



2024 ANNUAL INFORMATION FORM

CALFRAC WELL SERVICES

MARCH 12, 2025



For the Year Ended December 31, 2024

DO IT SAFELY • DO IT RIGHT • DO IT PROFITABLY

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PRESENTATION OF INFORMATION

Throughout this AIF, unless otherwise specified or the context otherwise requires, reference to "Calfrac" or "the Company" refers to Calfrac Well Services Ltd., and where appropriate in the context, to its direct and indirect subsidiaries other than CWS International. See "*Discontinued Operations*" for additional information regarding CWS International. Unless otherwise noted, the information contained in this AIF is given at and for the year ended December 31, 2024.

Unless the context otherwise requires, in this AIF, the terms and abbreviations have the meanings set forth in the Glossary of Terms. A reference to "\$" or "dollars" is to Canadian dollars unless otherwise indicated and all references to "US\$" or "U.S. dollars" refer to United States dollars. Certain portions of Calfrac's MD&A dated March 12, 2025 are incorporated by reference into this AIF as stated below. The MD&A can be found on SEDAR+ (www.sedarplus.ca) under the Company's profile.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"). These statements relate to future events or the future performance of the Company. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "forecast", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" or similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF. Other than as required by applicable laws, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

In particular, this AIF contains forward-looking statements pertaining to the following, without limitation:

- expectations regarding trends in, and the growth prospects of, the global oil and gas industry;
- activity, demand, utilization and outlook for the Company's continuing operations;
- supply and demand fundamentals of the pressure pumping industry;
- input costs, margin and service pricing trends and strategies;
- operating and financing strategies, performance, priorities, metrics and estimates;
- the Company's Russia segment, including the planned sale of the Company's Russian subsidiary and the ongoing risks, uncertainties and restrictions relating to its business and operations, the regulatory approvals to complete a sale transaction and the Company's compliance with applicable laws and sanctions;
- the Company's debt, liquidity and financial position;
- future financial resources and performance;
- the Company's capital structure, restrictions under its lending documents, and the Company's ability to raise capital;
- future costs or potential liabilities;
- the Company's service quality;
- capital investment plans;
- supply of raw materials, diesel fuel and component parts;
- the Company's growth strategy and prospects;

- operational execution and expectations regarding the Company's ability to maintain its competitive position;
- the impact of environmental regulations, economic sanctions and tariffs on the Company's business;
- the Company's approach and strategy with respect to ESG matters;
- exposure under existing and potential future legal proceedings; and
- treatment under government regulatory regimes.

The forward-looking statements contained herein are based on certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances, including, but not limited to, the following:

- the economic and political environment in which the Company operates, including the continued implementation of Argentina's economic reforms and liberalization of its oil and gas industry and the current state of the trade war between the Canada and the U.S. and its expected impact on the pressure pumping market in North America;
- the Company's expectations for its customers' capital budgets, demand for services and geographical areas of focus;
- the level of merger and acquisition activity among oil and gas producers and its impact on the demand for well completion services;
- the anticipated effects of artificial intelligence power requirements and the commissioning of liquefied natural gas terminals on supply and demand fundamentals for natural gas;
- the ability of newly deployed Tier IV DGB pumping units to achieve manufacturer claims with respect to operational performance, diesel displacement and costs savings in the field;
- the status of the military conflict in Ukraine and related Canadian, United States and international sanctions and restrictions involving Russia and counter-sanctions, restrictions and political measures that may be undertaken by Russia in respect of the Company's ownership and planned sale of the Russian division;
- industry equipment levels including the number of active fracturing fleets marketed by the Company's competitors and the timing of deployment of the Company's fleet upgrades;
- the continued effectiveness of cost reduction measures instituted by the Company;
- the effect of ESG factors on customer and investor preferences and capital deployment;
- the Company's existing contracts and the status of current negotiations with key customers and suppliers; and
- the likelihood that the current tax and regulatory regime will remain substantially unchanged.

The Company's actual results could differ materially from those anticipated in these forward-looking statements because of the risk factors set forth below and elsewhere in this AIF:

- global economic conditions, including the potential impacts of tariffs implemented by the U.S. against Canada, Mexico, China and others, and any retaliatory actions by the affected nations;
- the level of exploration, development and production for oil and natural gas in North America and Argentina;
- the demand for fracturing and other stimulation services for the completion of oil and natural gas wells;
- the availability of capital on satisfactory terms;
- failure to refinance the Company's long-term debt and/or reach any additional agreements with the Company's lenders;

- the Company's liquidity, restrictions resulting from compliance with debt covenants and risk of acceleration of indebtedness;
- sourcing, pricing and availability of raw materials, diesel fuel, component parts, equipment, suppliers, facilities and key and skilled personnel;
- fleet re-investment risk, including the ability of the Company to finance the capital necessary for equipment upgrades to support its operational demands while addressing the energy transition and adapting equipment and technology based on government and customer requirements and preferences;
- excess oilfield equipment levels;
- risk associated with foreign operations, such as risks related to unsettled political conditions and war and any expansion thereof, foreign exchange rates and controls, and international trade and regulatory controls and sanctions, including impacts on the planned sale of the Company's Russia segment; and
- the other factors considered under "Risk Factors".

CORPORATE STRUCTURE

The Company is the corporation resulting from the amalgamation of Calfrac Well Services Ltd. (the pre-amalgamation predecessor of the Company) and Dominion Land Projects Ltd. under the ABCA on January 1, 2011. A pre-amalgamation predecessor of the Company amalgamated with Century Oilfield Services Inc. ("Century") under the ABCA on January 1, 2010, and a pre-amalgamation predecessor of that entity also named Calfrac Well Services Ltd. was formed under the ABCA on March 24, 2004 by the amalgamation of Denison Energy Inc. ("Denison") and a private corporation known as Calfrac Well Services Ltd. ("CWSL"). On March 8, 2004, Denison completed an arrangement whereby almost all of Denison's assets were transferred to two new corporations, and on March 24, 2004, Denison acquired all of the shares of CWSL, then amalgamated with CWSL and changed its name to Calfrac Well Services Ltd. In this AIF, references to the Company (i) as at dates or for periods prior to March 24, 2004, relate to CWSL as it existed prior to its acquisition by and amalgamation with Denison; (ii) as at dates or for periods following March 24, 2004 but prior to January 1, 2010, relate to Calfrac Well Services Ltd. as it existed prior to its amalgamation with Century; and (iii) as at dates or for periods following January 1, 2010 but prior to January 1, 2011, relate to Calfrac Well Services Ltd. as it existed prior to its amalgamation with Dominion Land Projects Ltd.

On February 7, 2005 and again on May 8, 2014, the Company filed Articles of Amendment to split its common shares on a two-for-one basis.

On May 8, 2018, the Company's shareholders ratified and confirmed the advance notice by-law relating to the advance notice of nominations of directors which had been approved by the Board on March 15, 2018. Among other things, the advance notice by-law sets a deadline by which shareholders must submit a notice of director nominations to the Company prior to an annual or special meeting of shareholders as well as the information required in the notice for it to be valid.

On December 17, 2020, the Company filed Articles of Continuance to continue the Company under the federal jurisdiction of Canada under the CBCA, which also implemented the new by-laws of the Company as approved at the October 16, 2020 special meeting of shareholders of the Company.

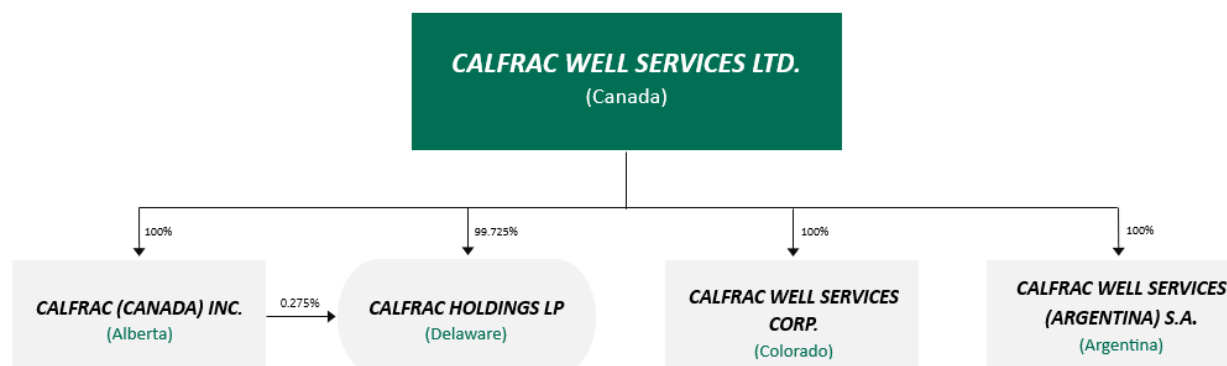
On December 18, 2020, the Company filed Articles of Arrangement implementing a plan of arrangement under Section 192 of the CBCA giving effect to a recapitalization transaction (the "Recapitalization Transaction"), which included, among other things: (i) a 50:1 common share consolidation; (ii) the surrender and cancellation of approximately US\$432 million principal amount of the Company's 8.50% senior unsecured notes due 2026 in exchange for an aggregate of 31,307,618 common shares of the Company; (iii) the issuance of 5,824,433 Warrants; and (iv) a private placement of \$60.0 million of 10% 1.5 Lien senior secured convertible payment in kind notes due 2023 ("1.5 Lien Notes"). For additional information on the particulars of the Recapitalization Transaction see the Company's Material Change Report dated December 24, 2020, which is incorporated herein by reference and is available on SEDAR+ at www.sedarplus.ca under Calfrac's profile.

On December 18, 2020, and in connection with the Recapitalization Transaction, the Company adopted a shareholder rights plan as approved at the October 16, 2020 special meeting of shareholders. The shareholder rights plan was terminated on May 4, 2022, pursuant to a duly passed resolution of shareholders of the Company at the annual and special meeting held May 3, 2022.

The head office of the Company is located at 500, 407 - 8th Avenue S.W., Calgary, Alberta T2P 1E5 and the registered office of the Company is located at 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7.

INTERCORPORATE RELATIONSHIPS

The following is an organizational chart of the Company and its material subsidiaries as at March 12, 2025, showing each entity's jurisdiction of incorporation, continuation or formation, as applicable, and the Company's ownership interest therein:



GENERAL DEVELOPMENT OF THE BUSINESS

OVERVIEW

The Company was founded in 1999 and commenced operations from a field station in Medicine Hat, Alberta with a coiled tubing unit. Over the next 25 years, the Company has grown into an independent global provider of specialized oilfield services, including hydraulic fracturing, coiled tubing, cementing and other well stimulation services, which are designed to increase the production of hydrocarbons from wells. The Company has continuing operations focused in North America and Argentina. Based on horsepower ("HP"), the Company is the largest Canadian-headquarter hydraulic fracturing company with a combined fleet for its continuing operations at December 31, 2024 of approximately 1,155,000 HP. In addition, the Company's continuing operations had 12 coiled tubing units and 11 cementing units at December 31, 2024.

In the first quarter of 2022, the Company committed to a plan to sell its Russian division, which resulted in such associated assets and liabilities being classified as assets held for sale and presented as discontinued operations in the Company's financial statements and related management's discussion and analysis. Except where noted, references to the Company and the discussion of the Company's business in this AIF is with respect to its continuing operations in North America and Argentina. See "Discontinued Operations" and "Risk Factors" for additional information.

THREE YEAR HISTORY

Within the improved industry conditions of 2022 following the initial market impacts of the COVID-19 pandemic, the Company focused on reducing its total long-term debt and optimizing internal processes and structures to enhance efficiencies to remain competitive and increase the sustainability of its business. The Company carried this focus into 2023 and capitalized on a strong oilfield services market to successfully execute on its strategy to maximize net income and free cash flow to strengthen its balance sheet and improve overall asset quality. Over the course of 2024, the Company continued to rationalize its operating footprint, progressed its fleet modernization program in North America and committed to strategic investments in Argentina to bolster its bundled fracturing services offerings in the Vaca Muerta shale play.

2022

The Company entered 2022 with 13 fracturing fleets operating in North America and five fracturing fleets operating in Argentina, including one large fleet servicing the Vaca Muerta shale play.

In March, the Company negotiated waivers and amendments to the 2020 Credit Agreement governing its available revolving Credit Facilities. The waivers and amendments, included, among others, the following: (i) the Funded Debt to Bank EBITDA covenant was waived for the quarter ended December 31, 2021, and increased to 3.75x for the quarter ended March 31, 2022; (ii) the minimum \$15.0 million liquidity requirement was temporarily waived through March 15, 2022, and

reinstated through the term of an extended covenant relief period expiring June 30, 2022; and (iii) the execution of the Bridge Loan was permitted. See *“Interest of Management and Others in Material Transactions”* for additional information on the Bridge Loan.

On May 3, Messrs. Gregory S. Fletcher and Lorne A. Gartner retired as directors of the Company and Messrs. Pat Powell, Charles Pellerin and Chetan Mehta joined the Board upon their election at the annual and special meeting of shareholders.

On June 3, the Company announced the appointment of Pat Powell as Chief Executive Officer. Mr. Powell took over executive leadership of the Company from George Armoyan who had been serving as Interim Chief Executive Officer since December 17, 2021. Mr. Powell promptly changed the Company’s brand promise to “Do It Safely, Do It Right, Do It Profitably”, which is emblematic of the Company’s shift in strategic direction and priority on improved profitability since his appointment.

On September 29, the Company amended and restated the Credit Agreement (specifically, the “2022 Credit Agreement”), which included an extension of the maturity date of the Company’s \$250.0 million Credit Facilities by one year to July 1, 2024.

In October, the Company established a satellite operating facility in Vernal, Utah to efficiently support growing customer demand in that region.

In the fourth quarter, the Company activated a fifth fracturing fleet in Canada and temporarily relocated this equipment to its U.S. operations in October to satisfy expanding client demand while the Company reactivated a tenth fleet in the U.S.

On December 15, the Company completed the “Conversion Incentive Program to encourage the early conversion of up to all of the \$47.4 million principal amount of the then outstanding 1.5 Lien Notes. Under the Conversion Incentive Program, approximately \$44.8 million principal amount of 1.5 Lien Notes were converted and as a result the Company: (i) issued approximately 33.6 million common shares upon conversion of the participating 1.5 Lien Notes; (ii) reduced its outstanding indebtedness by approximately \$44.8 million; and (iii) realized savings of \$2.3 million of interest otherwise payable on the 1.5 Lien Notes to the maturity date.

On December 22, the Company announced the initiation of a multi-year fracturing fleet modernization program for its North American operations, commencing with the conversion of 50 Tier II pumping units into Tier IV DGB pumping units. The initial phase of the program supplemented the delivery of nine Tier IV DGB pumping units which were previously committed to.

Over the course of 2022 and early 2023, there were significant changes to the Company’s leadership team due to retirements and the elimination of certain officer positions. The President and Chief Operating Officer; Vice President, Technical Services; Vice President, Executive Sales, U.S. Division; and the Vice President, Business Development, Canadian Division, all retired from the Company and their roles were not replaced. In addition, the positions of Vice President, Global Supply Chain and President, Russian Division were eliminated. Following these leadership changes, the Company streamlined its management and leadership team with a focus on its continuing operations in North America and Argentina.

The Company exited 2022 with 14 fracturing fleets operating in North America and seven fracturing fleets operating in Argentina, including one large fleet servicing the Vaca Muerta shale play.

2023

Mr. Lindsay Link, President and Chief Operating Officer and a director, retired from the Company and the Board on January 4, 2023.

At the beginning of 2023, the Company combined its United States and Canadian operating divisions into a single North American division as part of its strategy to streamline and unify operational, technical and administrative systems and processes in order to enhance the Company’s financial efficiency, accountability and operational performance. This change resulted in a modification to the Company’s presentation of its financial and operating results commencing with the interim financial statements and management’s discussion and analysis for the three months ended March 31, 2023.

In February, the Company increased its North American fleet count to 15 with the activation of an additional fleet in the U.S. Upon deployment of the tenth fleet in the U.S., the Company reallocated the fracturing equipment and crew back to Canada that had been temporarily relocated to the U.S. in the fourth quarter of 2022.

On May 9, Holly A. Benson joined the Board upon her election at the annual and special meeting of shareholders.

On September 29, the Company amended and restated the Credit Agreement (specifically, the "2023 Credit Agreement"). The principal amendments to the Credit Agreement included, among others, the following items: (i) an extension of the maturity date from July 1, 2024 to the earlier of (a) July 1, 2026 or (b) six months prior to the maturity of the Company's Second Lien Notes on March 15, 2026; (ii) the syndicated facility was increased from \$205.0 million to \$215.0 million and the operating facility was decreased from \$45.0 million to \$35.0 million; (iii) removing the borrowing base requirement and the Funded Debt to Capitalization and Current Ratio covenants; and (iv) introducing an Interest Coverage Ratio covenant of greater than 2.75:1:00 and a Total Debt to Bank EBITDA ratio covenant of less than 4.00:1:00.

On December 18, the Warrants expired and the 1.5 Lien Notes matured. Approximately 5.3 million Warrants were exercised during the term for aggregate gross proceeds of approximately \$13.3 million, and the remaining Warrants were terminated and cancelled. At maturity, the Company repaid the remaining \$2.7 million principal amount of 1.5 Lien Notes outstanding plus accrued interest in final satisfaction of its obligations under the 1.5 Lien Notes indenture.

