes that this will continue given the strong price of crude oil stimulating onshore development in Mexico. The Company recognizes this country's long-term potential and will remain focused on providing new technology and improving its operating efficiencies.

Despite some of the current political challenges in Argentina, the Company remains encouraged by the development of a number of emerging domestic unconventional oil and natural gas plays which are expected to stimulate further oilfield activity over the longer term. Horizontal drilling combined with multi-stage fracturing will be important to developing these reservoirs. In response to these market opportunities, Calfrac deployed additional cementing and coiled tubing equipment in 2011 and expects to commence fracturing operations in Argentina during the last half of 2012.

The Company's recent entry into Colombia is consistent with Calfrac's international expansion strategy of using cementing or coiled tubing operations, which require a smaller initial capital investment, to provide an opportunity to build a market presence prior to the potential deployment of fracturing equipment. The Company expects that the emerging Colombia market will provide significant opportunities for growth. This represents yet another oil focused international growth opportunity as the Company continues to carry out its long-term growth strategy.

CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Calfrac has various contractual lease commitments related to vehicles, equipment and facilities as well as purchase obligations for products, services and capital assets as disclosed in the Company's 2011 annual consolidated financial statements.

Greek Legal Proceedings

As described in note 16 to the interim consolidated financial statements, the Company and one of its Greek subsidiaries are involved in a number of legal proceedings in Greece. Management regularly evaluates the likelihood of potential liabilities being incurred and the amounts of such liabilities after careful examination of available information and discussions with its legal advisors. Management is of the view that it is improbable payment by the Company will be required to settle these claims. Consequently, no provision has been recorded in the consolidated financial statements.

Potential Claim

As a result of information received subsequent to the issuance of the Company's 2011 annual consolidated financial statements and MD&A, Calfrac believes that no potential liability exists related to the contractual claim described in note 24 to the annual consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based on the Company's consolidated financial statements for the three months ended March 31, 2012, which were prepared in accordance with IFRS. Management is required to make assumptions, judgments and estimates in the application of IFRS. Calfrac's significant accounting policies are described in note 2 to the consolidated financial statements for the year ended December 31, 2011.

The preparation of the consolidated financial statements requires certain estimates and judgments concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and management's judgment. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is acquired or the environment in which the Company operates changes. The accounting policies and practices that involve the use of estimates that have a significant impact on the Company's financial results include the allowance for doubtful accounts receivable, depreciation, the fair value of financial instruments, the carrying value of goodwill, income taxes, revenue recognition and stock-based compensation.

Judgment is also used in the determination of the functional currency of each subsidiary and in the determination of cash-generating units.

Allowance for Doubtful Accounts Receivable

The Company performs ongoing credit evaluations of its customers and grants credit based on a review of historical collection experience, current aging status, financial condition of the customer and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based on specific situations and overall industry conditions. In situations where the creditworthiness of a customer is uncertain, services are provided on receipt of cash in advance or services are declined. Calfrac's management believes that the provision for doubtful accounts, which was $1.4 million at March 31, 2012, is adequate.

Depreciation

Depreciation of the Company's property and equipment incorporates estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change, thereby affecting the value of the Company's property and equipment.

Financial Instruments

The Company's financial instruments that are included in the consolidated balance sheet are cash and cash equivalents, accounts receivable, current liabilities, long-term debt and finance lease obligations.

The fair values of financial instruments that are included in the consolidated balance sheet, except long-term debt, approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the senior unsecured notes is based on the closing market price at the reporting period's closing date. The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values.

Goodwill

Goodwill represents an excess of the purchase price over the fair value of net assets acquired and is not amortized. The Company assesses goodwill at least on an annual basis. Goodwill is allocated to each operating segment, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The fair value of each operating segment is compared to the carrying value of its net assets. If potential impairment is indicated, it is quantified by comparing the carrying value of goodwill to its fair value. The offset would be charged to the consolidated statement of operations and retained earnings as goodwill impairment.

The Company completed its annual assessment for goodwill impairment and determined there was none at December 31, 2011. There were no triggers nor indications of impairment that warranted an assessment of goodwill impairment during the three months ended March 31, 2012.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of assets and liabilities and their respective tax bases. Estimates of the Company's future taxable income have been considered in assessing the utilization of available tax losses. The Company's business is complex and the calculation of income taxes involves many complex factors as well as the Company's interpretation of relevant tax legislation and regulations.

Revenue Recognition

Revenue is recognized for services upon completion provided it is probable that the economic benefits will flow to the Company, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the services are performed and the services have been accepted by the customer.

Stock-Based Compensation

The fair value of stock options is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

The fair value of the deferred stock units and performance stock units is recognized based on the market value of the Company's shares underlying these compensation programs.

