



## Calfrac Announces Further Regulatory Filing

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CALGARY, AB, March 12, 2021 /CNW/ - **Calfrac Well Services Ltd. ("Calfrac" or the "Company")** (TSX: CFW) announced today the next step it is pursuing to modify one element of its prior disclosure by making an application to the Toronto Stock Exchange (the "TSX").

### **Background**

The matter being addressed arises from the vote count in respect of the Shareholders' TSX 1.5 Lien Notes Resolution voted upon in connection with the Amended Recapitalization Transaction (the "Recapitalization").

Among other things, the rules of the Toronto Stock Exchange required a separate vote count authorizing the issuance of Calfrac Common Shares upon the conversion of the newly issued 1.5 Lien Notes that included only the votes of disinterested Shareholders, with a 50% approval threshold.

Calfrac had announced, after the vote tabulation, that the resolution to approve the issuance of the 1.5 Lien Notes was successful, with 57% of the Shareholder votes in favour. However, if the positive votes of one institutional shareholder were to be excluded, in the circumstances described below, the shareholder vote "for" the issuance of the 1.5 Lien Notes would have been approximately 39%.

A 39% approval does not, in the absence of regulatory relief, meet the approval requirements of the TSX in respect of this resolution.

### **Shareholder Purchase of 1.5 Lien Notes**

Calfrac recently disclosed that a specific institutional Shareholder of Calfrac had purchased \$1,050,000 of the 1.5 Lien Notes that were issued as part of its Recapitalization, which was completed on December 18, 2020.

The purchase of 1.5 Lien Notes was made pursuant to a pro rata offering, made to qualified holders of Calfrac's previously issued Senior Unsecured Notes.

The votes of the specific institutional Shareholder were counted, based on Calfrac's understanding that such party had not purchased any 1.5 Lien Notes.

Calfrac had made significant efforts to confirm that the institutional Shareholder and other shareholders had not purchased any 1.5 Lien Notes. The purchase of these Notes by this Shareholder was not discovered at the time of subscription, as the subscriber name was that of an unknown affiliated entity, rather than the institution's usual name as it was known to Calfrac's agents. The subscriber's address was also the address of an unrelated custodial institution, rather than that of the institutional Shareholder.

### **Voting Matters**

Essentially, there has been no change in the manner in which votes were cast, but the calculations depend upon which votes may be included in the count for the noted resolution. Fewer than 4% of the Calfrac securities held by investors, other than Wilks Brothers, LLC, a direct competitor of Calfrac, voted against the Plan.

In the circumstances, excluding the votes of a significant single shareholder materially affects the percentages calculated. Arithmetically, the relatively small percentage of Shareholder votes opposing the Recapitalization in general, and the noted resolution specifically, looms much larger when the material positive votes of this specific Shareholder, together with the votes of other Shareholders who were known to be purchasing 1.5 Lien Notes, and properly excluded, are taken out of the calculation entirely.

### **Proposed Actions**

Calfrac and the institutional Shareholder are proposing, subject to regulatory approval, to rescind the purchase of the \$1,050,000 of 1.5 Lien Notes and to cancel the applicable Notes without any entitlement to interest otherwise paid or payable, following which the institutional Shareholder will be returned its initial purchase price.

Calfrac has applied to the TSX for exemptive relief confirming that the terms of the TSX's conditional listing approval shall have been satisfied in respect of the Common Shares issuable upon conversion of the remaining \$58,950,000 original principal amount of 1.5 Lien Notes, subject to completion of the rescission and cancellation of the subject \$1,050,000 of 1.5 Lien Notes.

It should be noted that the dollar amount of the subscription was not material to any of: Calfrac, the 1.5 Lien Note financing or the Recapitalization and did not impact the ability of eligible noteholders to participate in the pro rata offering.

### **Benefits of the Plan and Conclusion**

The issuance of the 1.5 Lien Notes, was a condition to closing of the Recapitalization, in favour of the supporting Senior Unsecured Noteholders, who represented the fulcrum security in Calfrac's pre-Arrangement capital structure.

The Recapitalization also furthered the continued employment of approximately 2,500 Calfrac employees, in Canada, the United States, Argentina and Russia.

The previously disclosed benefits of the approved Plan remain the same:

A reduction of Calfrac's indebtedness by approximately \$576 million;

A reduction in Calfrac's annual interest costs by as much as \$51 million;

Additional corporate liquidity, representing the capital injected by investors in the 1.5 Lien Notes;

The issuance of two share purchase warrants for each Calfrac Share previously held;

The completion of a tender offer for Calfrac shares, where 6,061,561 shares were tendered for \$909,234 in cash, plus warrants; and

An amendment to the Company's Senior Bank Credit Facility, including a waiver of the Funded Debt to Bank EBITDA covenant through Q2/21.

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

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to Calfrac's application to the TSX in respect of the Shareholders' TSX 1.5 Lien Notes Resolution, including the exemptive relief being sought in connection with Calfrac's intention to rescind a subscription for 1.5 Lien Notes by an institutional Shareholder, cancel the applicable 1.5 Lien Notes without entitlement to interest otherwise paid or payable and return of the investment proceeds to such institutional Shareholder, and Calfrac's intentions and expectations with respect to the foregoing.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. Although Calfrac believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information, as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: action taken by Wilks Brothers, LLC; decisions by securities regulators and/or the courts; default under the Company's credit facilities and/or the Company's senior secured notes due to a breach of covenants therein; failure to reach any additional agreements with the Company's lenders; the impact of events of default in respect of other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; failure to receive any applicable regulatory, court, third party and other stakeholder approvals or decisions in respect of the Recapitalization Transaction and the court orders granting enforcement thereof; Calfrac's ability to continue to manage the effect of the COVID-19 pandemic on its operations; global economic conditions; along with those risk and uncertainties identified under the heading "Risk Factors" and elsewhere in the Management Information Circular dated August 17, 2020, as supplemented by the Material Change Report dated September 25, 2020, and the Company's annual information form dated March 10, 2020, each as filed on SEDAR at [www.sedar.com](http://www.sedar.com).

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

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For further information: Scott Treadwell, Vice President, Capital Markets and Strategy at (403) 266-6000.