The Company exited 2023 with 15 fracturing fleets operating in North America and seven fracturing fleets operating in Argentina, including one large fleet servicing the Vaca Muerta shale play.

2024

The Board approved an initial capital budget for 2024 of approximately \$210.0 million, primarily to continue the fleet modernization program in North America and dedicate an additional \$40.0 million to support growth in its Argentinean operations while implementing new company-wide field-based technologies. However, in March the fleet modernization program was reduced by \$50.0 million to align with the market conditions prevailing at that time.

In March, the Company's ceased cementing operations in Las Heras, Argentina and relocated the equipment to support its operations in the Neuquén basin.

On June 25, Calfrac amended and restated the Credit Agreement (the "2024 Credit Agreement") in anticipation of the benchmark rate reforms that occurred on June 28, 2024. In addition, the amendments included a change to the Credit Agreement's Bank EBITDA definition for financial covenant calculation purposes. The revised definition of Bank EBITDA restricts Adjusted EBITDA derived from the Company's Argentina operations to a maximum of 25 percent of total Bank EBITDA from continuing operations. The amendments also included the additional requirement that the Company maintain a minimum of \$750.0 million of net tangible assets in North America or, as previously applied, have 75 percent of its consolidated net tangible assets located in North America.

In the second quarter, the Company idled two fracturing fleets in North America in response to lower activity due to the impact of lower natural gas prices and the deferral of customer work programs in the Rockies region into subsequent quarters. While in Argentina, due to the high customer demand for Calfrac's services combined with the improving political and business environment, the Company made the strategic decision to expand its pressure pumping footprint in the Vaca Muerta shale play. As a result of this decision, the Board approved \$29 million of capital for additional Tier II dual-fuel capable fracturing equipment in Argentina in support of deploying a second unconventional fleet, and at the same time reinstated \$11 million to the budget in North American for incremental maintenance capital and additional components for the Tier IV modernization program.

In the third quarter, the Company commenced its first offshore coiled tubing program in Argentina and implemented leadership changes in the Company's U.S. and Argentina operations. Marco Aranguren was moved to the role of President, United States Operations and Adrian Martinez was promoted to Director General, Argentina Division in his place.

In November, the Company ceased coiled tubing operations in Comodoro, Argentina, and now only provides fracturing services from that district.

In December, as part of its continuing efforts to streamline its fixed cost structure, the Company closed its Houston, Texas divisional corporate office and laboratory and centralized the corporate administration of its U.S. operations in Denver, Colorado.

The Company exited 2024 with 13 fracturing fleets operating in North America and four fracturing fleets operating in Argentina, including one large fleet servicing the Vaca Muerta shale play. This included 66 Tier IV DGB pumps or approximately four fracturing fleets operating in North America.

SUBSEQUENT EVENTS

The Company has a 2025 capital plan of approximately \$135.0 million. The program includes approximately \$50.0 million to facilitate the expansion of the Company’s fracturing operations in the Vaca Muerta shale play in Argentina that will be funded locally from cash flow. The 2025 Argentina capital program includes additional fracturing pumping units and an expansion of its deep coiled tubing capabilities. The balance of the 2025 program will fund maintenance capital for all operating divisions as well as additional investments in the Company's Tier IV fleet modernization program and enhancing deep coiled tubing fleet capabilities in North America.

The Company began operating an additional large fleet in the Vaca Muerta shale play on a permanent basis in the first quarter of 2025, and now operates two large fracturing fleets and two conventional fracturing fleets in southern Argentina from its Comodoro district base.

With the culmination of the 2024 capital program in 2025, the Company will have 80 Tier IV DGB pumps (the equivalent of approximately five fracturing fleets) in North America.

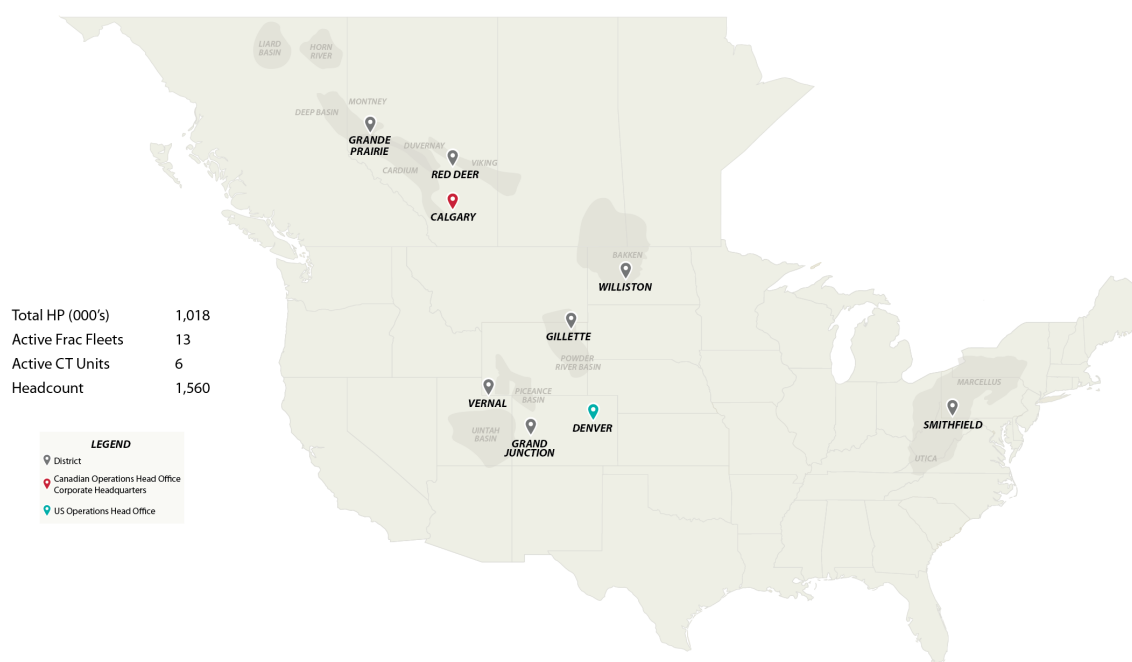
On March 11, the Company and its lenders amended the 2024 Credit Agreement to shorten the springing maturity date to January 15, 2026, which is two months prior to the maturity date of the Second Lien Notes.

DESCRIPTION OF THE BUSINESS – CONTINUING OPERATIONS

The Company’s activities in its continuing operations are conducted in two geographical segments: North America and Argentina. All activities are related to hydraulic fracturing, coiled tubing, cementing and other well completion services for the oil and natural gas industry.

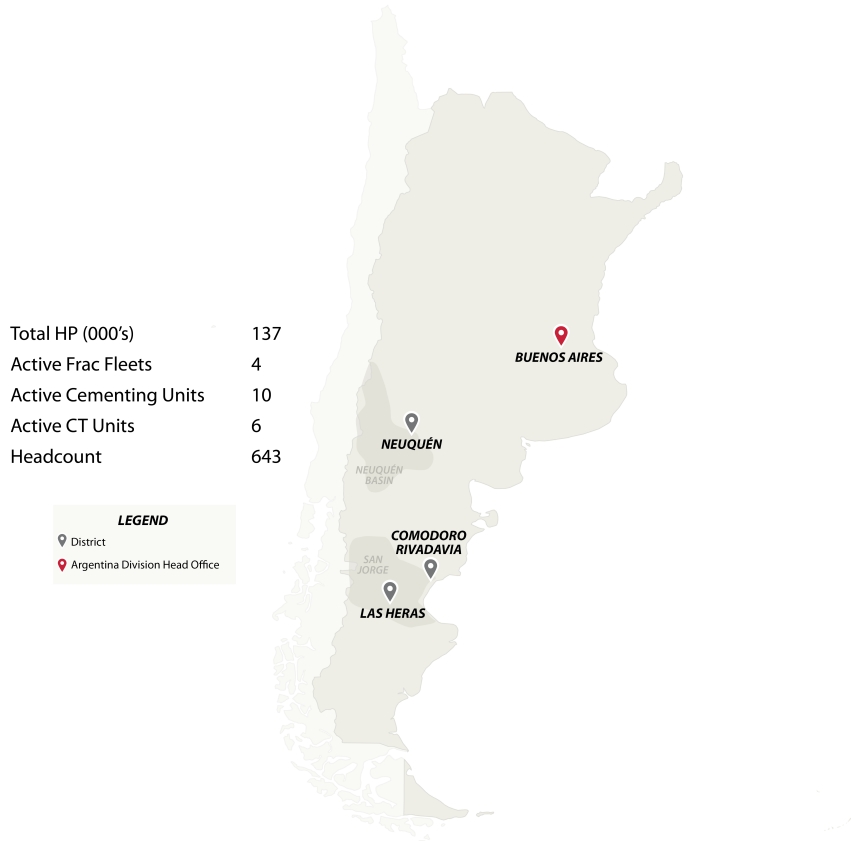
NORTH AMERICA SEGMENT

The Company’s North America segment provides fracturing services to oil and natural gas companies operating in the Williston Basin located in North Dakota as well as the broader Rockies region, which includes the Piceance Basin in western Colorado, the Uinta Basin in Utah and the Powder River Basin in eastern Wyoming. Calfrac also provides fracturing services in the United States to natural gas-focused customers operating in the Appalachia Basin in Pennsylvania, Ohio and West Virginia. The Company provides fracturing and coiled tubing services in Canada to a diverse group of E&P companies operating in the Western Canadian Sedimentary Basin, primarily in Alberta and northeast British Columbia. At December 31, 2024, Calfrac’s North America operations had 13 crewed fracturing fleets utilizing combined active HP of approximately 1.0 million. By the end of the first quarter of 2025, Calfrac expects to operate the equivalent of five Tier IV DGB fleets in North America with the completion of its 2024 capital program. Inclusive of the Company’s recent capital investments in next generation pumping technology, a significant portion of its North American crewed fleets were dual-fuel capable at the end of 2024.



ARGENTINA SEGMENT

The Argentina segment provides fracturing, coiled tubing and cementing services to E&P companies operating in the Neuquén, Las Heras, and Comodoro Rivadavia regions. As of December 31, 2024, the Company had one large fracturing fleet operating from its Neuquén base that services the unconventional Vaca Muerta shale play as well as three smaller fracturing spreads performing conventional operations from Las Heras and Comodoro Rivadavia.



SEGMENTED REVENUE ALLOCATION

	Years Ended December 31,	
	2024	2023
% of Total Consolidated Revenue	(%)	(%)
North America		
Fracturing	65.4	73.7
Coiled tubing	2.0	2.4
Other	—	—
	67.4	76.2
Argentina		
Fracturing	13.0	10.1
Coiled tubing	4.4	2.6
Cementing	3.0	2.4
Other	3.2	2.0
	23.6	17.1
Continuing Operations	91.0	93.3
Discontinued Operations		
Fracturing	8.2	6.2
Coiled tubing	0.8	0.5
	9.0	6.7
Consolidated	100.0	100.0

FRACTURING SERVICES

The principal focus of the Company's business is the provision of hydraulic fracturing services to E&P companies. Hydraulic fracturing is a controlled well-stimulation technique commonly used to increase hydrocarbon flow to a well from petroleum bearing rock formations deep in the subsurface. Hydraulic fractures are created by pumping fluid at high pressures down a wellbore into the target rock formations. The hydraulic fracturing fluids used are typically comprised of a base fluid (e.g., water), sand and lesser volume additives, which are pumped down the well to create the fractures in the rock. These fractures will extend away from the wellbore and the sand holds these fractures open providing a pathway for hydrocarbon to flow into the wellbore for extraction.

Hydraulic fracturing technology has transformed the energy market and is continuously evolving. Hydraulic fracturing is highly regulated to minimize environmental impacts and involves the detailed design of fracturing fluids and additives used. In addition to the complex chemical technologies applied, hydraulic fracturing requires extensive knowledge and expertise to design the optimal fracturing program to maximize the performance of the well. Each fracturing program is individually designed to take account of the specific operational, well and reservoir parameters. The Company's engineering and asset enhancement teams provide technical evaluation and job design recommendations as an integral component of its fracturing services.

To perform its services, the Company utilizes sophisticated equipment specifically designed and constructed for hydraulic fracturing. A complement or "spread" of equipment required to perform a hydraulic fracturing job normally consists of the following:

- a blender to combine chemicals, base fluid and proppant into specific mixtures of fracturing fluids;
- high horsepower fracturing pumpers, with the number of such pumpers dependent upon the pumping pressure and rate required for the specific fracturing program design;
- a chemical additive unit to transport and inject each chemical in controlled quantities to the fracturing fluid;
- an iron truck or trailer used for transporting and rigging up the high-pressure lines or "iron" that connect the various components of the spread to the wellhead, however, traditional treating iron is increasingly being replaced

with the use of a monoline system and flexible high pressure hoses, which shortens rig up and rig down time by decreasing the number of connection points while eliminating the risk of leaks on the high pressure iron during the stimulation process;

- a computer van equipped with monitoring, data recording, satellite communication and remote pumper controls to monitor and control the treatment and record the data related to each phase of the fracture; and
- various equipment to transport, store and deliver materials.

Hydraulic fracturing today has evolved from the conventional single well to primarily multi-well pad completions. Multi-well pad completions are considered the most efficient horizontal well development practice as they maximize hydrocarbon production while significantly reducing operational costs and environmental impacts by completing a group of wells on a single pad. Multi-well completion practices are typically executed through consecutive fracturing, zipper fracturing, and/or simultaneous fracturing to increase fracture complexity and connectivity by stimulating several wells on a pad in a prescribed sequence of stages. As customers continue to seek cost savings, safety improvements and production uplift, demand for innovative fracturing solutions will continue.

As of December 31, 2024, the Company's hydraulic fracturing fleet consisted of:

Segment	Active <i>(000's HP)</i>	Idle <i>(000's HP)</i>	Total <i>(000's HP)</i>	Crewed Fleets <i>(#)</i>
North America	1,018	—	1,018	13
Argentina	137	—	137	4
Total	1,155	—	1,155	17

COILED TUBING SERVICES

The Company provides coiled tubing services by running tubing into wells to perform various well servicing operations. Coiled tubing units are often used together with the appropriate support equipment to pump nitrogen, acid or other fluids into wells in order to remove unwanted corrosive acids, solids, gels and fluids from the wellbore and producing zone. Coiled tubing units can also be used to set and remove tools, perform well abandonments and set siphon or velocity strings, which promote the production of oil and natural gas without the accumulation of fluid in the wellbore. Coiled tubing remains the preferred completion tool for drilling out composite plugs and ball seats in horizontal wells after multi-stage fracturing jobs. Since 1999, the Company has successfully developed innovative equipment and treating procedures required to effectively complete coiled tubing assignments, from relatively simple shallow oil and natural gas operations to deeper, more technically challenging horizontal wells. In 2024, the Company expanded the scope of its coiled tubing expertise by completing its first offshore coiled tubing program in Argentina.

As of December 31, 2024, the Company had six active coiled tubing units in Canada and six active coiled tubing units in Argentina (five onshore and one offshore).

CEMENTING SERVICES

Drilling for oil and natural gas involves penetrating numerous geological layers, many of which may be saturated with fresh or salt water, oil, natural gas or combinations of all three. To protect groundwater from contamination emanating from the wellbore, surface casing is run to a depth below the level of groundwater and freshwater aquifers and cemented in place. In many wells, intermediate and production casing is also run below the level of surface casing and cemented in place. Once the cement has hardened, all of the geological formations that have been penetrated are isolated from each other and the completion of the well can proceed. Historically, the Company grew this service line through acquisitions and capital investment but due to declining financial returns and increased competition, the Company ceased offering cementing services in all of its operating areas except for Argentina, where it remains a market leader.

As of December 31, 2024, the Company had 11 cementing units in Argentina, of which 10 were active and one was idled.

SAND LOGISTICS

Sand is a critical component of the fracturing process and access to sand is essential to efficient execution and utilization, particularly in periods of high demand. The industry is historically challenged by last-mile logistics to transport sand from distribution hubs to wells. The Company owns and operates sand-hauling units in North America that provide last-mile trucking logistics to transport sand from distribution hubs to wells. The Company also has access to a multitude of transload

facilities strategically located throughout Western Canada which enables the Company to source sand at mine gate, ensuring reliable supply at a competitive cost.

INDUSTRY DATA

In 2021, the global economy rebounded from the COVID-19 pandemic, with global GDP growing by 5.8%. Oil prices rose throughout 2021, with WTI averaging US\$68 per barrel for the year, bolstered by receding market concerns over the COVID-19 variants. Global oil inventories saw consistent drawdowns in 2021 as demand exceeded supply levels. Global oil consumption rose approximately 6% over 2020 levels as travel restrictions eased and demand rebounded, while supply increased just 2% as some OPEC+ countries faced operational difficulties ramping up production. Most parts of the globe began to relax travel restrictions and COVID-19 prevention policies, such as occupancy limits, facilitating economic recovery while subsequent waves of infection continued, the notable exception to economic reopening was China who advanced a Covid-zero narrative until late 2022.