During the first quarter of 2012, the Company commenced granting of restricted share units to its employees. These units vest equally over three years and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the restricted share units is recognized over the vesting period, based on the market price of the Company's shares.

RELATED-PARTY TRANSACTIONS

An entity controlled by a director of the Company provides ongoing real estate advisory services to the Company. The fees charged for such services for the three months ended March 31, 2012 were $8 thousand (year ended December 31, 2011 – $90 thousand), as measured at the exchange amount.

In November 2010, the Company lent a senior officer $2.5 million to purchase common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. It is for a term of five years and bears interest at the rate of 3.375 percent per annum, payable annually. The market value of the shares that secure the loan was approximately $2.4 million as at March 31, 2012 (December 31, 2011 – $2.4 million). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by a director of the Company. The rent charged for these premises for the three months ended March 31, 2012 was $0.1 million (year ended December 31, 2011 – $0.3 million), as measured at the exchange amount.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

BUSINESS RISKS

The business of Calfrac is subject to certain risks and uncertainties. Prior to making any investment decision regarding Calfrac, investors should carefully consider, among other things, the risk factors set forth in the Company's most recently filed Annual Information Form, which are specifically incorporated by reference herein.

The Annual Information Form is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at www.sedar.com. Copies of the Annual Information Form may also be obtained on request without charge from Calfrac at 411 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3, or at www.calfrac.com, or by facsimile at 403-266-7381.

ADVISORIES

Forward-Looking Statements

In order to provide Calfrac shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of Calfrac's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "anticipates", "can", "may", "could", "expect", "believe", "intend", "forecast", "will", or similar words suggesting future outcomes, are forward-looking statements. Forward-looking statements in this document include, but are not limited to, statements with respect to future capital expenditures, future financial resources, future oil and natural gas well activity, future costs or potential liabilities, outcome of specific events, trends in the oil and natural gas industry and the Company's growth prospects including, without limitation, its international growth strategy and prospects. These statements are derived from certain assumptions and analyses made by the Company based on its experience and interpretation of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including assumptions related to commodity pricing and North American drilling activity. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. The most significant risk factors to Calfrac relate to prevailing economic conditions; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; commodity prices; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; dependence on major customers; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; and regional competition. Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

Additional Information

Further information regarding Calfrac Well Services Ltd., including the most recently filed Annual Information Form, can be accessed on the Company's website at www.calfrac.com or under the Company's public filings found at www.sedar.com.

CONSOLIDATED BALANCE SHEETS

As at	March 31, 2012	December 31, 2011
(C$000s) (unaudited)	**($)**	($)
ASSETS		
Current assets		
Cash and cash equivalents	**151,311**	133,055
Accounts receivable	**328,856**	313,898
Income taxes recoverable	**1,041**	1,340
Inventories	**104,454**	94,344
Prepaid expenses and deposits	**10,859**	10,148
	596,521	552,785
Non-current assets		
Property, plant and equipment	**885,845**	825,504
Goodwill	**10,523**	10,523
Deferred income tax assets	**14,905**	16,309
Total assets	**1,507,794**	1,405,121
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**159,842**	149,740
Bank loan (note 3)	**3,611**	2,309
Current portion of long-term debt (note 4)	**472**	476
Current portion of finance lease obligations (note 5)	**1,543**	1,734
	165,468	154,259
Non-current liabilities		
Long-term debt (note 4)	**442,066**	450,545
Finance lease obligations (note 5)	**602**	740
Other long-term liabilities	**766**	774
Deferred income tax liabilities	**119,466**	98,234
Total liabilities	**728,368**	704,552
Equity attributable to the shareholders of Calfrac		
Capital stock (note 6)	**285,135**	271,817
Contributed surplus (note 8)	**22,952**	24,170
Loan receivable for purchase of common shares (note 13)	**(2,500)**	(2,500)
Retained earnings	**476,795**	405,954
Accumulated other comprehensive income (loss)	**(2,599)**	1,334
	779,783	700,775
Non-controlling interest	**(357)**	(206)
Total equity	**779,426**	700,569
Total liabilities and equity	**1,507,794**	1,405,121

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31,	**2012**	2011
(C$000s, except per share data) (unaudited)	**($)**	($)
Revenue	**474,107**	337,408
Cost of sales (note 14)	**360,810**	252,094
Gross profit	**113,297**	85,314
Expenses		
Selling, general and administrative	**21,985**	18,838
Foreign exchange gains	**(13,870)**	(8,663)
Gain on disposal of property, plant and equipment	**(744)**	(234)
Interest	**8,935**	9,085
	16,306	19,026
Income before income tax	**96,991**	66,288
Income tax expense (recovery)		
Current	**1,134**	1,023
Deferred	**25,163**	16,202
	26,297	17,225
Net income for the period	**70,694**	49,063
Net income (loss) attributable to:		
Shareholders of Calfrac	**70,841**	49,078
Non-controlling interest	**(147)**	(15)
	70,694	49,063
Earnings per share (note 6)		
Basic	**1.62**	1.13
Diluted	**1.59**	1.11