On February 24, 2022, Russia invaded Ukraine causing a sudden spike in oil prices to levels not seen since 2011, reflecting potential effects of the extensive sanctions levied by the United States, European Union, and others on Russian entities, as well as the risk of potential disruptions to crude oil and energy production and infrastructure related to the conflict. A number of Western energy companies announced ending operations in Russia as a significant volume of Russian crude oil and petroleum products remained unsold as shippers and refiners refused to take cargoes from Russia. China and India have emerged as partners with Russia and benefiting from lower prices as sellers are selling Russian crude at larger discounts as they absorb higher shipping costs. WTI prices averaged US\$94.90 per barrel in 2022, up approximately 39% from the 2021 annual average of US\$68.13.

2023 was a year of record production in the United States oil and gas industry despite some energy industry headwinds such as lower natural gas and crude oil prices. Both commodities hit record levels of production on the heels of industry consolidation heavily focused in the upstream sector. Interest rate volatility defined the macro backdrop for the year with a banking crisis in the United States particularly affecting the regional banking industry. Globally, the world economy was still recovering from the COVID-19 pandemic with economies continuing to recover. Geopolitics continued to create volatility across the oil and gas industry with the continued war in Ukraine and the addition of the Israel Hamas conflict. WTI prices averaged US\$77.58 per barrel in 2023, down approximately 18% from the 2022 annual average of US\$94.90.

The crude oil market was largely balanced in 2024, despite the geopolitical tensions that were present, with pricing remaining relatively flat with global inventories showing a slight drawdown in barrels per day. WTI prices averaged US\$76.60 per barrel in 2024.

According to the EIA, the United States crude oil production averaged an estimated 13.21 MMBpd in 2024, up slightly from 12.93 MMBpd in 2023. The United States dry natural gas production averaged 113.1 billion cubic feet per day in 2024, up approximately 8% from 2023 levels. Henry Hub spot prices averaged US\$2.19 per MMBtu in 2023, down from US\$2.54 per MMBtu in 2023.

As horizontal drilling techniques improved and unconventional opportunities became more economic, the North American horizontal rig count increased to a peak of 1,753 in November 2014, representing 74% of total rigs. Further advancements in the technologies used to extract hydrocarbons have caused more efficient production with less drilling rigs necessary. In 2020, the impact of the oil supply war and the COVID-19 pandemic led the North American horizontal rig count to decline to 370 rigs at year-end, a 53% drop from year-end 2019 levels and subsequently rebounded as the impacts of COVID-19 dissipated. In 2023, there was a decline in the North American horizontal rig count from 786 in 2022 to 649 and such declined continued in 2024 to 527 at year end.

Demand for completion services in recent years has been supported by significant drilled but uncompleted wells ("DUC") inventories in the United States, which peaked in June 2020 and have since declined as post-COVID-19 completions outpaced new drilling activity. As reported by the EIA, the DUC inventory in the U.S. as of January 1, 2025 declined by 39% from January 1, 2020, but shows a 16% year-over-year increase from historical lows.

On March 11, 2025, the EIA's Short-Term Energy Outlook was released and forecasted WTI crude prices to average US\$70.69 and US\$65.00 per barrel in 2025 and 2026, respectively. The EIA projects Henry Hub natural gas to average US\$4.19 per MMBtu in 2025 and US\$4.47 per MMBtu in 2026.

PRESSURE PUMPING INDUSTRY TRENDS

The Company operates in the oil and natural gas industry and its services are designed to increase the production of hydrocarbons from wells. Demand for fracturing, coiled tubing, cementing and other well stimulation services is predominantly influenced by the level of drilling and completion activity by E&P companies. The oil and natural gas industry has traditionally been volatile and largely depends upon the level of expenditures made by E&P companies on exploration, development and production activities. Expenditures by E&P companies are typically directly related to the demand for, and price of, oil and natural gas.

Although the oilfield services industry has been volatile historically, the following trends are expected to benefit the pressure pumping industry:

- *Stable North American drilling and completions activity.* Although the oil and natural gas industry has seen significant growth in North America since the end of the COVID-19 pandemic, E&P companies continue to be prudent with capital expenditures and are focused on returning capital to shareholders, a shift from the rapid expansion of drilling activity, which occurred historically when crude oil prices recovered. This increased stability and visibility in oil and natural gas production growth has resulted in increased stability for the pressure pumping industry, where pressure pumping capacity has leveled. Demand for completion services in recent years has been supported by significant DUC inventories in the U.S., which peaked in June 2020 and have since declined as post-COVID-19 completions outpaced new drilling activity. North America is expected to steadily grow production and rig count across major basins as new infrastructure projects support sustained long-term growth, which in turn supports the growth of fracturing spread count:
 - Medium to long-term production and rig count growth in Canada is underpinned by large-scale infrastructure projects, including the TMX Expansion and LNG Canada, adding critical takeaway capacity to Western Canada.
 - U.S. production and oilfield services growth is expected to be driven by significant LNG export capacity build out and outsized impact on gas-fired electricity demand related to artificial intelligence and data center growth.
- *Increasing well completion intensity.* Over the last 15 years, the vast majority of E&P companies' capital and activity in North America has been directed to the previously uneconomic or marginally economic oil, natural gas liquids, and dry natural gas accumulations that have become economically viable through the application of horizontal drilling, multi-lateral drilling, and multi-stage fracturing. These resource plays typically involve large accumulations of oil, natural gas liquids or natural gas either over a large area and/or vertical section which are often characterized as "tight", meaning they have low productivity and permeability. As a result, completion equipment and techniques have advanced as exploration and production companies seek to optimize costs and efficiencies to economically extract hydrocarbons. With the successful adoption of new drilling techniques and completion equipment, exploration and production companies are now drilling longer horizontal laterals to increase the exposure of each wellbore to the reservoir. To complete the well, fracturing is applied in stages along the wellbore to break-up the resource so that oil and natural gas can be produced. As wellbores have increased in length, the number of stages has also increased. Across North America, E&P companies have further improved production by increasing amounts of proppant pumped per lateral meter. These secular trends in the industry have resulted in incremental HP demands for each completed well due to requirements for larger amounts of equipment. The Company has the expertise and technological ability to execute these increasingly complex and intense well completions.
- *Rationalized North American pressure pumping capacity.* The pressure pumping landscape in North America, primarily in the United States, has consolidated significantly in recent years, resulting in a fewer number of larger, pressure pumping companies operating throughout this region. In addition, pressure pumpers have shown greater supply discipline and a willingness to reduce the number of marketed fracturing fleets to match customer demand, including the retirement of older Tier II diesel fleets. To maximize profitability per fleet, pressure pumpers have:
 - Upgraded old-generation fleets into Tier IV DGB and/or electric fleets that are in greater demand and are generally more reliable. Both of these pump types have the advantage of burning natural gas in place of diesel. Tier IV DGB pumping units benefit from the flexibility to vary the amount of natural gas consumed depending on availability and commodity price.

- Idled fleets to increase overall utilization and efficiency.
- Scrapped the oldest equipment which has lower industry demand and generates the lowest operating margins.
- **Argentina Growth Potential.** Argentina possesses the world’s fourth-largest shale oil reserves and second-largest shale gas reserves. The Vaca Muerta shale formation, Argentina’s emerging play, is located in the provinces of Neuquén, Mendoza, and Rio Negro. Only a small portion of the formation has been developed for oil and natural gas production to date, but based on well performance it is a world-class play. Additionally, construction of a major crude oil pipeline from the Vaca Muerta shale region is expected to be operational in 2025, with further expansion expected to raise capacity to 700,000 barrels per day by 2028, promoting long-term production growth in the region. Investments in Argentina have historically lagged developed nations due to broader economic challenges and political uncertainty that include foreign controls that hinder repatriation of corporate dividends. Argentina has made material improvements in its business operating environment as the newly formed government announced a free-market revolution to the country’s long-troubled economy, evolving to be a “pro-oil and gas” market. The new market reform package includes guarantees for large investments, a new hydrocarbon law, and changes to the country’s foreign exchange system, aimed at securing dividend repatriation for foreign investors. These factors are expected to contribute to increased oil and natural gas activity within the regions in which Calfrac operates.

COMPETITION

The markets in which the Company operates are highly competitive. The principal competitive factors are: (i) price, product and service quality and availability; (ii) technical knowledge and experience; (iii) reputation for safety; (iv) fleet age and technology; and (v) service line diversification. In each of the geographic jurisdictions the Company operates, it competes against many companies that offer services that overlap with the Company’s services and products. The Company’s competition for its continuing operations in North America and Argentina includes large multinational oilfield service companies as well as regional competitors as further described in the table below:

Location	Key Competitors	
All Operations	Halliburton Company	
North America only	Liberty Energy Inc.	BJ Energy Solutions
	STEP Energy Services Ltd.	Element Technical Services Inc.
Canada only	Trican Well Service Ltd.	Ironhorse Oilfield Services Ltd.
United States only	NexTier Oilfield Solutions	Catalyst Energy, Inc.
	ProFrac Services Inc.	Mammoth Energy Services, Inc.
	ProPetro Holding Company	Gore Nitrogen Pumping Services LLC
	RPC, Inc.	TOPS Well Services LLC
	Evolution Well Services	
Argentina only	Tenaris S.A.	Superior Energy Services S.A.
	SLB	Latitud 45 Petroleo Y Gas S.A.
	Weatherford, S.A.	Geopatagonia SRL
	San Antonio International Oil & Gas LLC	

COMPETITIVE POSITION

To be successful, the Company must provide services that meet the specific needs of E&P companies at competitive prices. The Company’s competitive position is based on several factors.

Strategic position in fracturing markets with significant scale.

The Company has established itself as the largest Canadian-headquartered pressure pumping company by HP, and one of the largest independent pressure pumping companies in North America. In the United States, the Company services the Williston Basin located in North Dakota as well as the broader Rockies region, which includes the Piceance Basin in western Colorado, the Uinta Basin in Utah and the Powder River Basin in eastern Wyoming. Calfrac also provides fracturing services in the United States to natural gas-focused customers operating in the Appalachia Basin in Pennsylvania, Ohio and West

Virginia. The Company's Argentina operations has a significant market presence in the world class Vaca Muerta shale play as well as in the southern regions of the country. Further development of the unconventional Vaca Muerta shale play is expected to drive significant demand growth and profitability for the Company's established fracturing, coiled tubing and cementing services in that country.

Strong, long-term relationships with a high quality, diversified customer base.

The Company has strong, long-term relationships with many of its customers, comprised of a diverse and balanced mix of large, intermediate and small E&P companies, and counts among its clients some of the most active exploration and production companies in the countries in which it operates. Most of the Company's significant customers are major operators with strong credit metrics.

Commitment to health, safety and environment.

The Company is committed to providing high quality pressure pumping services that will satisfy and safeguard the health, safety and environment needs of its employees, customers and other key stakeholders. The Company pursues this goal through the adherence to and continued development of a leading management system designed specifically for the energy services industry. This internal management system fosters a culture of continuous improvement designed to ensure safe, consistent and high-quality job execution.

Proven and experienced leadership team.

Calfrac's leadership team has over 150 years of collective relevant experience in the energy industry, with long-standing client relationships and industry leading operational expertise. Two of the Company's co-founders have been involved with the Company since inception and serve on the board of directors. Calfrac also has material insider ownership, with approximately 49% of the common shares held by the management team and board of directors. High insider ownership aligns the financial incentive of our employees and directors with the strategic direction of the Company.

A skilled, dedicated and mobile workforce.

The Company has a reliable, skilled, and dedicated workforce and it has processes in place to temporarily mobilize its workforce between operating districts. These temporary assignments facilitate knowledge transfer and enhance utilization during periods in which the demand for services decreases in a particular operating area, such as spring break-up. In addition, the Company has facilities and comprehensive programs in place which provide an environment for continuous learning and skill development that strengthen its workforce. The Company has training facilities in Alberta, North Dakota and Colorado which are focused on providing regulatory, skills and leadership training for all employees. The Company has also implemented in-house commercial driving schools in Canada and the United States to aid its recruitment and retention of field employees.

INTELLECTUAL PROPERTY AND SPECIALIZED SKILLS AND KNOWLEDGE

A considerable amount of technology and engineering expertise is incorporated into the fluid chemistry and the design of fracturing programs, which has been an integral part of the successes in the exploration and development of unconventional oil and natural gas plays. The Company develops and maintains the specialized skills and knowledge to support the complex challenges of the industry through its operating practices and standards and through research and development.

The Company's research and development efforts focus on providing specific solutions to the challenges experienced by E&P companies when fracturing and stimulating wells. The Company conducts research and development activities in its high-tech laboratory located in Calgary, Alberta. Additionally, the district laboratories in Grande Prairie, Alberta; Grand Junction, Colorado; Williston, North Dakota; Smithfield, Pennsylvania as well as Neuquén, Las Heras and Comodoro Rivadavia, Argentina, provide additional localized support in regions where the Company operates.

As a result of its research and development efforts, the Company has developed a unique intellectual property portfolio, including patents, trademarks, copyrights, trade secrets and know-how to leverage when responding to the technical and complex challenges faced by its customers.

The specialized intellectual property of the Company includes proprietary, cost-effective chemistries that aim to optimize proppant placement to maximize production from the wellbore, as well as innovative and specially designed field equipment and equipment configurations that allow it to combine functions, resulting in less equipment being required at a particular well location, thereby reducing the "footprint" of the equipment.

The operational success of the Company has been facilitated by its ability to provide proprietary blends of chemicals and completions designs that, together with the Company's technical expertise and innovative equipment, assist customer wells to be more productive.

The Company remains focused on the ongoing development of environmentally responsible fluid systems and systems that can be used with high saline produced and recycled waters, thereby reducing freshwater demand.

CUSTOMERS

The Company's customer base consists of 76 E&P companies, ranging from large multinational public companies and national oil and gas companies to small private companies. The Company enjoys strong relationships with its customers, comprised of a diverse and balanced mix of large, intermediate and small E&P companies, and counts amongst its clients some of the most active E&P companies in the countries in which it operates. For the year ended December 31, 2024, the Company's ten largest customers collectively represented approximately 68.3% of its revenue and the Company's five largest customers collectively represented approximately 51.5% of its revenue, with its largest customer accounting for approximately 15.5% of its revenue.

CONTRACTS

Customers

In North America, the Company works pursuant to commercial agreements for a defined scope of work and/or time period. These agreements do not generally contain a guaranteed minimum amount of work, however, the Company does have agreements whereby certain customers commit to using the Company to perform any required fracturing services in certain operating areas over a defined timeframe.

In Argentina, the Company is currently operating under contracts with several of the major operators in that market as well as several smaller customers. Based on the Company's strong operational performance, it has been able to secure four minimum commitment contracts with major operators that provide a solid contractual foundation for the division.

Suppliers

The Company sources its raw materials, such as proppant, chemicals, nitrogen, and diesel fuel, and component parts from a variety of suppliers in North America and Argentina. Most of these arrangements do not contain guaranteed minimum commitments of materials, although the Company has one contract with a sand supplier based in the United States that includes a minimum purchase and supply commitment.

EMPLOYEES

As at December 31, 2024, the Company had approximately 2,200 employees in its continuing operations. Except for the workforce in Argentina, none of the Company's employees are unionized.

SEASONALITY

The Company's business is affected by the seasonal nature of the North American oil and natural gas industry, particularly in portions of Western Canada, the Williston Basin and the broader Rockies region in the United States. See "*Risk Factors – Business Operations Risk – The Company is susceptible to seasonal volatility in its operating and financial results due to adverse weather conditions*" for additional information.

REGULATION

The Company is subject to increasingly stringent and complex federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal and use of, and exposure to, hazardous and radioactive materials, and the protection of employees and the environment, including laws and regulations governing occupational safety standards, air emissions, chemical usage, water discharges and waste management. See "*Risk Factors – Legal and Regulatory Risks – Federal, provincial and state legislative and regulatory initiatives and laws relating to oil and gas exploration and development and/or hydraulic fracturing processes*" and "*The Company is subject to health, safety and environmental laws and regulations that may require it to make substantial expenditures or cause it to incur substantial liabilities*" for additional information.

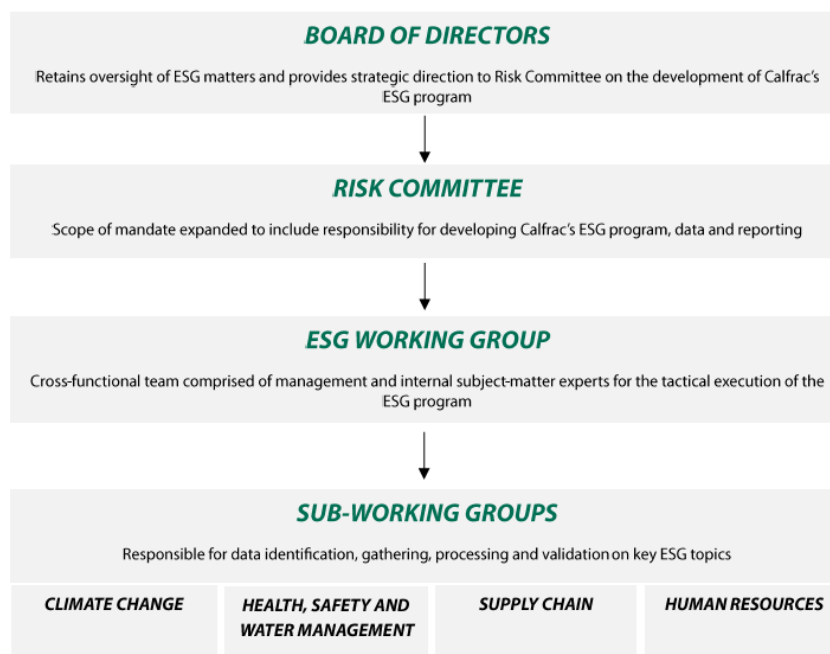
FOREIGN OPERATIONS

The Company has a reportable segment of its continuing operations in Argentina, which conducts operations solely in that country. As of December 31, 2024, the Argentina segment accounted for 26% of revenue, 28% of employees and 12% of HP from the Company's continuing operations.

ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY

The Company has always been committed to conducting its business in a manner that safeguards the environment as well as the health and safety of its employees, contractors, suppliers, customers and public at large and human rights, and has taken the required steps to comply with all relevant legislation wherever it operates.

The Company has a Health, Safety and Environment Committee of its Board that is responsible for enabling a healthy, safe and environmentally conscious organization. In addition, the Board and all board committees are focused on the importance of considering ESG issues as part of their annual work plans. While the Board retains ultimate oversight of ESG matters, including climate-change matters, responsibility for Calfrac's ESG program has been delegated to the Risk Committee⁽¹⁾, an ESG Working Group and topic-specific Sub-Working Groups comprised of cross-functional teams of management and internal subject-matter experts as follows:



Calfrac's ongoing commitment to proactively managing its ESG performance is further evidenced by the following:

Greenhouse Gas Emissions

The Company developed a baseline inventory of its Scope 1 and 2 GHGs in accordance with the GHG Protocol in 2023. In addition, the Company implemented a data collection process and calculation tool across its continuing operations. In 2024, the Company has focused on refining, testing and validating the GHG data collection, calculation, and documentation processes in anticipation of future mandatory GHG disclosure requirements.

Fleet Modernization Program

Tier IV DGB engines displace diesel in fracturing operations by increasing the use of natural gas. The fleet modernization program initiated by Calfrac in 2022 serves to ensure that significant investments in next generation equipment appropriately considers ESG factors such as emissions performance in addition to reliability and cost. The table below sets out the number and percentage of engines in service that meet Tier IV compliance for non-road diesel engine emissions for the Company's continuing operations for the last two years:

⁽¹⁾ The Risk Committee is a pre-existing management committee comprised of the Chief Executive Officer, Chief Financial Officer, General Counsel and Corporate Secretary and Vice President, Human Resources as permanent members. The Risk Committee is responsible for identifying, assessing and mitigating the material risks facing the Company and reporting on its activities to the Board on at least an annual basis.

	Unit of Measure	Years Ended December 31,	
		2023	2024
Engines in service that meet Tier IV compliance	Number	31	66
for non-road diesel engine emissions	Percentage	6.7%	14%

Reducing Operational Impacts

The Company's team of engineers, chemists, geoscientists, and technical specialists continually develop and test new technologies and fluid systems designed to improve efficiency, reduce water consumption, minimize risk to the environment and ultimately help wells produce more efficiently and safely. The Company's development of salt tolerant friction reducers allows Calfrac to use up to 100% produced water and has been successfully used in waters with a total dissolved solids content greater than 250,000 mg/L. These developments have provided effective friction reduction with added viscosity in produced water allowing Calfrac to pump less fluid without sacrificing proppant concentration, further increasing overall efficiencies of the entire fracturing treatment.

The Company has developed innovative and specially designed products, field equipment and equipment configurations which reduce transport traffic, job site footprint, noise and dust associated with its operations. For example, Calfrac has developed super concentrated, custom formulated chemistries to reduce the amount of packaging used and reduce last mile trucking requirements thereby reducing plastic and cardboard for packaging as well as energy used and emissions related to transportation.

The Company also provides its customers with a list of additives used in fracturing fluids and encourages the use of public disclosure mechanisms in the interest of transparency. The use of public disclosure mechanisms is leveraged by the Company to identify opportunities for innovation.

Focus on Safety

The Company utilizes two health and safety performance measures in connection with the calculation of award entitlements under its Short-Term Incentive Plan. Total Recordable Injury Frequency or TRIF is a lagging indicator that determines the injury rate based on the number of recordable injuries and the total number of hours worked in a year. Lost Time Incident Frequency or LTIF is a lagging indicator that determines the injury rate based on the number of lost time injuries and the total number of hours worked in a year. The foundation of the formula for calculating TRIF and LTIF is defined by the Occupational Health & Safety Administration, a federal agency of the United States that regulates workplace safety and health. The overall annual TRIF and LTIF, which is determined at December 31st of the relevant year, is based on the total number of recordable injuries and illnesses or lost time injuries and illnesses, as applicable, for the applicable division and the total hours worked for the applicable division for the year.

The use of TRIF and LTIF are core to the Company's culture and underlie Calfrac's commitment to protect the health and safety of its employees, contractors, customers, and other third-party personnel in the communities where it operates. The use of TRIF and LTIF also reinforces that health and safety management are core to the Company's culture. The Company targets "Goal Zero" for TRIF and LTIF, which is communicated to the Company's employees, third-party service providers and customers. While TRIF and LTIF are lagging indicators that are critical to monitoring the Company's safety performance, Calfrac has invested significant resources and management efforts into leading indicators, such as hazards identifications and facility and wellsite inspections. Specifically, the Company invested in a user friendly hazard identification application that is accessible to all field employees, which has led to an increase in the number of hazard identifications. Further, management's emphasis on safety reinforces safety conscious behavior, thereby preventing incidents and improving overall safety performance, as supported by the trend of the Company's decreasing TRIF and LTIF results. The following table outlines the Company's key health and safety management metrics for its continuing operations for the last four years:

	Unit of Measure	Years Ended December 31,			
		2021	2022	2023	2024
Total Hours Worked by Employees	Hours (000)	5,673	6,864	7,605	7,149
TRIF	Injuries per 200,000 hours worked	1.34	1.19	1.05	0.92
LTIF	Injuries per 200,000 hours worked	0.21	0.15	0.13 ⁽¹⁾	0.14
Fatalities - Employees	Number	0	0	0	0

⁽¹⁾ Previously reported as 0.11 in the AIF for the year ended December 31, 2023, but was subsequently restated as a result of an injury reclassification that occurred subsequent to the reporting date.

Employee Development

The Company believes in continuing development of its employees as demonstrated by the following training data for continuing operations for the last two years:

	Unit of Measure	Years Ended December 31,	
		2023	2024
Total Training ⁽¹⁾	Hours	94,140	112,224
HSE Training ⁽²⁾	Hours	91,690	103,499
Corporate Policy Training ⁽³⁾	Percentage Completed	94%	86%
Preventing Modern Slavery Training ⁽⁴⁾	Percentage Completed	83%	98%

⁽¹⁾ Includes HSE Training, Corporate Policy Training, Preventing Modern Slavery Training and other self-led online and instructor led courses.

⁽²⁾ Includes orientation, driving courses and evaluations including but not limited to Commercial Drivers License school for US Operations and the mandatory entry level driver training (MELT) for Canada operations, as well as equipment and safety training and regulatory courses. The 2023 HSE Training hours have been restated to include MELT training hours that were omitted from this data in the AIF of the year ended December 31, 2023.

⁽³⁾ Completed on an annual basis by employees designated by their role and includes (i) the Anti-Bribery and Anti-Corruption Policy; (ii) the Code of Business Conduct; and (iii) the Confidentiality and Insider Trading Policy.

⁽⁴⁾ Applicable to all employees whose role involves contracting or purchasing decisions.

Supplier Code of Conduct

In support of the Company's commitment to conducting its business in a manner that safeguards the environment, and the health, safety and human rights of its employees, customers, the public and other stakeholders, the Company implemented a Board approved Supplier Code in 2023. The Supplier Code supplements the Company's Code of Business Conduct by formalizing the minimum standards required of the Company's suppliers with respect to health, safety, the environment and business integrity. The formalization of these standards is one element of the Company's approach to addressing the Modern Slavery Act. Further details of the actions that Calfrac has taken in 2024 to assess and manage the risk of forced labour and child labour in its supply chains will be included in the Company's Modern Slavery Act report that is submitted to Public Safety Canada, a copy of which will be published in Calfrac's management information circular for its annual shareholders meeting and published on Calfrac's website at www.calfrac.com.

DISCONTINUED OPERATIONS

The Company's Russian operations are carried on by CWS International, a wholly owned Russian limited liability company. As of December 31, 2024, CWS International had approximately 77,000 HP and seven coiled tubing units, and approximately 750 employees.

On March 29, 2022, the Company announced the suspension of any investments in the Russian Federation as CWS International continued to fulfill its contractual commitments in strict compliance with applicable sanctions. During the first quarter of 2022, the Company committed to a plan to sell CWS International, which resulted in such associated assets and liabilities being classified as assets held for sale and presented as discontinued operations in the Company's financial statements. Since that time, the Company has been focused on concluding a sale of CWS International while maintaining compliance with all applicable laws and sanctions, which continue to evolve.

On June 8, 2022, Global Affairs Canada announced new sanctions under *Special Economic Measures (Russia) Regulations* (the “Russia Regulations”) in the form of certain services restrictions applicable to Canadians anywhere in the world or persons in Canada in relation to the Russian oil and gas industry, among others (the “Services Restrictions”). In response, the Company immediately ordered the discontinuation of all services, including technical, financial, and management services, between its Canadian-based personnel and CWS International’s Russia personnel. Following consultation with its advisors, the Company terminated or reassigned all Canadian-based personnel of the Company that had previously been supporting the Russian division. Since the implementation of the Services Restrictions under the Russia Regulations no personnel of the Company or person in Canada have provided any services to CWS International and none have supported CWS International in relation to its day-to-day operations or its Russian service contracts. CWS International, a Russian legal person to whom the Services Restrictions do not apply, has been operating independently from the Company and its affiliates since June 2022 and is receiving no financial, management or technical services or support from the Company or its affiliates.

In addition to monitoring and addressing, as applicable, the evolving laws and sanctions from the governments of Canada, the U.S., and other western nations, the Company’s efforts to divest of CWS International have been impacted by domestic laws and sanctions of the Russian Federation, including without limitation, that any sale or any other transfer or alienation of CWS International must be approved by the President of the Russian Federation in accordance with the requirements of Decree of the President of the Russian Federation No. 520, dated August 5, 2022, and Resolution of the President of the Russian Federation No. 372-pn, dated November 9, 2022 and rules setting out additional requirements for exits of foreign investors from Russia, which are updated on a periodic basis.

As a result of these evolving circumstances, the risks, restrictions, and uncertainties surrounding, among other things, banking, the Company’s ownership and control over its Russian subsidiary, the physical security of property, plant and equipment in Russia, the regulatory approvals to complete a sale transaction and overall business and operational risks are being monitored and addressed as the situation evolves. Within this dynamic context, the Company remains committed to a sale of its Russian subsidiary and is seeking to complete this transaction as soon as possible while complying with all applicable laws and sanctions.

MARKET FOR SECURITIES

The Company's common shares are listed on the TSX under the symbol "CFW". The following table sets forth the monthly price ranges and volumes of trading of the common shares on the TSX for the period starting January 1, 2024 and ending December 31, 2024:

	High <i>(C\$)</i>	Low <i>(C\$)</i>	Volume
January	5.36	4.43	778,091
February	5.38	4.88	378,483
March	5.10	3.75	845,678
April	4.85	3.95	1,107,610
May	4.64	3.97	869,033
June	4.35	3.90	562,382
July	4.61	4.13	499,052
August	4.50	3.85	851,273
September	4.09	3.75	811,216
October	3.96	3.68	1,276,387
November	4.05	3.64	750,266
December	4.17	3.75	678,400

PRIOR SALES

The following table summarizes issuances during the financial year ended December 31, 2024 of the Company's outstanding securities that are not listed or quoted on a marketplace:

Date Issued	Type of Security ⁽¹⁾	Number Issued	Issue Price
May 8, 2024	Deferred share units	147,000	N/A ⁽²⁾

⁽¹⁾For additional information on the Company's outstanding deferred share units, including the vesting conditions thereof, see the Share-Based Compensation note to the Company's 2024 audited consolidated financial statements, which is incorporated by reference herein and is available on SEDAR+ under Calfrac's profile.

⁽²⁾Each deferred share unit represents the right to receive a gross payment equal to the Fair Market Value at the date of exercise, which date will be determined by the holder, subject to certain conditions. For this purpose, "Fair Market Value" means, on any date, the weighted average trading price of a common share of the Company on the TSX during the last five trading days prior to that date.

DESCRIPTION OF CAPITAL STRUCTURE

COMMON SHARES

The holders of common shares are entitled to receive notice of, and to one vote per share at, every meeting of shareholders of the Company, to receive such dividends as the Board declares, and to share equally in the assets of the Company remaining upon the liquidation of the Company after the creditors of the Company have been satisfied. There is no share capital outstanding that is composed of non-voting shares.

REVOLVING CREDIT FACILITIES

The Company has Credit Facilities with a syndicate of lenders pursuant to the Credit Agreement comprised of a \$215.0 million syndicated facility and a \$35.0 million operating facility. The maturity date of the Credit Facilities is the earlier of: (i) July 1, 2026; or (ii) two months prior to the maturity of the Second Lien Notes on March 15, 2026. The Company's obligations under the Credit Agreement are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by Calfrac Holdings and Calfrac Corp. (together with the Company, the "Obligors"). In addition, the obligations under the Credit Agreement are secured by a first priority senior security interest in all assets and properties of the Obligors (the "First Priority Lien"). See "General Development of the Business – Three Year History" for a description of the Credit Agreement and certain of its predecessor agreements, the Annual MD&A under the heading "Liquidity and Capital Resources" for a discussion of the Credit Agreement's material terms, and Note 6 to the Annual Financial Statements for the amounts drawn thereunder as at December 31, 2024, each of which is available on SEDAR+ under Calfrac's profile.

SECOND LIEN SECURED NOTES

Calfrac Holdings has US\$120,000,100 aggregate principal amount of 10.875% second lien secured notes due 2026 outstanding (the "Second Lien Notes"). The Second Lien Notes were issued in connection with a private offering pursuant to which Calfrac Holdings exchanged newly issued Second Lien Notes for its 8.50% senior unsecured notes due 2026. Additional information regarding the exchange offer can be found in the Company's press release dated February 25, 2020, which is available on SEDAR+ under Calfrac's profile.

The Second Lien Notes were issued pursuant to an indenture among Calfrac Holdings, the Company, Calfrac Corp. and Wilmington Trust, National Association, as trustee and collateral agent, dated as of February 14, 2020 (the "Second Lien Notes Indenture"). Fixed interest on the Second Lien Notes is payable on March 15 and September 15 of each year, and the Second Lien Notes will mature on March 15, 2026.

The Second Lien Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by the Company and Calfrac Corp. In addition, the Second Lien Notes are secured by a second priority senior security interest in all assets and properties of the Obligors (the "Second Priority Lien"). The Second Priority Lien ranks second in priority only to the First Priority Lien together with any other liens securing permitted additional first lien obligations as set forth in and subject to the terms of the Intercreditor Agreement. Subject to the Intercreditor Agreement, the Second Priority Lien forms part of the Obligors senior secured obligations and ranks: (i) senior to all of the Obligor's future obligations and unsecured obligations; and (b) junior to the obligations under the Credit Agreement.

The Second Lien Notes may be redeemed at 100.0% of principal amount plus accrued and unpaid interest, if any, to, but not including the redemption date. In addition, Calfrac Holdings may be required to make an offer to purchase the Second Lien Notes upon the sale of certain assets and upon certain change of control transactions.

DIVIDENDS

The payment of any dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors. The Company has not paid any dividends on its common shares in any of the three most recently completed financial years, nor does the Company currently pay a dividend as it is focused on reducing its long-term debt and improving its asset quality.