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended March 31,	2012	2011
(C$000s) (unaudited)	($)	($)
Net income for the period	**70,694**	49,063
Other comprehensive income (loss)		
Change in foreign currency translation adjustment	**(3,937)**	(2,802)
Comprehensive income for the period	**66,757**	46,261
Comprehensive income (loss) attributable to:		
Shareholders of Calfrac	**66,908**	46,282
Non-controlling interest	**(151)**	(21)
	66,757	46,261

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to the Shareholders of Calfrac							
	Share Capital	Contributed Surplus	Loan Receivable for Purchase of Common Shares	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non-Controlling Interest	**Total Equity**
(C$000s) (unaudited)	($)	($)	($)	($)	($)	($)	($)	**($)**
Balance – January 1, 2012	271,817	24,170	(2,500)	1,334	405,954	700,775	(206)	**700,569**
Net income (loss) for the period	–	–	–	–	70,841	70,841	(147)	**70,694**
Other comprehensive income:								
Cumulative translation adjustment	–	–	–	(3,933)	–	(3,933)	(4)	**(3,937)**
Comprehensive income (loss) for the period	–	–	–	(3,933)	70,841	66,908	(151)	**66,757**
Stock options:								
Stock-based compensation recognized	–	1,570	–	–	–	1,570	–	**1,570**
Proceeds from issuance of shares	11,547	(2,788)	–	–	–	8,759	–	**8,759**
Dividend Reinvestment Plan shares issued (note 19)	1,771	–	–	–	–	1,771	–	**1,771**
Balance – March 31, 2012	**285,135**	**22,952**	**(2,500)**	**(2,599)**	**476,795**	**779,783**	**(357)**	**779,426**
Balance – January 1, 2011	263,490	15,468	(2,500)	(4,252)	229,865	502,071	(39)	**502,032**
Net income (loss) for the period	–	–	–	–	49,078	49,078	(15)	**49,063**
Other comprehensive income:								
Cumulative translation adjustment	–	–	–	(2,796)	–	(2,796)	(6)	**(2,802)**
Comprehensive income (loss) for the period	–	–	–	(2,796)	49,078	46,282	(21)	**46,261**
Stock options:								
Stock-based compensation recognized	–	2,409	–	–	–	2,409	–	**2,409**
Proceeds from issuance of shares	4,311	(942)	–	–	–	3,369	–	**3,369**
Shares cancelled (note 8)	(105)	105	–	–	–	–	–	**–**
Denison Plan of Arrangement (note 8)	–	2,206	–	–	–	2,206	–	**2,206**
Balance – March 31, 2011	267,696	19,246	(2,500)	(7,048)	278,943	556,337	(60)	**556,277**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31,	2012	2011
(C$000s) (unaudited)	($)	($)
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income for the period	**70,694**	49,063
Adjusted for the following:		
Depreciation	**22,069**	21,524
Stock-based compensation	**1,570**	2,409
Unrealized foreign exchange gains	**(15,389)**	(10,282)
Gain on disposal of property, plant and equipment	**(744)**	(234)
Interest	**8,935**	9,085
Deferred income taxes	**25,163**	16,202
Interest paid	**(261)**	(1,010)
Changes in items of working capital (note 11)	**(19,374)**	(63,919)
Cash flows provided by operating activities	**92,663**	22,838
FINANCING ACTIVITIES		
Bank loan proceeds	**1,348**	–
Issuance of long-term debt, net of debt issuance costs	**–**	389
Long-term debt repayments	**(114)**	(7,551)
Finance lease obligation repayments	**(330)**	(316)
Dividends paid (note 19)	**(2,605)**	(3,261)
Denison Plan of Arrangement (note 8)	**–**	2,206
Net proceeds on issuance of common shares	**8,759**	3,369
Cash flows provided by (used in) financing activities	**7,058**	(5,164)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(84,075)**	(65,777)
Proceeds on disposal of property, plant and equipment	**745**	596
Cash flows used in investing activities	**(83,330)**	(65,181)
Effect of exchange rate changes on cash and cash equivalents	**1,865**	(1,542)
Increase (decrease) in cash and cash equivalents	**18,256**	(49,049)
Cash and cash equivalents, beginning of period	**133,055**	216,604
Cash and cash equivalents, end of period	**151,311**	167,555

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2012
(Amounts in text and tables are in thousands of Canadian dollars, except share data and certain other exceptions as indicated) (unaudited)

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND ADOPTION OF IFRS

Calfrac Well Services Ltd. (the "Company") was formed through the amalgamation of Calfrac Well Services Ltd. (predecessor company originally incorporated on June 28, 1999) and Denison Energy Inc. ("Denison") on March 24, 2004 under the Business Corporations Act (Alberta). The registered office is at 411 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1E3. The Company provides specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well completion services to the oil and natural gas industries in Canada, the United States, Russia, Mexico, Argentina and Colombia.

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants' (CICA) Handbook.

These condensed consolidated interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC). They should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which were prepared in accordance with IFRS.

These financial statements were approved by the Audit Committee for issuance on May 7, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements.

For purposes of calculating income taxes during interim periods, the Company utilizes estimated annualized income tax rates. Current income tax expense is only recognized when taxable income is such that current income taxes become payable.

3. BANK LOAN

The Company's Colombian subsidiary has an operating line of credit of which US$3,620 was drawn at March 31, 2012 (December 31, 2011 – $2,270). It bears interest at the LIBOR rate plus 4.0 percent to 4.5 percent and is secured by a Company guarantee.

4. LONG-TERM DEBT

As at	March 31, 2012	December 31, 2011
(C$000s)	($)	($)
US$450,000 senior unsecured notes due December 1, 2020, bearing interest at 7.5% payable semi-annually	**448,875**	457,650
Less: unamortized debt issuance costs	**(7,572)**	(7,943)
	441,303	449,707
$230,000 extendible revolving term loan facility, secured by Canadian and U.S. assets of the Company	**–**	–
Less: unamortized debt issuance costs	**(1,269)**	(1,359)
	(1,269)	(1,359)
US$2,273 mortgage maturing May 2018 bearing interest at U.S. prime less 1%, repayable at US$33 per month principal and interest, secured by certain real property	**2,268**	2,399
ARS1,036 Argentina term loan maturing December 31, 2013 bearing interest at 18.25%, repayable at ARS61 per month principal and interest, secured by a Company guarantee	**236**	274
	442,538	451,021
Less: current portion of long-term debt	**(472)**	(476)
	442,066	450,545

The fair value of the senior unsecured notes, as measured based on the closing quoted market price at March 31, 2012, was $451,119 (December 31, 2011 – $446,209). The carrying values of the mortgage obligations, term loans and revolving term loan facilities approximate their fair values as the interest rates are not significantly different from current interest rates for similar loans.

The interest rate on the $230,000 revolving term loan facility is based on the parameters of certain bank covenants. For prime-based loans, the rate ranges from prime plus 0.5 percent to prime plus 1.25 percent. For LIBOR-based loans and bankers' acceptance-based loans, the margin thereon ranges from 1.75 percent to 2.5 percent above the respective base rates for such loans. The facility is repayable on or before its maturity date of September 27, 2015, assuming the facility is not extended. The maturity date may be extended by one or more years at the Company's request and lenders' acceptance. The Company also has the ability to prepay principal without penalty. Debt issuance costs related to this facility are amortized over its term.

Interest on long-term debt (including the amortization of debt issuance costs) for the three months ended March 31, 2012 was $9,116 (year ended December 31, 2011 – $36,312).

The Company also has an extendible operating loan facility, which includes overdraft protection in the amount of $20,000. The interest rate is based on the parameters of certain bank covenants in the same fashion as the revolving term facility. Drawdowns under this facility are repayable on September 27, 2015, assuming the facility is not extended. The term and commencement of principal repayments may be extended by one year on each anniversary at the Company's request and lender's acceptance. The operating facility is secured by the Canadian and U.S. assets of the Company.

At March 31, 2012, the Company had utilized $2,494 of its loan facility for letters of credit, leaving $247,506 in available credit.

5. FINANCE LEASE OBLIGATIONS

As at	**March 31, 2012**	December 31, 2011
(C$000s)	**($)**	($)
Finance lease contracts bearing interest at rates ranging from 5.68% to 6.58%, repayable at $124 per month, secured by certain equipment	**2,214**	2,579
Less: interest portion of contractual payments	**(69)**	(105)
	2,145	2,474
Less: current portion of finance lease obligations	**(1,543)**	(1,734)
	602	740

The carrying values of the finance lease obligations approximate their fair values as the interest rates are not significantly different from current rates for similar leases.

6. CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares.

	Three Months Ended March 31, 2012		Year Ended December 31, 2010	
Continuity of Common Shares	**Shares**	**Amount**	Shares	Amount
	(#)	**(C$000s)**	(#)	(C$000s)
Balance, beginning of period	**43,709,073**	**271,817**	43,488,099	263,490
Issued upon exercise of stock options	**541,463**	**11,547**	434,250	9,656
Dividend Reinvestment Plan shares issued (note 19)	**71,189**	**1,771**	–	–
Shares cancelled (note 8)	**–**	**–**	(16,476)	(105)
Purchased under Normal Course Issuer Bid (note 7)	**–**	**–**	(196,800)	(1,224)
Balance, end of period	**44,321,725**	**285,135**	43,709,073	271,817

The weighted average number of common shares outstanding for the three months ended March 31, 2012 was 43,810,704 basic and 44,550,296 diluted (three months ended March 31, 2011 – 43,529,097 basic and 44,393,945 diluted). The difference between basic and diluted shares is attributable to the dilutive effect of stock options issued by the Company as disclosed in note 9.

7. NORMAL COURSE ISSUER BID

The Company received regulatory approval to purchase its own common shares in accordance with a Normal Course Issuer Bid for the one-year period November 7, 2011 through November 6, 2012. No shares were purchased during the period January 1, 2012 through March 31, 2012. During the year ended December 31, 2011, 196,800 common shares were purchased at a cost of $4,926 and, of the amount paid, $1,224 was charged to capital stock and $3,702 to retained earnings. The common shares were cancelled prior to December 31, 2011.

8. CONTRIBUTED SURPLUS

Continuity of Contributed Surplus	**Three Months Ended March 31, 2012**	Year Ended December 31, 2011
(C$000s)	**($)**	($)
Balance, beginning of period	**24,170**	15,468
Stock options expensed	**1,570**	8,500
Stock options exercised	**(2,788)**	(2,109)
Shares cancelled	**–**	105
Denison Plan of Arrangement	**–**	2,206
Balance, end of period	**22,952**	24,170

The Plan of Arrangement that governed the amalgamation with Denison in 2004 included a six-year "sunset clause" which provided that untendered share positions would be surrendered to the Company after six years. On January 19, 2011, 16,476 common shares of the Company previously held in trust for untendered shareholders were cancelled. In addition, the Company became entitled to approximately 517,000 shares of Denison Mines Corporation. These shares were sold on the Toronto Stock Exchange for net proceeds of approximately $2,189.

For accounting purposes, the cancellation of the 16,476 common shares was recorded as a reduction of capital stock and an increase in contributed surplus in the amount of $105, which represents the book value of the cancelled shares as of the date of amalgamation with Denison on March 24, 2004. The receipt and sale of the shares of Denison Mines Corporation is considered an equity contribution by the Company's owners. Consequently, the net proceeds from their sale, along with approximately $17 of cash received in respect of fractional share entitlements, have been added to contributed surplus in an amount totalling $2,206.

9. STOCK-BASED COMPENSATION

(a) Stock Options

Three Months Ended March 31,	**2012**		2011	
Continuity of Stock Options	**Options**	**Average Exercise Price**	Options	Average Exercise Price
	(#)	**(C$)**	(#)	(C$)
Balance, beginning of period	**3,198,475**	**23.31**	2,583,825	17.50
Granted during the period	**592,300**	**28.26**	1,050,800	34.35
Exercised for common shares	**(541,463)**	**16.18**	(208,275)	16.18
Forfeited	**(131,525)**	**25.37**	(31,375)	23.02
Balance, end of period	**3,117,787**	**25.40**	3,394,975	22.75

Stock options vest equally over four years and expire five years from the date of grant. The exercise price of outstanding options ranges from $8.35 to $37.18 with a weighted average remaining life of 3.18 years. When stock options are exercised the proceeds, together with the amount of compensation expense previously recorded in contributed surplus, are added to capital stock.

(b) Restricted Share Units

During the first quarter of 2012, the Company commenced granting of restricted share units to its employees. These units vest equally over three years and are settled either in cash (equal to the market value of the underlying shares at the time of exercise) or in Company shares purchased on the open market. The fair value of the restricted share units is recognized over the vesting period, based on the current market price of the Company's shares. For the three months ended March 31, 2012, $980 of compensation expense was recognized for restricted share units (three months ended March 31, 2011 – $nil). This amount is included in selling, general and administrative expense. There were 229,960 restricted share units outstanding as at March 31, 2012.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments included in the consolidated balance sheets are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, bank loan, long-term debt and finance lease obligations.

The fair values of financial instruments included in the consolidated balance sheets, except long-term debt, approximate their carrying amounts. The fair value of the senior unsecured notes based on the closing market price at March 31, 2012 was $451,119 before deduction of unamortized debt issuance costs (December 31, 2011 – $446,209). The carrying value of the senior unsecured notes at March 31, 2012 was $448,875 before deduction of unamortized debt issuance costs (December 31, 2011 – $457,650). The fair values of the remaining long-term debt and finance lease obligations approximate their carrying values, as described in notes 4 and 5.

11. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating assets and liabilities are as follows:

Three Months Ended March 31,	**2012**	2011
(C$000s)	**($)**	($)
Accounts receivable	**(14,958)**	(70,944)
Income taxes recoverable	**299**	109
Inventory	**(10,110)**	(14,383)
Prepaid expenses and deposits	**(710)**	(1,119)
Accounts payable and accrued liabilities	**6,113**	22,475
Other long-term liabilities	**(8)**	(57)
	(19,374)	(63,919)

12. CAPITAL STRUCTURE

The Company's capital structure is comprised of shareholders' equity and long-term debt. The Company's objectives in managing capital are (i) to maintain flexibility so as to preserve the Company's access to capital markets and its ability to meet its financial obligations, and (ii) to finance growth, including potential acquisitions.

The Company manages its capital structure and makes adjustments in light of changing market conditions and new opportunities, while remaining cognizant of the cyclical nature of the oilfield services sector. To maintain or adjust its capital structure, the Company may revise its capital spending, adjust dividends paid to shareholders, issue new shares or new debt or repay existing debt.

The Company monitors its capital structure and financing requirements using, amongst other parameters, the ratio of long-term debt to cash flow. Cash flow for this purpose is calculated on a 12-month trailing basis and is defined below.

Twelve Months Ended	**March 31, 2012**	December 31, 2011
(C$000s)	**($)**	($)
Net income	**208,788**	187,157
Adjusted for the following:		
Depreciation	**88,002**	87,457
Amortization of debt issuance costs	**1,216**	1,207
Stock-based compensation	**7,661**	8,500
Unrealized foreign exchange gains	**6,838**	11,945
Gain on disposal of property, plant and equipment	**(598)**	(88)
Deferred income taxes	**95,998**	87,037
Cash flow	**407,905**	383,215

The ratio of long-term debt to cash flow does not have any standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

At March 31, 2012, the long-term debt to cash flow ratio was 1.08:1 (December 31, 2011 – 1.18:1) calculated on a 12-month trailing basis as follows:

As at	**March 31, 2012**	December 31, 2011
(C$000s, except ratio)	**($)**	($)
Long-term debt (net of unamortized debt issuance costs) (note 4)	**442,538**	451,021
Cash flow	**407,905**	383,215
Long-term debt to cash flow ratio	**1.08:1**	1.18:1

The Company is subject to certain financial covenants relating to working capital, leverage and the generation of cash flow in respect of its operating and revolving credit facilities. These covenants are monitored on a monthly basis. The Company is in compliance with all such covenants.

The Company's capital management objectives, evaluation measures and targets have remained unchanged over the periods presented.

13. RELATED-PARTY TRANSACTIONS

An entity controlled by a director of the Company provides ongoing real estate advisory services to the Company. The fees charged for such services for the three months ended March 31, 2012 were $8 (year ended December 31, 2011 – $90), as measured at the exchange amount.

In November 2010, the Company lent a senior officer $2,500 to purchase common shares of the Company on the Toronto Stock Exchange. The loan is on a non-recourse basis and is secured by the common shares acquired with the loan proceeds. It is for a term of five years and bears interest at the rate of 3.375 percent per annum, payable annually. The market value of the shares that secure the loan was approximately $2,360 as at March 31, 2012 (December 31, 2011 – $2,411). In accordance with applicable accounting standards regarding share purchase loans receivable, this loan is classified as a reduction of shareholders' equity due to its non-recourse nature. In addition, the shares purchased with the loan proceeds are considered to be, in substance, stock options.

The Company leases certain premises from an entity controlled by a director of the Company. The rent charged for these premises for the three months ended March 31, 2012 was $93 (year ended December 31, 2011 – $312), as measured at the exchange amount.

14. PRESENTATION OF EXPENSES

The Company presents its expenses in the consolidated statements of operations using the function of expense method whereby expenses are classified according to their function within the Company. This method was selected as it is more closely aligned with the Company's business structure. The Company's functions under IFRS are as follows:

- operations; and
- selling, general and administrative.

Cost of sales includes direct operating costs (including product costs, direct labour and overhead costs) and depreciation on assets relating to operations.

Additional information on the nature of expenses is as follows:

Three Months Ended March 31,	**2012**	2011
(C$000s)	**($)**	($)
Product costs	**140,107**	78,785
Depreciation	**22,069**	21,524
Amortization of debt issuance costs and debt discount	**309**	300
Employee benefits expense (note 15)	**90,284**	81,868

15. EMPLOYEE BENEFITS EXPENSE

Employee benefits include all forms of consideration given by the Company in exchange for services rendered by employees.