The Credit Agreement provides that the Company must not pay dividends or other distributions unless, after giving effect to such distribution, the Funded Debt to Bank EBITDA ratio shall be less than or equal to 2.00:1.00, on a *pro forma* basis, and the Company shall have liquidity (as calculated under the Credit Agreement) of not less than \$100.0 million on a *pro forma* basis. In addition, (i) the Company shall not make any distributions where the Company is in default under the Credit Agreement or the making of such payment would result in a default; and (ii) until July 1, 2024, the Company could not make any distributions in excess of \$20.0 million per calendar year. In addition, the Second Lien Notes Indenture contains restrictions on the Company's ability to make certain payments, including dividends, in circumstances where: (i) the Company is in default under the indenture or the making of such payment would result in a default; (ii) the Company is not meeting the fixed charge coverage ratio under the indenture of at least 2:1 for the most recent four fiscal quarters; or (iii) there is insufficient room for such payment within the builder basket in the indenture. These limitations on restricted payments are tempered by the existence of various exceptions to the general prohibition, including a basket allowing for restricted payments to be made in an aggregate amount of up to US\$20.0 million at any one time outstanding. As at December 31, 2024, such basket was not utilized.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information with respect to the current directors and executive officers of the Company as at March 12, 2025:

Name and Residence	Position with the Company	Director Since	Principal Occupation During the Last Five Years
Ronald P. Mathison Alberta, Canada	Chairman of the Board and a Director	March 8, 2004 ⁽¹⁾	Chairman, MATCO Investments Ltd. (a private investment company). Also, Executive Chairman of the Company from June 2019 to December 2021.
Douglas R. Ramsay ⁽²⁾ Alberta, Canada	Vice Chairman and a Director	March 24, 2004	Vice Chairman since January 2014. Prior to, Chief Executive Officer since 1999.
George Armoyan ⁽³⁾ Nova Scotia, Canada	Director	December 18, 2020	President and CEO of Clarke Inc. (a public investment company). Also, Executive Chairman and Secretary of G2S2 Capital Inc. (a private investment company) and President of Armco Capital Inc. (a development company). Interim Chief Executive Officer of the Company from December 2021 to June 2022.
Anuroop Duggal ⁽³⁾⁽⁴⁾ Ontario, Canada	Director	December 18, 2020	Private investor since 2018. Prior to, Partner of 3G Capital, an asset management firm.
Charles Pellerin ⁽³⁾⁽⁴⁾ Quebec, Canada	Director	May 3, 2022	Principal Partner and President of Pellerin Potvin Gagnon S.E.N.C.R.L., an accounting firm.
Pat Powell ⁽²⁾ Alberta, Canada	Director and Chief Executive Officer	May 3, 2022	Chief Executive Officer of the Company since June 2022. Prior to, Chief Executive Office of Command Fishing + Pipe Recovery (an oilfield services company) from October 2014 to June 2022.
Chetan Mehta ⁽²⁾⁽⁴⁾ Maryland, United States	Director	May 3, 2022	Private oil and gas investor. Prior to, a Senior Energy Research Analyst at several U.S. investment firms.
Holly A. Benson ⁽⁴⁾ Alberta, Canada	Director	May 9, 2023	Independent businessperson since January 2021. Prior to, Vice President, Finance & Chief Financial Officer of Peters & Co. Limited (a registered investment dealer) from October 1999 to December 2020.
Michael D. Olinek Alberta, Canada	Chief Financial Officer	N/A	Chief Financial Officer since February 2017. Prior to, Vice President, Finance and Interim Chief Financial Officer from March 2016 to February 2017; Vice President, Finance from April 2011 to March 2016.
Jeffrey I. Ellis Alberta, Canada	General Counsel and Corporate Secretary	N/A	General Counsel and Corporate Secretary since September 2021. Prior to, General Counsel from August 2020 to September 2021; Senior Legal Counsel from March 2017 to August 2020; and Legal Counsel from April 2012 to March 2017.

⁽¹⁾ Service prior to March 24, 2004 was as a director of Denison

⁽²⁾ Member of the Health, Safety and Environment Committee.

⁽³⁾ Member of the Compensation, Governance and Nominating Committee.

⁽⁴⁾ Member of the Audit Committee.

⁽⁵⁾ Each director holds office until the close of the annual meeting to be held on May 15, 2025.

As at March 12, 2025, the directors and executive officers of the Company beneficially owned, or controlled and directed, directly or indirectly, an aggregate of 42,782,946 common shares, representing 49.8% of the 85,889,459 issued and outstanding common shares.

CEASE TRADE ORDERS OR BANKRUPTCIES

To the knowledge of the Company, none of the current directors or executive officers of the Company is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order") and that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of the company being the subject of such an Order, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Company, other than as described below, none of the directors or executive officers of the Company:

- (a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Mr. Mathison was a director of Tesla Exploration Ltd. ("Tesla"). On July 25, 2016, Mr. Mathison resigned as a director of Tesla and Tesla was placed into receivership by its Canadian credit facility lender.

Mr. Powell was a director of ATK Oilfield Transportation Inc., a private company that was placed into receivership by its lender and filed for creditor protection under Chapter 15 of the United States Bankruptcy Code in April 2016.

PENALTIES OR SANCTIONS

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTERESTS

To the knowledge of the Company there are no known existing or potential material conflicts of interest between the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company.

Any existing or potential conflicts of interest that arise are subject to and governed by the Company's Code of Business Conduct and the law applicable to directors' and officers' conflicts of interest. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In addition, a director shall not vote on any resolution of the Board if an existing or potential conflict of interest is identified with respect to a director and the relevant subject matter of the resolution, except in limited circumstances.

LEGAL AND REGULATORY PROCEEDINGS

GREEK LEGAL PROCEEDINGS

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 compensation was 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 by NAPC to the Supreme Court of Greece. The matter was heard on April 20, 2010 and a decision rejecting NAPC's further appeal was rendered in June 2010.

As a result of Denison's participation in the consortium that was named in the lawsuit, the Company has been served with three separate payment orders, one on March 24, 2015 and two others on December 29, 2015. The Company was also served with an enforcement order on November 23, 2015. Provisional orders granting a temporary suspension of any enforcement proceedings have been granted in respect of all of these orders on the basis they were improperly issued and are barred from a statute of limitations perspective. Hearings in respect of each of the orders have been held, and in each case, decisions were rendered accepting the Company's position. All of these decisions were appealed, but the favorable judgments have all been confirmed in the Company's favor. The plaintiffs have filed petitions for cassation (a form of appeal in Greece) against three of the appeal judgments, and will have 30 days to file a petition for cassation following the service of the remaining judgment in respect of the enforcement order once it has been certified. The Company has yet to be served with a hearing date for any of the three pending cassation petitions.

NAPC is also the subject of a claim by the Greek social security agency for social security obligations associated with the salaries in arrears that are the subject of the above-mentioned decision, and penalties and interest payable on such amounts.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this AIF, none of the Company's directors or executive officers, nor any shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding common shares, nor any known associate or affiliate of such persons, had a material interest, direct or indirect, in any transaction within the last three fiscal years nor in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company.

BRIDGE LOAN

The Company and G2S2, a company controlled by director Mr. Armoyan, executed the Bridge Loan to fund the Company's short-term working capital requirements. The Bridge Loan provided for total draws of up to \$25.0 million at an interest rate of 8.00%. The loan had an original maturity date of April 29, 2022, which was extended by 60 days by mutual consent. On June 27, 2022, the Company repaid the \$15.0 million drawn under the loan plus accrued interest and terminated the Bridge Loan. For additional information on the Bridge Loan see the third amending agreement to the 2022 Credit Agreement and the Company's management's discussion and analysis for the period ending March 31, 2022, which are available on SEDAR+ under Calfrac's profile.

1.5 LIEN NOTES CONVERSION INCENTIVE PROGRAM

Messrs. Armoyan and Mathison, directors of the Company, participated in the Conversion Incentive Program. Armco Alberta Inc., a company controlled by Mr. Armoyan, converted \$23,302,000 principal amount of 1.5 Lien Notes, and Mr. Mathison, converted \$11,243,000 principal amount of 1.5 Lien Notes. For additional information on the Conversion Incentive Program see the Company's Material Change Report dated December 22, 2022, which is incorporated by reference herein and is available on SEDAR+ under Calfrac's profile.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's common shares is Odyssey Trust Company at its principal office in Calgary, Alberta.

The transfer agent, paying agent and registrar for Calfrac Holdings' Second Lien Notes is Wilmington Trust, National Association at its principal office in Minneapolis, Minnesota.

MATERIAL CONTRACTS

The Company and/or its subsidiaries, as applicable, have entered into the following material contracts since the beginning of the Company's most recently completed financial year or before the Company's most recently completed financial year if any such contract is still in effect, and which are outside of the ordinary course of the Company's business. A description and summary of each material contract listed below has been cross-referenced in this AIF, where applicable:

1. **The Credit Agreement.** See "*General Development of the Business – Three Year History*" for a discussion on the existing 2024 Credit Agreement and its predecessor agreements, as well as "*Description of Capital Structure – Revolving Credit Facilities*".
2. **Second Lien Notes Indenture.** See "*Description of Capital Structure – Second Lien Secured Notes*". In addition to the restrictions under the Second Lien Notes Indenture with respect to the Company's ability to make certain payments, as described under the heading "*Dividends*", the Second Lien Notes Indenture also contains restrictions on the Company's ability to incur indebtedness if the fixed charge coverage ratio determined on a pro forma basis for the most recently ended four fiscal quarter period is not at least 2.0:1.0. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of indebtedness, including permitting the incurrence of debt (i) under a credit facilities basket of up to the greater of \$375.0 million or 30% of the Company's consolidated tangible assets; and (ii) under a general debt basket up to the greater of US\$60.0 million or 4% of the Company's consolidated tangible assets.
3. **Registration Rights Agreement made effective December 18, 2020, among the Company, G2S2, MATCO, and certain other investors in the 1.5 Lien Notes.** In connection with the Recapitalization Transaction, G2S2 and MATCO were granted demand registration rights pursuant to which such parties (and certain other investors in the 1.5 Lien Notes) may require the Company to file a prospectus with the Canadian securities administrators qualifying the common shares owned by such parties for sale in Canada. The Registration Rights Agreement also grants piggyback registration rights to the investor parties if the Company proposes to distribute common shares by way of a prospectus, which rights allow G2S2 and MATCO to require the Company in certain circumstances to include common shares owned by G2S2 and MATCO in such prospectus distribution. The Registration Rights Agreement terminates (i) as to each investor party at such time as the investor (together with its affiliates) ceases to beneficially own, or exercise control or direction over, at least 2% of the outstanding common shares of the Company on an as-converted basis; or (ii) as to all parties at which time the investors cease to collectively hold at least 5% of the outstanding common shares of the Company on an as-converted basis.
4. **Investor Rights Agreement made effective December 18, 2020, among the Company, G2S2, MATCO and certain other investors in the 1.5 Lien Notes, as amended effective July 19, 2022.** The Investor Rights Agreement provides the investor parties thereto, including G2S2 and MATCO, with anti-dilution rights for the opportunity to subscribe for their pro rata portion, on an as-converted common share basis, of any proposed issuance, sale or exchange of equity or debt securities (or securities convertible or exchangeable into equity or debt securities, excluding employee compensation securities under Board approved compensation plans), subject to certain conditions. The anti-dilution rights under the Investor Rights Agreement terminates as to each investor at such time as the investor (together with its affiliates) ceases to beneficially own, or exercise control or direction over, at least 5% of the outstanding common shares of the Company on an as-converted basis. In addition, the Investor Rights Agreement granted board nomination rights to certain investors (including G2S2 and MATCO) so long as the applicable investor (together with their affiliates) owned at least 50% of their respective initial 1.5 Lien Notes, which rights are no longer applicable.
5. **Intercreditor and priority agreement dated February 14, 2020, among the Company, Calfrac Holdings and Calfrac Corp., as debtors, Wilmington Trust, National Association, as trustee and collateral agent for the holders of the Second Lien Notes and HSBC Bank Canada, as agent under the Credit Agreement (the "Intercreditor Agreement").** The Intercreditor Agreement governs the rights and priorities in respect of the collateral securing the obligations under the Second Lien Notes and the first lien obligations (which includes the obligations under the Credit Agreement and any

Permitted Additional First Lien Debt Obligations (as defined in the Intercreditor Agreement). The Intercreditor Agreement provides that, among other things: (i) the First Priority Lien and any other liens securing Permitted Additional First Lien Debt Obligations rank senior to the Second Priority Lien; and (ii) subject to certain standstill provisions, if any obligations remain outstanding under the first lien obligations, the first lien agents will have the sole power to exercise remedies against the collateral.

The summaries of the terms of the material contracts set forth above and elsewhere in this AIF do not purport to be complete and are qualified in their entirety by the express terms of the applicable contract. Copies of the above-listed material contracts are available on SEDAR+ under Calfrac's profile.

INTERESTS OF EXPERTS

The Company's independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have prepared an independent auditor's report dated March 12, 2025 in respect of the Company's consolidated financial statements as at December 31, 2024 and 2023. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada, including the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

AUDIT COMMITTEE INFORMATION

AUDIT COMMITTEE CHARTER

The Company's Audit Committee charter sets out the committee's purpose, organization, duties and responsibilities. A copy of the charter is attached hereto as Appendix "A".

COMPOSITION OF AUDIT COMMITTEE

The Company's Audit Committee is comprised of the following financial experts: Charles Pellerin (Chair), Anuroop Duggal, Chetan Mehta and Holly A. Benson, all of whom are financially literate and independent, as such terms are defined in National Instrument 52-110 – Audit Committees.

RELEVANT EDUCATION AND EXPERIENCE

Charles Pellerin

Mr. Pellerin is a Chartered Public Accountant and is the Principal Partner and President of one of the largest independent accounting firms in Quebec, Pellerin Potvin Gagnon S.E.N.C.R.L., which he joined in 1998, became a partner in 2003 and was promoted to President in 2006. Mr. Pellerin specializes in many areas including mandates of assurance, counseling, management, financing, acquisition and sale of businesses and audit engagements for several manufacturing companies and distributors. Mr. Pellerin is also the owner of several privately owned manufacturing businesses and owns residential, commercial and industrial properties throughout Quebec. Mr. Pellerin holds a Bachelor's degree in accounting from Ottawa University and a post graduate diploma in accounting from the University of Trois-Rivieres, Quebec, and has been a member of the Quebec Order of the Chartered Accountants since 2000. Mr. Pellerin is also a director and member of the Audit Committee of Clarke Inc. (TSX: CKI), the Executive Chairman of Terravest Industries (TSX: TVK), and a trustee and Chair of the Audit Committee of Ravelin Properties REIT (TSX: RPR.UN).

Anuroop Duggal

Mr. Duggal is a private investor with significant institutional investing experience within the global energy sector. He was a partner at 3G Capital, a global multi-billion-dollar asset manager, where he helped launch, manage, and grow a natural resource focused equity and credit fund. Prior to that, he was an investor with Goldman Sachs Investment Partners. Mr. Duggal was also an Adjunct Professor for the MBA program at Columbia Business School for seven years where he taught value investing courses through the Heilbrunn Center for Graham & Dodd Investing. Mr. Duggal also serves on the Audit Committee of Optiva Inc. (TSX: OPT) and Prairie Sky Royalty Ltd. (TSX: PSK).

Chetan Mehta

Mr. Mehta is a private investor with over fifteen years of institutional investing experience in the global oil and gas industry. He remains an active investor in the North American energy sector through his multi-strategy investment firm, KD Energy Holdings. Mr. Mehta previously held senior energy research positions at several large investment firms, including Samlyn Capital, MSD Capital and TPG-Axon Capital. Mr. Mehta began his investing career in private equity at the Texas Pacific Group in London. Mr. Mehta graduated Magna Cum Laude from the Wharton School at the University of Pennsylvania with a Bachelor of Science in Economics.

Holly A. Benson

Mrs. Benson is an independent businessperson with a Chartered Public Accountant designation and the former Vice President, Finance and Chief Financial Officer of Peters & Co. Limited, a registered investment dealer, from 1999 to 2020. Prior to, Mrs. Benson served as Controller of Peters & Co. Limited, and prior to that she held various audit and accounting positions at Ernst & Young LLP. Mrs. Benson has her ICD.D designation from the Institute of Corporate Directors, currently serves as a director and Chair of the Audit Committee of Rubellite Energy Corp. (TSX: RBE) and has served on various industry committees and boards, including as a member of the Finance, Audit and Risk Committee and a director of the Investment Industry Regulatory Organization of Canada (IIROC) from 2015 to 2021.

PRE-APPROVAL POLICIES AND PROCEDURES

The Company's Audit Committee mandate requires the Audit Committee to pre-approve all non-audit services to be provided to the Company or any of its subsidiary entities by the Company's external auditor or the external auditor of the Company's subsidiary entities, provided that the Audit Committee may satisfy the pre-approval requirement by either delegating to one or more members of the Audit Committee the authority to pre-approve non-audit services or adopting specific policies and procedures for the engagement of non-audit services.

EXTERNAL AUDIT FEES BY CATEGORY

PricewaterhouseCoopers LLP has served as the Company's external auditor since its formation in 1999. The following table lists the fees paid to PricewaterhouseCoopers LLP, by category, for the last two fiscal years:

	Unit of Measure	Years Ended December 31,	
		2023	2024
Audit fees	CDN Dollars	520,800	573,563
Audit-related fees	CDN Dollars	94,500	97,650
Tax-related fees	CDN Dollars	52,609	50,208
All other fees	CDN Dollars	—	63,000
Total		667,909	784,421

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements or services provided in connection with statutory and regulatory filings or engagements.

Audit-related Fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual and interim financial statements and are not reported under the audit fees item above.

Tax-related Fees

Tax-related fees were paid for professional services relating to tax compliance and tax advice.

All Other Fees

All other fees relate to fees paid for products or services other than the audit fees, audit-related fees and tax fees described above.

RISK FACTORS**INDUSTRY RISKS**

The Company's business depends on the oil and natural gas industry and particularly on the level of exploration, development and production for North American and Argentinean oil and natural gas, which is volatile.

The demand, pricing and terms for the Company's services largely depend upon the level of expenditures made by oil and gas companies on exploration, development and production activities in North America and Argentina. Expenditures by oil and gas companies are typically directly related to the demand for, and price of, oil and gas. Generally, when commodity prices and demand are predicted to be, or are relatively, high, demand for the Company's services is high. The converse is also true.