Three Months Ended March 31,	**2012**	2011
(C$000s)	**($)**	($)
Salaries and short-term employee benefits	**85,157**	78,151
Post-employment benefits (group retirement savings plan)	**823**	593
Share-based payments	**3,286**	3,008
Termination benefits	**1,018**	116
	90,284	81,868

16. CONTINGENCIES

Greek Operations

As a result of the acquisition and amalgamation with Denison in 2004, the Company assumed certain legal obligations relating to Denison's Greek operations.

In 1998, North Aegean Petroleum Company E.P.E. ("NAPC"), a Greek subsidiary of a consortium in which Denison participated (and which is now a majority-owned subsidiary of the Company), terminated employees in Greece as a result of the cessation of its oil and natural gas operations in that country. Several groups of former employees filed claims against NAPC and the consortium alleging that their termination was invalid and that their severance pay was improperly determined.

In 1999, the largest group of plaintiffs received a ruling from the Athens Court of First Instance that their termination was invalid and that salaries in arrears amounting to approximately $9,108 (6,846 euros) plus interest were due to the former employees. This decision was appealed to the Athens Court of Appeal, which allowed the appeal in 2001 and annulled the above-mentioned decision of the Athens Court of First Instance. The said group of former employees filed an appeal with the Supreme Court of Greece, which was heard on May 29, 2007. The Supreme Court of Greece allowed the appeal and sent the matter back to the Athens Court of Appeal for the consideration of the quantum of awardable salaries in arrears. On June 3, 2008, the Athens Court of Appeal rejected NAPC's appeal and reinstated the award of the Athens Court of First Instance, which decision was further appealed to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting such appeal was rendered in June 2010. NAPC and the Company are assessing available rights of appeal to any other levels of court in any jurisdiction where such an appeal is warranted. Counsel to NAPC has obtained a judicial order entitling NAPC to obtain certain employment information in respect of the plaintiffs which is required in order to assess the extent to which the plaintiffs have mitigated any damages which might otherwise be payable.

Several other smaller groups of former employees have filed similar cases in various courts in Greece. One of these cases was heard by the Athens Court of First Instance on January 18, 2007. By judgment rendered November 23, 2007, the plaintiff's allegations were partially accepted, and the plaintiff was awarded compensation for additional work of approximately $47 (35 euros), plus interest. The appeal of this decision was heard on June 2, 2009, at which time an additional claim by the plaintiff was also heard. A decision in respect of the hearing has been rendered which accepted NAPC's appeal of the initial claim and partially accepted the additional claim of the plaintiff, resulting in an award of approximately $15 (11 euros), plus interest.

Another one of the lawsuits seeking salaries in arrears of $170 (128 euros) plus interest, was heard by the Supreme Court of Greece on November 6, 2007, at which date the appeal of the plaintiffs was denied for technical reasons due to improper service. A rehearing of this appeal was heard on September 21, 2010 and the decision rendered declared once again the appeal inadmissible due to technical reasons. The remaining action, which is seeking salaries in arrears of approximately $584 (439 euros) plus interest, was scheduled to be heard before the Athens Court of First Instance on October 1, 2009, but was adjourned until November 18, 2011 as a result of the Greek elections. On November 18, 2011 the hearing of this claim was again postponed until May 24, 2012.

The maximum aggregate interest payable under the claims noted above amounted to $14,889 (11,191 euros) as at March 31, 2012.

The Company has signed an agreement with a Greek exploration and production company pursuant to which it has agreed to assign approximately 90 percent of its entitlement under an offshore licence agreement for consideration including a full indemnity in respect of the Greek legal claims described above. The completion of the transactions contemplated by such agreement is subject to certain conditions precedent, the fulfillment of which is not in the Company's control.

Management is of the view that it is improbable there will be an outflow of economic resources from the Company to settle these claims. Consequently, no provision has been recorded in these consolidated financial statements.

17. SEGMENTED INFORMATION

The Company's activities are conducted in four geographic segments: Canada, the United States, Russia and Latin America. All activities are related to hydraulic fracturing, coiled tubing, cementing and other well completion services for the oil and natural gas industry.

The business segments presented reflect the Company's management structure and the way its management reviews business performance. The Company evaluates the performance of its operating segments primarily based on operating income, as defined below.

	Canada	United States	Russia	Latin America	Corporate	Consolidated
(C$000s)	($)	($)	($)	($)	($)	($)
Three Months Ended March 31, 2012						
Revenue	**225,824**	**194,899**	**28,096**	**25,288**	**–**	**474,107**
Operating income (loss) [1]	**77,332**	**44,104**	**1,554**	**2,518**	**(12,127)**	**113,381**
Segmented assets	**764,524**	**552,653**	**125,909**	**64,708**	**–**	**1,507,794**
Capital expenditures	**37,193**	**45,540**	**859**	**483**	**–**	**84,075**
Goodwill	**7,236**	**2,308**	**979**	**–**	**–**	**10,523**
Three Months Ended March 31, 2011						
Revenue	201,454	98,474	26,329	11,151	–	337,408
Operating income (loss) [1]	68,433	28,695	1,932	(728)	(10,332)	88,000
Segmented assets	654,625	359,787	117,207	32,522	–	1,164,141
Capital expenditures	25,809	37,362	2,330	276	–	65,777
Goodwill	7,236	2,308	979	–	–	10,523

(1) Operating income (loss) is defined as net income (loss) before depreciation, interest, foreign exchange gains or losses, gains or losses on disposal of property, plant and equipment, and income taxes.

Three Months Ended March 31,	**2012**	2011
(C$000s)	**($)**	($)
Net income	**70,694**	49,063
Add back (deduct):		
Depreciation	**22,069**	21,524
Interest	**8,935**	9,085
Foreign exchange gains	**(13,870)**	(8,663)
Gain on disposal of capital assets	**(744)**	(234)
Income taxes	**26,297**	17,225
Operating income	**113,381**	88,000

Operating income does not have any standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

The following table sets forth consolidated revenue by service line:

Three Months Ended March 31,	**2012**	2011
(C$000s)	**($)**	($)
Fracturing	**429,379**	303,627
Coiled tubing	**30,785**	26,559
Cementing	**7,875**	4,462
Other	**6,068**	2,760
	474,107	337,408

18. SEASONALITY OF OPERATIONS

The Company's Canadian business is seasonal in nature. The lowest activity levels are typically experienced during the second quarter of the year when road weight restrictions are in place and access to wellsites in Canada is reduced.

19. DIVIDEND REINVESTMENT PLAN

The Company has introduced a Dividend Reinvestment Plan (DRIP) that allows shareholders to direct cash dividends paid on all or a portion of their common shares to be reinvested in additional common shares that are issued at 95 percent of the volume-weighted average price of the common shares traded on the Toronto Stock Exchange during the last five trading days preceding the relevant dividend payment date.

A dividend of $0.10 per common share was declared on December 8, 2011 and paid on January 31, 2012. Of the total dividend in the amount of $4,376, $1,771 was reinvested under the DRIP into 71,189 common shares of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ronald P. Mathison (1)(2)
Chairman
President &
Chief Executive Officer
Matco Investments Ltd.

Douglas R. Ramsay (4)
Chief Executive Officer
Calfrac Well Services Ltd.

Kevin R. Baker (2)(3)
President &
Managing Director
Baycor Capital Inc.

James S. Blair (3)(4)
President &
Chief Executive Officer
Glenogle Energy Inc.

Gregory S. Fletcher (1)(2)
President
Sierra Energy Inc.

Lorne A. Gartner (1)(4)
Independent Businessman

R.T. (Tim) Swinton (1)(2)(3)
Independent Businessman

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee
(4) Member of the Health, Safety and Environment Committee

OFFICERS

Douglas R. Ramsay
Chief Executive Officer

Fernando Aguilar
President &
Chief Operating Officer

Laura A. Cillis
Senior Vice President, Finance &
Chief Financial Officer

John L. Grisdale
President,
United States
Operating Division

OFFICERS

Robert J. Montgomery
President,
Canadian Operating Division

Robert L. Sutherland
President,
Russian Operating Division

O. Alberto Bertolin
Director General,
Latin America Division

Armando J. Bertolin
Director General,
Latin America Division

Dwight M. Bobier
Senior Vice President,
Technical Services

Tom J. Medvedic
Senior Vice President,
Corporate Development

L. Lee Burleson
Vice President,
Sales & Marketing
United States
Operating Division

R. Leron Crapo
Vice President,
Operations Finance

Chris K. Gall
Vice President,
Global Supply Chain

Umberto Marseglia
Vice President, Global Business

Michael D. Olinek
Vice President, Finance

B. Mark Paslawski
Vice President,
General Counsel
& Corporate Secretary

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STOCK EXCHANGE LISTING

Trading Symbol: CFW

REGISTRAR AND TRANSFER AGENT

For information concerning lost share certificates and estate transfers or for a change in share registration or address, please contact the transfer agent and registrar at 1-800-564-6253 or by email at service@computershare.com, or write to:

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Calgary – Technology and Training Centre
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