The prices for oil and natural gas are subject to a variety of factors including: the demand for energy; the ability of OPEC+ to set and maintain production levels for oil; oil and gas production by non-OPEC+ countries; the decline rates for current

production; global and domestic economic conditions, including currency fluctuations; political and economic uncertainty and sociopolitical unrest; the cost of exporting, producing and delivering oil and gas; technological advances affecting energy consumption; weather conditions; the effect of worldwide energy conservation and greenhouse gas reduction measures; manufacturing demand and the availability of products and raw materials; and government regulations. In addition, historic supply routes of oil and gas have been disrupted as a direct and an indirect result of the war in Ukraine. International sanctions have also impacted the availability and pricing of Russian oil and gas on the international market. Any prolonged reduction in oil and natural gas prices would likely decrease the level of activity and expenditures in oil and gas exploration, development and production activities and, in turn, decrease the demand for the Company's services.

Demand for the Company's completion services in recent years has been supported by significant DUC inventories in the United States, which peaked in June 2020 and have since declined by over fifty percent as post-COVID-19 completions outpaced new drilling activity. There is a risk that this trend of drawing down DUC inventories in the U.S. could lead to a disproportionate reduction in demand for completion services going forward if it is not offset by an increase in drilling activity.

The cost of transporting Canadian oil and natural gas to markets is impacted by constraints imposed by limited egress capacity including pipelines and rail. Egress options can be impacted by unexpected disruptions in services caused by a variety of factors such as pipeline faults, natural disasters, public protests or regulatory actions. The price differential may make production of oil and natural gas uneconomic in Canada or could require further price reductions for the Company's services. If the Company cannot offset such costs or differentials through its United States and Argentinean operations, such matters could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

In addition to current and expected future oil and gas prices, the level of expenditures made by oil and gas companies are influenced by numerous factors over which the Company has no control, including but not limited to: general economic conditions; the cost of exploring for, producing and delivering oil and gas; the expected rates of current production; the discovery rates of new oil and gas reserves; cost and availability of drilling equipment; availability of pipeline and other oil and gas transportation capacity; natural gas storage levels; political, regulatory and economic conditions, including but not limited to the implementation of tariffs on goods imported from and exported to the United States (see "*Geopolitical Risks - The Company's operations could be materially impacted by the trade war between the U.S. and Canada*" for additional information); taxation and royalty changes; government regulation; environmental regulation; ability of oil and gas companies to obtain credit, equity capital or debt financing; and currency fluctuations. A material decline in global oil and natural gas prices or North American or Argentinean activity levels as a result of any of the above factors could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

A shift in strategy by E&P's in North America could impact the demand for the Company's services.

E&P companies in North America have undergone a strategy shift in recent years, shoring up balance sheets and returning capital to shareholders in lieu of investing additional capital in production growth. In addition, continued consolidation among E&P companies in North America may result in a net decrease in overall drilling and completion demand. These factors, along with drilling and completion efficiencies, are driving level to growing production without the need for incremental capital spending by E&Ps and could reduce overall demand for drilling rigs and fracturing fleets and increase competition for E&P work programs, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company's industry may be affected by excess equipment levels.

Because of the long life of oilfield service equipment and the lag between when a decision to build additional equipment is made and when the equipment is placed into service, the quantity of oilfield service equipment in the industry does not always correlate with the level of demand for service equipment. Periods of high demand often spur increased capital expenditures on equipment, and those capital expenditures may add capacity that exceeds actual demand. Additionally, ESG factors have spurred increased investment in electric and Tier IV emissions-rated fracturing pumps that could outstrip customer demand and/or exacerbate demand dynamics for conventional pressure pumping equipment. Such supply fundamentals could cause the Company or its competitors to lower pricing and could lead to a decrease in rates in the oilfield services industry generally, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Conservation measures and technological advances could reduce demand for oil and natural gas.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and

other hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company's industry is intensely competitive.

Each of the markets in which the Company participates is highly competitive. To be successful, a service provider must provide services that meet the specific needs of E&P companies at competitive prices. The principal competitive factors in the markets in which the Company operates are (i) price, product and service quality and availability; (ii) technical knowledge and experience; (iii) reputation for safety; (iv) fleet age and technology; and (v) service line diversification. The Company competes with large national and multi-national oilfield service companies that have extensive financial and other resources and offer a wide range of well stimulation services and technologies in all geographic regions in which the Company operates. In addition, the Company competes with several regional competitors. As a result of competition, the Company may suffer from a significant reduction in revenue or be unable to pursue additional business opportunities.

The Company's operations are subject to hazards inherent in the oil and natural gas industry.

The Company's operations are subject to hazards inherent in the oil and natural gas industry, such as equipment defects, malfunction and failures, operator error, and natural disasters which can result in fires, vehicle accidents, explosions and uncontrollable flows of natural gas or well fluids that can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. These hazards could expose the Company to substantial liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution, contamination of drinking water and other environmental damages. The Company continuously monitors its activities for quality control and safety, and although the Company maintains insurance coverage that it believes to be adequate, such insurance may not be adequate to cover all potential liabilities and may not be available in the future at rates and terms that the Company considers commercially reasonable and justifiable. The oil and gas industry continues to experience increasing insurance premiums and costs, which coupled with an occurrence of a significant event that the Company is not insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

GEOPOLITICAL RISKS

The Company's operations could be materially impacted by the trade war between the U.S. and Canada

The Trump administration in the U.S. implemented new tariffs on the imports of Canadian origin goods into the United States. Effective March 4, 2025, imports into the U.S. of "products of Canada" are subject to an additional 25% tariff, except for Canadian energy products, which are subject to a 10% tariff. The U.S. tariffs are subject to an exemption implemented on March 7, 2025 for goods that meet the necessary criteria for the USMCA preferential tariff rate under that agreement's applicable rules of origin. In response to the U.S. tariffs, the Canadian government announced a targeted, retaliatory 25% surtax on approximately \$155 billion worth of U.S. origin goods, Phase 1 of which was implemented on March 4, 2025 targeting \$30 billion in U.S. goods. Phase 2 is proposed to include a further round of surtaxes on a wider list of U.S. products with an estimated value of \$125 billion, and will be implemented after a 21-day comment period should the U.S. continue to apply tariffs on Canada. Further U.S. tariffs on Canadian-origin steel and aluminum products, as well as the steel and aluminum content in certain derivative products manufactured with Canadian steel or aluminum, are expected to come into effect on March 12, 2025.

The tariffs announced by the U.S. and Canadian governments, and any additional measures that may be imposed as the trade war evolves, could continue to cause disruption in the economy leading to higher inflation, higher prices and other unknown material adverse impacts, which in turn could increase the operating costs for the Company, including the cost of fracturing sand, chemicals and component parts imported from the U.S., and/or reduce the demand or pricing for the Company's services, any of which could have a material adverse effect on the Company's business, financial condition, and cash flows from operations.

The full scale, breadth, and duration of the U.S. tariffs and Canadian counter-tariffs are unknown and subject to significant uncertainty at this time. As such, the impacts thereof on the Company and the economy (domestic and international) cannot be accurately quantified at this time. The Company is evaluating alternatives and applicable tariff exemptions for products and parts that are imported from the U.S. to support its Canadian operations and intends to continue to monitor the dynamic situation and implement mitigation measures to limit the impact of the tariffs on its operations as the circumstances evolve.

Governmental Risk

Shifts in government policy by existing administrations or changes in government in jurisdictions in which the Company operates or elsewhere may affect the Company. Restrictions on fossil fuel-based energy use, cross-border economic activity and development of new infrastructure can impact the demand for the Company's services and opportunities for growth.

In Canada, the federal parliament has been prorogued until March 24, 2025, in connection with a change in leadership of the governing Liberal party. A federal election is anticipated shortly leading to greater uncertainty within the Canadian political landscape. The future applicability and scope of proposed federal regulations that have not yet been enacted is uncertain. The new administration in the U.S. or a change in government in Canada or Argentina could lead to policy shifts that impact the oil and gas industry in North America and Argentina, the effects of which may impact the Company's activities, prospects, financial condition and regulatory environment.

The Company is committed to ensuring that business risks are understood, and mitigation strategies are implemented; however, changes in government policy are outside the Company's control and may adversely affect the Company's business, results of operations, financial condition or reputation.

The Company's foreign operations expose it to risks from abroad.

The Company operates in Argentina, which historically has been considered politically and/or economically unstable. While the Milei government in Argentina has been implementing fiscal and monetary reforms in an effort to stabilize the economy, reduce inflation and incentivize oil and gas development, there is no guarantee that such measures will continue to be successful or that the Milei government will remain in power to continue its reforms. As a result, activities in Argentina may be subject to economic and political considerations, such as taxation, nationalization, expropriation, inflation, currency fluctuations, increased regulation and approval requirements, and restrictions on the repatriation of income or capital. Any such considerations could adversely affect the economics of exploration or development projects for the Company or its customers in Argentina and/or the demand for the Company's well stimulation services in Argentina which, in turn, could have a material adverse effect on its assets, business, financial condition, results of operations and cash flows.

The sale of the Company's discontinued operations in Russia may not occur or may be delayed.

The Company has operations and related assets in Russia that are carried on independently by CWS International and are classified as discontinued operations for financial purposes.

While peace talks have been initiated, the conflict in Ukraine continues to have an impact on the international capital markets, investor sentiment and commodity prices. The sanctions by Canada, the United States, the European Union and the United Kingdom, among others, include restrictions on selling or importing goods, services or technology in or from affected regions, travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia, severing Russia's largest banks from the U.S. financial system and blocking the access of Russian banks to financial markets. These risks are in addition to the other economic and political risks faced by companies with operations in Russia, due to the prevailing financial, legal and social conditions in Russia.

The Company's discontinued operations in Russia could expose the Company to trade and economic sanctions or other restrictions imposed by the Canadian government or other western and allied governments and organizations, such as those set out above or further measures. Such measures and the ongoing conflict in Ukraine have added a level of risk and uncertainty around the Company's discontinued operations in Russia and the Company's efforts to divest of CWS International, including uncertainty surrounding banking restrictions and the ability to repatriate funds to Canada from Russia, the Company's ownership and control over its Russian subsidiary, potential for further impairment of current and long-term assets, the physical security of property, plant and equipment, the conditions of and ability to obtain the regulatory approvals to complete a sale transaction and overall business and operational risks.

It is also possible that the Russian government could block the Company's efforts to divest of CWS International or impose onerous conditions on any such divestiture, including with respect to amounts to be received by the Company in respect thereof. If the Company is not able to complete the divestiture of CWS International at a fair price or at all, the Company could face a number of negative consequences, such as, damage to the Company's reputation, the unwillingness of counterparties to continue to work with the Company on the same terms or at all and the inability of certain investors to continue to invest in the Company due to internal or external policies and regulations. These consequences, should they occur, could have a material adverse effect on the Company's assets, business, financial condition, results of operations and cash flows. The occurrence of any of these events could also have a negative impact on the Company's stock price, whether or not any of these events have a material economic impact on the Company.

Until the divestiture of CWS International is complete, the Company's discontinued operations in Russia could also result in a number of risks described elsewhere in these Risk Factors being exacerbated, such as the Company's access to capital and cybersecurity threats.

FINANCIAL RISKS

The Company's access to capital may become restricted or repayment could be required.

The Company's business plan is subject to the availability of additional financing for future costs of operations or expansion that might not be available or may not be available on favourable terms. If the Company's cash flow from operations is not sufficient to fund its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements on terms acceptable to the Company or at all. The Company's inability to raise capital could impede its growth and could materially adversely affect the business, financial condition, results of operations and cash flows of the Company.

The Company is required to comply with covenants under the Credit Agreement and the Second Lien Notes Indenture. If the Company does not comply with such covenants, the Company's access to capital could be restricted or repayment could be required. Such non-compliance could result from an impairment charge to the Company's capital assets, which is determined based on management's estimates and assumptions when certain internal and external factors indicate the need for the Company to assess its capital assets balance for impairment. In addition, the Credit Agreement caps the amount of Bank EBITDA contribution from the Argentina division for financial covenant purposes, which could contribute to a covenant violation if the Company's North American results are insufficient to offset any Adjusted EBITDA generated by Argentina that is excluded from Bank EBITDA. If realized, these risks could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Company. If the Company is unable to continue to pay amounts owing under the Credit Agreement or the Second Lien Notes Indenture when due, the lenders could proceed to foreclose or otherwise realize upon any collateral granted to them to secure the indebtedness. The acceleration of the Company's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. In addition, operating and financial restrictions exist under the Credit Agreement and the Second Lien Notes Indenture which include restrictions on the payment of dividends, repurchase or making of other distributions with respect to the Company's securities, incurrence of indebtedness, provision of guarantees, making of capital expenditures and entering into of certain transactions, among others.

The Company's direct and indirect exposure to volatile credit markets.

The ability to make scheduled debt repayments, refinance debt obligations and access financing depends on the Company's financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain finance, business and other factors beyond its control. In addition, the Company's ability to refinance debt obligations and access financing is affected by credit ratings assigned to the Company and its debt. Continuing volatility in the credit markets could increase costs associated with debt instruments due to increased spreads over relevant interest rate benchmarks, or affect the ability of the Company, or third parties it seeks to do business with, to access those markets.

In addition, access to further financing for the Company or its customers remains uncertain. This condition could have an adverse effect on the industry in which the Company operates and its business, including future operating results. The Company's customers may curtail their drilling and completion programs, which could decrease demand for the Company's services and could increase downward pricing pressures. Further, certain customers could become unable to pay suppliers, including the Company, in the event they are unable to access the capital markets to fund their business operations. Such risks, if realized, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Fluctuations in currency exchange rates.

The Company's financial statements are reported in Canadian dollars. Accordingly, the results of the Company's foreign continuing operations are directly affected by fluctuations in the exchange rates for U.S. dollars and Argentinean pesos. For example, financial results from the Company's U.S. operations are denominated in U.S. dollars, so a decrease in the value of the U.S. dollar would decrease the Canadian dollar amount of such financial results from U.S. operations. In addition, a portion of the Company's debt is denominated in U.S. dollars, so a decline in the value of the Canadian dollar would increase the amount of reported debt in the Company's consolidated financial statements. The same is true in relation to the Argentinean peso. In addition, the new Argentinean government is implementing significant monetary, banking and

other policy reforms, which may impact the value of the currency compared to the U.S. dollar and could adversely affect the Company's financial condition and result of operations from Argentina if such measures are not successful.

In addition, the results of CWS International are affected by the exchange rates for the Russian ruble, as well as the availability of foreign currency in Russia and the Company's ability to repatriate such foreign currency and the convertibility of the Russian ruble. If the Company is unable or limited in its ability to convert Russian ruble amounts into foreign currency and repatriate such foreign currency, any amounts the Company receives in Russian rubles in respect of the Company's discontinued Russian operations may be worthless in Canadian dollar terms, which could adversely affect the Company's financial condition, results of operations and cash flows.

Price escalation and availability of raw materials, diesel fuel and component parts.

The Company and the industry worldwide continue to experience supply shortages and combat inflationary pricing of raw materials, such as proppant, chemicals, diesel fuel and component parts, which can make it difficult to meet the demands of and provide fixed pricing for customers. Availability of and increased costs of raw materials, diesel fuel and component parts will continue to be a challenge faced by the Company, particularly if there is a prolonged trade war with the U.S., and may not be easily countered by price increases to customers in a highly competitive environment. Availability of raw materials, diesel fuel and component parts and the price escalation thereof, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. See "*Geopolitical Risk - The Company's operations could be materially impacted by a trade war between the U.S. and Canada*" above.

Actual results may differ materially from management estimates and assumptions.

In preparing the Company's consolidated financial statements in accordance with International Financial Reporting Standards, estimates and assumptions are used by management to determine the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available, or is not capable of being readily calculated based on generally accepted accounting. In some cases, where estimates are particularly difficult to determine, the Company must exercise significant judgement. Estimates may be used in management's assessment of items such as allowance for doubtful accounts, impairment or reversal of impairment of assets, net realizable value of inventory, depreciation, functional currency of foreign subsidiaries, fair value of financial instruments, determination of cash-generating units (CGUs), income taxes, share-based payments and litigation. Actual results for all estimates could differ materially from the estimates and assumptions used by the Company, which could have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

Two directors of the Company control a significant number of common shares and could limit the Company's ability to access public equity markets at desired prices or at all.

Armco Alberta Inc., a wholly-owned subsidiary of G2S2 and a company controlled by George Armoyan, and MATCO Investments Ltd. ("MATCO"), a company controlled by Ron Mathison, each of whom is a director of the Company, hold a significant number of common shares. Mr. Armoyan, through his companies controls approximately 34% of the common shares and Mr. Mathison personally and through MATCO controls approximately 12% of the common shares. G2S2 and MATCO are parties to the Registration Rights Agreement which provides for the right to cause the Company to register a prospectus qualifying the sale of common shares held by those companies. If G2S2 or MATCO exercise their rights under the Registration Rights Agreement or otherwise sell substantial amounts of their common shares in the public equity market, the market price of common shares could decrease and limit the Company's access to capital through public equity markets. The perception in the public market that G2S2, MATCO or their affiliates may sell their common shares could also create a perceived overhang and depress the market price of the common shares and further limit the Company's access to capital through public equity markets.

The Company's outstanding stock-based compensation or any additional equity or debt securities issued by the Company could be dilutive to the Company's shareholders.

The Company has outstanding stock-based compensation, including stock options and performance share units that are settled in common shares issued from treasury. In the future the Company may issue additional securities to raise capital or additional securities convertible into common shares. The Company may also acquire interests in other companies by using a combination of cash and common shares or just common shares. The Company may also attempt to increase its capital resources by making additional offerings of debt, including senior or subordinated notes. The Company's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control, as a consequence

the Company cannot predict or estimate the amount, timing or nature of future offerings. Thus, holders of common shares bear the dilution risk of the Company's existing stock-based compensation and future offerings of securities reducing the market value of common shares.

Changes in tax rates and reassessment risk by tax authorities of the Company's income or loss calculations.

The Company is subject to tax rates in the jurisdictions where it operates which may be subject to material change. Additionally, the Company files all required income tax returns and believes that it is in full compliance with the provisions of applicable taxation legislation in the jurisdictions where it operates. However, tax authorities having jurisdiction over the Company may disagree with how the Company calculates its income (loss) for tax purposes or could change administrative practices to the Company's detriment. A material change in tax rates or a successful reassessment of the Company's income tax filings by a tax authority may have an impact on current and future taxes payable, which could have a material adverse effect on the Company's financial condition and cash flows.

BUSINESS OPERATIONS RISKS

Fleet reinvestment risk.

The average age of the Company's operating fleet combined with demand for more pumping hours per day by customers and higher pressures and pumping rates result in increased deterioration and wear and tear on the Company's equipment. This, in turn, raises the risk of equipment failure and non-productive time, accelerates the maintenance cycle and increases repairs and expenses for the Company's equipment fleet. Additionally, although Tier II engines (which power a significant portion of the Company's fleet) are grandfathered from an emissions regulations perspective, oil and gas operators are increasingly demanding newer engine technologies of their service providers to meet their operational and ESG priorities. As a result, the Company is required to make new investments to modernize its equipment and meet growing customer preferences. The failure of the Company to reinvest and modernize its equipment fleet, or to invest in the equipment technologies preferred by its customers, could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows as well as the Company's reputation, competitiveness, access to capital and market for its securities.

Merger and acquisition activity among E&P companies may constrain demand for the Company's services.

Merger and acquisition activity amongst E&P companies may constrain demand for the Company's services as customers focus on reorganizing their businesses prior to committing funds to exploration and development projects. Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than the Company. Merger and acquisition activity in the oil and gas market could have an adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company is subject to cybersecurity risks.

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. Cybersecurity attacks could include, but are not limited to, malicious software, attempts to gain unauthorized access to data and the unauthorized release, corruption or loss of data and personal information, account takeovers, and other electronic security breaches that could lead to disruptions in the Company's critical systems. Risks associated with these attacks include, among other things, loss of intellectual property, disruption of the Company's and its customers' business operations and safety procedures, loss or damage to the Company's data delivery systems, unauthorized disclosure of personal information, increased costs to prevent, respond to or mitigate cybersecurity events and reputational harm. Although the Company uses various procedures and controls to mitigate its exposure to such risk, cybersecurity attacks are evolving. The scale and scope of cybersecurity attacks represents both security and economic risks that could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company's reliance on equipment manufacturers, suppliers and fabricators exposes it to risks relating to the timing of delivery and quality of the equipment.

The Company's ability to meet service requirements in part, depends upon access, timely delivery, pricing and performance of new equipment and component parts. Equipment manufacturers, suppliers and fabricators may be unable to meet their planned delivery schedules for a variety of reasons which may include, but are not limited to, skilled labour shortages, the inability to source component parts in a timely manner, complexity of new technology, supply chain challenges, shortage of transportation and inadequate financial capacity. In addition, upon delivery the equipment may not meet the specifications or operational performance represented by the manufacturer, supplier, and/or fabricator. Failure of equipment manufacturers, suppliers and fabricators to meet their delivery schedules and to provide high quality equipment and component parts at reasonable or competitive pricing may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company is susceptible to seasonal volatility in its operating and financial results.

The Company's business is affected by seasonal factors. Unseasonably warm winter weather in North America may prevent sufficient freezing and the Company might not be able to access wellsites. If the weather involves excessively rainy periods in any of the Company's operating areas, equipment moves may be delayed. Historically, the lowest activity in North America was 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 may be reduced in Canada and the broader Rockies region in the U.S. where the Company operates. Activity in the fourth quarter is typically impacted by customer budget exhaustion and seasonal holidays in North America and Argentina coupled with severe winter weather in North America. Over the last few years, a trend has been developing in North Dakota and the broader Rockies region in the U.S. for customers to delay the ramp-up of their completion programs in the early part of the year due to increased costs and challenges operating in extreme cold weather that can prevail in the region in January and February. This trend, coupled with wellsite access enhancements, longer pad completions and the focus of core customers in Canada, has caused a shifting of activity levels for the Company from the first quarter into the second quarter, and in recent years has normalized the impacts of spring-up break-up that had previously been significant. Seasonal volatility due to weather conditions, customer operating preferences and customer budget exhaustion adds a further element of unpredictability to activity and utilization rates, which can have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company's customer base is concentrated.

The Company's customer base consists of 76 E&P companies ranging from small private companies to large multi-national public companies, with one customer comprising approximately 15.5% of its revenue as at December 31, 2024. There can be no assurance that the Company's relationship with these customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, would have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Failure to maintain the Company's safety standards and record.

Standards for the prevention of incidents in the oilfield services industry are governed by service company safety policies and procedures, accepted industry safety practices, customer specific safety requirements and health and safety legislation. To ensure compliance the Company has developed and implemented safety and training programs which it believes meet or exceed the applicable standards. A key factor considered by customers in retaining oilfield service providers is safety. Deterioration of the Company's safety performance could result in a decline in the demand for the Company's services and could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Difficulty in retaining, replacing or adding personnel.

The Company requires skilled labour to meet its needs, and this could limit growth. Shortages of qualified personnel have occurred in the past during periods of high demand. The demand for qualified oilfield services personnel generally increases with stronger demand for oilfield services and as new HP is brought into service. Increased demand typically leads to higher wages that may or may not be reflected in any increases in service rates.

The nature of the Company's work requires skilled employees who can perform physically demanding work. Volatility in the oilfield services industry and the demanding nature of the work, however, may prompt employees to pursue other kinds of jobs that offer a more desirable work environment and wages competitive to the Company's. The Company's success depends on its ability to continue to attract and retain skilled technical personnel and qualified oilfield personnel. If the Company is unable to do so, it could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Failure to continuously improve operating equipment, proprietary fluid chemistries and other products and services.

The ability of the Company to meet its customers' performance and cost expectations will depend upon continuous improvements in operating equipment and proprietary fluid chemistries and the Company's ability to design, develop and produce other commercially competitive products and services in response to changes in the market, customer requirements and competitive pressures. There can be no assurance that the Company will be successful in its efforts in this regard or that it will have the resources available to meet these continuing needs. Failure by the Company to do so could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Climate change may impact weather conditions.

Physical risks due to climate change such as more extreme and frequent weather conditions may have financial implications for the Company's business. In addition to increased safety risks for employees, these extreme weather events may adversely impact the Company's business operations and its ability to meet project timelines, materially impacting

revenues. Extreme weather events may also adversely affect the financial condition of the Company in the event of increased repair costs resulting from damage to equipment, which may not be insured.

An essential component of the fracturing process is access to water supply. In the event of droughts, there may be increased competition for water in certain areas and government restrictions on the use of water. The Company's or its customer's inability to obtain water to use in the Company's operations could have an adverse effect on the Company's business, financial conditions, results of operations and cash flows.

Improper access to confidential information.

The Company's efforts to protect its confidential information, as well as the confidential information of its customers, may be unsuccessful due to the actions of third parties, software bugs or other technical malfunctions, employee error or malfeasance, lost or damaged data due to a natural disaster, data breach, cybersecurity threats or other factors. If any of these events occur, confidential information could be accessed or disclosed improperly. Any incidents involving unauthorized access to confidential information could damage the Company's reputation and diminish its competitive position. In addition, any affected customers could initiate legal or regulatory action against the Company in connection with such incidents, which could cause the Company to incur significant expense and impact the Company's strong relationships with its customers. Any of these events could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Failure to effectively and timely address the energy transition.

While the election of the Trump administration in the U.S. has ushered in a shift in the U.S. federal regulatory environment on ESG issues, there has generally been an increasing focus by governments, customers, investors and other stakeholders on climate change, sustainability, ESG performance and energy transition matters. Negative attitudes or perceptions towards the oil and gas industry and fossil fuel products, as well as their relationship to the environment have led governments, non-governmental organizations and companies to implement initiatives to conserve energy and promote the use of lower carbon energy sources. The Company's long-term success depends on its ability to effectively address the energy transition from fossil-based systems of energy production and consumption to lower carbon energy sources. This may require the Company to lower the carbon impact of its products and services and adapt its equipment and technologies to comply with evolving government regulations and customer requirements and preferences, including collaborating with customers to develop solutions to reduce the GHG emissions from pressure pumping operations. If the energy transition landscape changes faster than anticipated or in a manner that the Company does not anticipate, the demand for the Company's products and services could be adversely affected, as well as the Company's operating costs and asset valuation. Furthermore, if the Company fails, or is perceived to fail, in effectively managing energy transition risks and opportunities and/or lowering its carbon impact, then it could potentially lose engagement with customers and access to capital or the market for its securities.

The Company's business may be impacted by various types of activism.

The energy industry is exposed to anti-oil and gas activists that seek to disrupt or eliminate the development of oil and gas. Such activism may take the form of protests, blockades and environmental terrorism targeted at oil and gas facilities and other infrastructure such as roads and highways, which could result in damage or destruction to customer work sites, as well as prevent the Company's from performing its services, mobilizing its equipment or receiving raw materials to support its operations.

Failure to realize anticipated benefits of acquisitions and dispositions.

Separate to its planned divestiture of its discontinued Russian operations, the Company considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Any acquisition that the Company completes could have unforeseen and potentially material adverse effects on the Company's financial position and operating results. Some of the risks involved with acquisitions include unanticipated costs and liabilities; difficulty integrating the operations and assets of the acquired business; inability to properly access and maintain an effective internal control environment over an acquired company; potential loss of key employees and customers of the acquired company; and increased expenses and working capital requirements.

The Company may incur substantial indebtedness to finance acquisitions and may also issue equity securities in connection with any such acquisitions. Debt service requirements could represent a significant burden on the Company's results of operations and financial condition and the issuance of additional equity could be dilutive to the Company's shareholders.

Achieving the benefits of acquisitions depends, in part, on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Company's ability to realize the anticipated growth

opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of an acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. The inability of the Company to realize the anticipated benefits of acquisitions and dispositions could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

LEGAL AND REGULATORY RISKS

Federal, provincial and state legislative and regulatory initiatives and laws relating to oil and gas exploration and development and/or hydraulic fracturing processes.

The Canadian federal government, the United States Congress, the United States Environmental Protection Agency and other regulatory agencies in the United States continue to conduct investigations regarding the use and lifecycle of stimulation water and chemicals in the hydraulic fracturing process and the potential impacts on human health and the environment. In addition, most provincial, state and local governments with jurisdiction over oil and gas development have undertaken similar investigations and have implemented various conditions, rules, regulations and restrictions on hydraulic fracturing operations rather than waiting for federal implementation. Petitions and bills that assert that the fracturing process could adversely affect surface and/or groundwater supplies, air quality and seismic events have been introduced in Congress and state legislatures. The proposed statutes have historically aimed to repeal the exemption for hydraulic fracturing under the *Safe Drinking Water Act* or enact moratoriums and/or bans on the use of hydraulic fracturing in the hydrocarbon extraction process. Legislative and regulatory requirements currently in place or scheduled to become effective in certain provinces and/or states in 2024 continue to include requirements regarding local government consultation, increased wellhead and pad setback distances, public and landowner notification and involvement, withdrawal of water for use in hydraulic fracturing of horizontal wells, baseline testing of nearby water wells, restrictions on which additives may be used, reporting with respect to spills, mandatory visual and noise mitigation measures as well as temporary or permanent bans on hydraulic fracturing. These types of requirements could subject the Company to increased costs, delays, limits on the productivity of certain wells and, possibly, limits on its ability to deploy its technology.

The adoption of federal, provincial, state or local laws and regulations, including any that flow from court decisions in any of the jurisdictions in which the Company or its customers operate, may also limit oil and gas exploration, and by extension demand for the Company's services. The implementation of new regulations restricting approvals or placing limitations on oil and gas development could have a material adverse effect on the Company, its business, financial conditions, results of operations and cash flows.

The Company is subject to health, safety and environmental laws and regulations that may require it to make substantial expenditures or cause it to incur substantial liabilities.

The Company is subject to increasingly stringent and complex federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal and use of, and exposure to, hazardous and radioactive materials, and the protection of employees and the environment, including laws and regulations governing occupational health and safety standards, air emissions, chemical usage, water discharges, waste management and plant and wildlife protection. The Company incurs, and expects to continue to incur, significant capital, managerial and operating costs to comply with such health, safety and environmental laws and regulations. Violation of these laws and regulations could lead to loss of accreditation, damage to the Company's social license to operate, loss of access to markets and substantial fines and penalties which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company uses hazardous materials and substances and generates solid waste and periodically other wastes in its operations. The Company has endeavoured to initiate recycle, reuse, and reduce initiatives to manage the use of hazardous substances and the generation of wastes in its operations, and continuously improve these initiatives each year. The Company takes great care to prevent the release of hazardous substances into the environment at the wellsite and during transportation, storage or handling. The Company's customers protect groundwater from contamination by substances pumped downhole by installing and cementing layers of steel piping in wells called casing which isolates the ground water. Since the Company provides services to companies producing oil and natural gas, it may also become subject to claims relating to the release of such substances into the environment. In addition, some of the Company's current properties are, or have been, used for industrial purposes. Some environmental laws and regulations provide for joint and several strict liability related to spills and releases of hazardous substances for damages to the environment and natural resources or threats to public health and safety. Strict liability can render a potentially responsible party liable for damages irrespective of negligence or fault. Accordingly, the Company could become subject to material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as the result of

exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Company to incur costs or become the basis of new or increased liabilities that could reduce its earnings and cash available for operations.

The direct and indirect impacts of various climate change regulations, existing and proposed.

Continuing political and social attention to the issue of climate change has resulted in both existing and proposed international agreements and national, regional and local legislation and regulatory measures to limit GHG emissions.

In Canada, the federal government introduced Canada's 2030 Emissions Reduction Plan in March 2022, which provided a roadmap for the Canadian economy to achieve 40-45% emissions reductions below 2005 levels by 2030, building upon the actions outlined in Canada's previous climate plans. In addition, there is mandatory carbon pricing programs in effect in Canada at the federal level under the *Greenhouse Gas Pollution Pricing Act*, and in Alberta pursuant to the *Emissions Management and Climate Resilience Act*. As well, amendments to regulations under the *Canadian Environmental Protection Act* are also proposed to achieve significant reductions in methane emissions from the oil and gas sector by 2030.

Under the Biden administration, the U.S. had also implemented and proposed a number of federal initiatives in support of a broader climate change agenda, including curtailment of energy operations on federal lands and amendments to the *Clean Air Act* aimed at reducing methane emissions. However, upon taking power the Trump administration has begun to unwind a number of climate-related initiatives enacted by President Biden and prior administrations, including issuing an Executive Order withdrawing the U.S. from the Paris Climate agreement. Although the political environment in the U.S. has altered the implementation of federal climate-change initiatives at this time, climate-related initiatives continue to be advanced at the state level, and it is possible that such initiatives will become a priority again in the future at the federal level.

The implementation of any existing initiatives and other proposed or future regulatory mandates may impose additional costs on the Company's operations and require the reduction of emissions or emissions intensity from the Company's operations and facilities. Taxes on GHG emissions and any mandatory emissions reduction requirements may result in increased operating costs and capital expenditures for oil and natural gas producers, thereby decreasing the demand for the Company's services. The federal carbon levy, mandatory emissions reduction programs and the industry emissions cap in Alberta may also impair the Company's ability to provide its services economically and reduce the demand for the Company's services.

The Company is monitoring the impact of current and pending climate change and emissions reduction legislation and is unable at this time to determine the complete scope and impact that such initiatives will have on the Company. A failure by the Company to comply with and/or adapt to such legislation may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company may also be required to comply with proposed climate-related disclosures applicable to reporting issuers in Canada. These reporting requirements are anticipated to contain extensive GHG emissions reporting which will require improved internal controls, tools and processes. The Company is developing its GHG data collection, calculation and documentation processes to prepare for climate-related disclosure requirements. However, there are no assurances as to the scope of reporting that will be required nor the resources required to ensure compliant reporting.

The Company is subject to legal and administrative proceedings.

From time to time, the Company is involved in legal and administrative proceedings which are usually related to operational or labour issues. Due to the conflict in Ukraine, the Company also faces increased legal risk in respect of its ownership of CWS International. In addition, there are legal proceedings underway, and may be additional proceedings, against the Company relating to the business of Denison prior to its March 8, 2004 reorganization pursuant to a plan of arrangement and subsequent acquisition of the Company on March 24, 2004. See "*Legal and Regulatory Proceedings*" for particulars of the existing legal actions in Greece relating to the operations of Denison.

The results of such proceedings, or any new proceedings that may be commenced with respect to the Company or its business cannot be determined with certainty. The Company's assessment of the likely outcome of such matters is based on advice from external legal advisors, which is based on their judgment of various factors including the applicable legal or administrative framework, precedents, relevant financial and operational information and other evidence and facts specific to the matter as known at the time of the assessment. If these matters, or any matters which the Company may be subject to in the future, were to be determined in a manner adverse to the Company or if the Company elects to settle one or more

of such matters, it could have a material adverse effect on the Company, its business, financial condition, results of operations and cash flows.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issue under equity compensation plans, is contained in the Company's management information circular for the annual meeting of shareholders held on May 7, 2024.

Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2024.

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca under Calfrac's profile.

GLOSSARY OF TERMS

1.5 Lien Notes means the Company's \$60.0 million principal amount of 10.00% 1.5 lien senior secured convertible payment-in-kind notes due 2023 issued pursuant to the Recapitalization Transaction.

2020 Credit Agreement means the Amended and Restated Credit Agreement dated December 18, 2020, among Calfrac, as borrower, and HSBC and certain other financial institutions, as lenders, and HSBC as agent of the lenders, as amended.

2022 Credit Agreement means the Amended and Restated Credit Agreement dated September 29, 2022, among Calfrac, as borrower, and HSBC and certain other financial institutions, as lenders, and HSBC as agent of the lenders, as amended.

2023 Credit Agreement means the Amended and Restated Credit Agreement dated September 28, 2023, among Calfrac, as borrower, and HSBC and certain other financial institutions, as lenders, and HSBC as agent of the lenders, as amended.

2024 Credit Agreement means the Amended and Restated Credit Agreement dated June 25, 2024, among Calfrac, as borrower, and RBC and certain other financial institutions, as lenders, and RBC as agent of the lenders, as amended.

ABCA means the *Business Corporations Act* (Alberta), as amended.

Adjusted EBITDA means net income or loss for the period adjusted for interest, income taxes, depreciation and amortization, foreign exchange losses (gains), non-cash stock-based compensation, and gains and losses that are extraordinary or non-recurring.

AIF means this Annual Information Form.

Annual Financial Statements means the audited consolidated financial statements of Calfrac for the year ended December 31, 2024, together with the notes thereto and the auditor's report thereon.

Annual MD&A means the Management Discussion and Analysis dated March 12, 2025, in conjunction with the Annual Financial Statements.

Bank EBITDA is calculated for purposes of the Company's financial covenants under the Credit Agreement and means Adjusted EBITDA for continuing operations for the period adjusted less (i) IFRS 16 lease payments, and, as of June 25, 2024, (ii) any Adjusted EBITDA contribution limitation from the Company's Argentinean operations.

Board means board of directors of Calfrac Well Services Ltd.

Bridge Loan means the secured bridge loan of up to \$25.0 million from G2S2.

Calfrac or the Company means Calfrac Well Services Ltd., a corporation continued under the CBCA.

Calfrac Corp. means Calfrac Well Services Corp., a Colorado Corporation.

Calfrac Holdings means Calfrac Holdings LP, a Delaware limited liability partnership.

CBCA means the *Canada Business Corporations Act*, as amended.

Century means Century Oilfield Services Inc., a predecessor entity to the Company.

CEO means Chief Executive Officer.

Common shares means the common shares in the capital of Calfrac Well Services Ltd.

Conversion Incentive Program refers to a conversion incentive program completed by the Company on December 22, 2022, designed to encourage the early conversion of up to all of the \$47,440,000 principal amount of the then outstanding 1.5 Lien Notes.

Credit Agreement means the 2020 Credit Agreement, 2022 Credit Agreement, 2023 Credit Agreement or 2024 Credit Agreement, as the context requires.

Credit Facilities means the Company's syndicated credit facilities pursuant to the Credit Agreement, as further set out under the heading “*Description of Capital Structure – Revolving Credit Facilities*”.

CWS International means CWS International LLC, a Russian limited liability company.

CWSL means a predecessor private corporation to the Company known as Calfrac Well Services Ltd.

Denison means Denison Energy Inc., a predecessor entity to the Company.

DUC means drilled but uncompleted wells.

EIA means Energy Information Administration.

E&P means oil and natural gas exploration and production.

ESG means Environmental, Social and Governance.

First Priority Lien has the meaning set out under the heading “*Description of Capital Structure – Revolving Credit Facilities*”.

Funded Debt means Total Debt excluding all outstanding Second Lien Notes and, where applicable, 1.5 Lien Notes.

G2S2 means G2S2 Capital Inc.

GDP means gross domestic product.

GHG means Greenhouse Gas.

HSBC means HSBC Bank Canada.

HP means horsepower.

IFRS means International Financial Reporting Standards.

Intercreditor Agreement means the Intercreditor and Priority Agreement dated February 14, 2020, among the Company, Calfrac Holdings and Calfrac Corp., as debtors, Wilmington Trust, National Association, as trustee and collateral agent for the holders of the Second Lien Notes and HSBC Bank Canada, as agent under the Credit Agreement.

Interest Coverage Ratio means the ratio of Bank EBITDA for the trailing twelve months to net interest expense as reported under IFRS.

Investor Rights Agreement means the Investor Rights Agreement made effective December 18, 2020, among the Company, G2S2, MATCO, and certain other investors in the 1.5 Lien Notes, as amended effective July 19, 2022, pursuant to which the Company agreed to grant board nomination rights and anti-dilution rights to such investors.

LTIF means Lost Time Incident Frequency which is a lagging indicator that determines the injury rate based on the number of lost time injuries and the total number of hours worked in a year.

MATCO means MATCO Investments Ltd.

MMBpd means million barrels of oil per day.

MMBtu means million British thermal units.

Modern Slavery Act means Fighting Against Forced Labour and Child Labour in Supply Chains Act .C. 2023, c.9.

NAPC means North Aegean Petroleum Company E.P.E.

Obligors means the Company, Calfrac Corp. and Calfrac Holdings, as obligors under the Credit Agreement and Second Lien Note Indenture.

OPEC means Organization of Petroleum Exporting Countries.

OPEC+ means a group consisting of the traditional OPEC member countries along with several other major non-OPEC oil-producing nations.

RBC means Royal Bank of Canada.

Recapitalization Transaction means the recapitalization transaction completed on December 18, 2020 pursuant to a plan of arrangement under Section 192 of the CBCA, as further set out under the heading "*Corporate Structure*".

Registration Rights Agreement means the Registration Rights Agreement made effective December 18, 2020, among the Company, G2S2, MATCO, and certain other investors in the 1.5 Lien Notes pursuant to which the Company granted certain customary demand and "piggy-back" registration rights in respect of the common shares held by such investors.

Russia Regulations has the meaning set out under the heading "*Discontinued Operations*".

Second Lien Notes has the meaning set out under the heading "*Second Lien Secured Notes*".

Second Lien Notes Indenture has the meaning set out under the heading "*Description of Capital Structure – Second Lien Secured Notes*".

Second Priority Lien has the meaning set out under the heading "*Description of Capital Structure – Second Lien Secured Notes*".

SEDAR Plus or SEDAR+ means the system for the transmission of documents known as the System for Electronic Data Analysis and Retrieval +, as implemented by the Canadian Securities Administrators under National Instrument 13-303.

Supplier Code means the Company's Supplier Code of Conduct approved by the Board.

Tesla means Tesla Exploration Ltd.

Tier IV DGB means Tier IV dual fuel capable dynamic gas blending engines.

Total Debt means bank loans and long-term debt (before unamortized debt issuance costs and debt discount) plus outstanding letters of credit as reported on the Company's consolidated balance sheet in accordance with IFRS.

TRIF means Total Recordable Incidence Frequency which is a lagging indicator that determines the injury rate based on the number of recordable injuries and the total number of hours worked in a year.

TSX means the Toronto Stock Exchange.

U.S. means the United States of America.

USMCA means the United States-Mexico-Canada Agreement entered into force on July 1, 2020, which substituted the North America Free Trade Agreement (NAFTA).

WTI means West Texas Intermediate.

APPENDIX "A"

CALFRAC WELL SERVICES LTD.

AUDIT COMMITTEE CHARTER

1. **Calfrac Audit Committee:** The board of directors (the "Board") of Calfrac Well Services Ltd. ("Calfrac") shall appoint an audit committee (the "Committee") that shall have the mandate and responsibilities set out in this charter.
2. **Membership:** The Committee shall be constituted as follows.
 - (a) The Committee shall be composed of not less than three members.
 - (b) All members of the Committee shall be independent within the meaning set forth in National Instrument 52-110 – Audit Committees ("NI 52-110").
 - (c) Each member of the Committee shall be financially literate, as defined in NI 52-110. At the date of adoption of this charter, a member is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Calfrac's financial statements.
 - (d) Members shall be appointed annually from among members of the Board. A member of the Committee shall cease to be a member of the Committee upon ceasing to be a director of Calfrac.
3. **Mandate:** The mandate of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to
 - (a) Calfrac's financial statements and other financial information disclosed by Calfrac to the public,
 - (b) Calfrac's compliance with legal and regulatory requirements, and
 - (c) the performance of Calfrac's external auditor.

The external auditor shall report directly to the Committee but is ultimately accountable to the Board, which has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the external auditor (or to nominate the external auditor to be appointed by the shareholders of Calfrac).
4. **Oversight Responsibility:** Subject to the powers and duties of the Board and in addition to any other duties and responsibilities assigned to the Committee from time to time by the Board, the Committee shall have responsibility for overseeing
 - (a) the accounting and financial reporting processes of Calfrac, and
 - (b) audits of the financial statements of Calfrac.
5. **Specific Duties and Responsibilities:** The Committee shall meet with the external auditor and the senior management of Calfrac to review all financial statements of Calfrac that require approval by the Board and shall have authority and responsibility for the following matters.
 - (a) Review Calfrac's financial statements, management's discussion and analysis of financial condition and results of operations ("MD&A") and annual and interim earnings press releases before Calfrac publicly discloses this information.
 - (b) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Calfrac, including the resolution of disagreements between management and the external auditor regarding financial reporting.

- (c) Review annually and recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Calfrac, as well as the compensation of such external auditor.
- (d) Discuss with the external auditor
 - (i) the scope of the audit, in particular the external auditor's view of Calfrac's accounting principles as applied in the financial statements in terms of disclosure quality and evaluation methods, inclusive of the clarity of Calfrac's financial disclosure and reporting, degree of conservatism or aggressiveness of Calfrac's accounting principles and underlying estimates, and other significant decisions made by management in preparing the financial statements reviewed by the external auditor,
 - (ii) significant changes in Calfrac's accounting principles, practices or policies, and
 - (iii) new developments in accounting principles, reporting matters or industry practices that may materially affect Calfrac.
- (e) Review with the external auditor and Calfrac's senior management the results of the annual audit regarding
 - (i) the financial statements,
 - (ii) MD&A and related financial disclosure contained in continuous disclosure documents,
 - (iii) significant changes, if any, to the initial audit plan,
 - (iv) accounting and reporting decisions relating to significant current year events and transactions,
 - (v) the management letter, if any, outlining the external auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures, and
 - (vi) any other matters relating to the conduct of the audit, including such other matters as should be communicated to the Committee under generally accepted auditing standards.
- (f) Subject to the Board assuming such responsibility from time to time, review, discuss with Calfrac's senior management and, if requested by the Board, the external auditor, and approve
 - (i) the interim financial statements and interim MD&A of Calfrac, and
 - (ii) any other matters, including all press releases, relating to the interim financial statements and interim MD&A, including any significant adjustments, management judgements or estimates and new or amended accounting policies.
- (g) Receive from the external auditor a formal written statement delineating all relationships between the external auditor and Calfrac, consider whether the advisory services performed by the external auditor during the course of the year have affected its independence, and ensure that no relationship or service between the external auditor and Calfrac is in existence that may affect the objectivity and independence of the external auditor or recommend appropriate action to ensure the independence of the external auditor.
- (h) Pre-approve all non-audit services to be provided to Calfrac or its subsidiaries by the external auditor or the external auditor of Calfrac's subsidiaries, provided that the Committee may satisfy the pre-approval requirement either by delegating to one or more members of the Committee the authority to pre-approve non-audit services or by adopting specific policies and procedures for the engagement of non-audit services.

- (i) Satisfy itself that adequate procedures are in place for the review of Calfrac's public disclosure of financial information extracted or derived from Calfrac's financial statements, other than the public disclosure referred to in subsection (a) above, and periodically assess the adequacy of those procedures.
- (j) Review with the internal and external auditors the adequacy of management's internal control over financial reporting and management information systems, discuss with management and the internal and external auditors any significant risks and exposures to Calfrac that may have a material adverse effect on Calfrac's financial statements, and review with the internal and external auditors the efforts of management to mitigate such risks and exposures.
- (k) Review the updates provided by management on the Company's significant tax matters.
- (l) Review all complaints, confidential, anonymous and otherwise, received by Calfrac regarding the manner in which Calfrac conducts its business, including violations of law, rules, regulations or Calfrac's Code of Business Conduct, and concerns regarding accounting, internal accounting controls or auditing matters, as required under NI 52-110. Review management's investigation and resolution of said complaints.
- (m) Report to the Board regarding Calfrac's audited financial statements for each fiscal year and indicate whether
 - (i) management has reviewed Calfrac's audited financial statements with the Committee, including a discussion of the quality of the accounting principles applied and significant judgments affecting the financial statements,
 - (ii) the external auditor and the Committee have discussed the external auditor's judgments of the quality of the accounting principles applied and the judgments made with respect to Calfrac's financial statements,
 - (iii) the Committee has, without the presence of management or the external auditor, considered and discussed all the information disclosed to the Committee by Calfrac's management and the external auditor, and
 - (iv) in reliance on review and discussions conducted with senior management and the external auditor, the Committee believes that Calfrac's financial statements are fairly presented in conformity with generally accepted accounting principles in all material respects and that the financial statements fairly reflect the financial condition of Calfrac.
- (n) Establish procedures for
 - (i) the receipt, retention and treatment of complaints received by Calfrac regarding accounting, internal accounting controls, or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of Calfrac of concerns regarding the manner in which Calfrac conducts its business, including violations of law, rules, regulations or Calfrac's Code of Business Conduct, and concerns regarding accounting, internal accounting controls or auditing matters, as required under NI 52-110.
 - (iii) review submissions under the Whistleblower Policy.
- (o) Establish policies to consider opportunities to reflect Calfrac's ESG priorities and initiatives in fulfilling the Committee's mandate and responsibilities hereunder.
- (p) Review and approve Calfrac's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.
- (q) Review annually and report to the Board on the adequacy of the Committee's charter.

6. Administrative Matters: The following provisions shall apply to the Committee.
- (a) The quorum for meetings of the Committee shall be two members thereof. Business may be transacted by the Committee at a meeting of its members at which a quorum is present or by a resolution in writing signed by all the members of the Committee.
 - (b) Any member of the Committee may be removed or replaced at any time by the Board. If a vacancy exists on the Committee, the remaining members may exercise all of the powers of the Committee so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold office until the close of the next annual meeting of shareholders following the date of appointment as a member or until a successor is duly appointed.
 - (c) The Committee may invite such officers, directors and employees of Calfrac and other persons as it may see fit from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee. The external auditor is to appear before the Committee when requested to do so by the Committee.
 - (d) The Committee shall determine the time and place at which the Committee meetings shall be held and the procedure for calling and conducting business at such meetings, having regard to the by-laws of Calfrac.
 - (e) The chair of the Committee shall preside at all meetings of the Committee. In the absence of the chair, the members of the Committee present at a meeting shall appoint one of those members to act as chair for that particular meeting.
 - (f) Notice of meetings of the Committee may be given to the external auditor and shall be given in respect of meetings relating to the annual financial statements. Upon the request of the external auditor, the chair of the Committee shall convene a meeting of the Committee to consider any matters that the external auditor indicates should be brought to the attention of the directors of Calfrac.
 - (g) The Committee shall report to the Board on such matters and questions relating to the financial position of Calfrac or any subsidiaries of Calfrac as the Board may from time to time refer to the Committee.
 - (h) The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of Calfrac and its subsidiaries, and to discuss such books and records as are in any way related to the financial position of Calfrac with the officers, employees and external auditor of Calfrac and its subsidiaries.
 - (i) Minutes of Committee meetings shall be recorded and maintained. The chair of the Committee shall report to the Board on the activities of the Committee and the minutes of Committee meetings will be circulated to the directors who are not members of the Committee on a timely basis.
 - (j) The Committee shall have the authority
 - (i) to engage independent counsel and other advisers that it determines to be necessary to permit it to carry out its duties,
 - (ii) to set and pay the compensation for any advisers engaged by the Committee, and
 - (iii) to communicate directly with the internal (if any) and external auditors.

Reviewed by the Committee on March 12, 2025 and approved by the Board on March 12, 2025.