



FRACTION

Division of Green Energy Services

OUR YEAR OF FOCUS

WE PRIORITIZED OUR STRENGTHS

2022/23

OUR YEAR OF FOCUS

Concentrate on your strengths & form authentic partnerships - you will see progress.

Over the last 18 months, Fraction has focused on our strengths, expanding our position as a world-class water transfer and production services company. Our efforts to streamline operations and eliminate non-core divisions have allowed us to concentrate our resources, resulting in several key successes which are illustrated in this year's report.

Fraction has continued our trend of executing extremely accretive acquisitions. Effective June 1, 2022, we acquired the pumping operating assets, employees, and clients of "Swamp Donkey" through an asset acquisition. This transaction solidifies Fraction as the premier water management and oilfield heating provider in Northeast British Columbia.

Fraction also capitalized on the purchase of the Integrated Fluid Systems (IFS) division from Secure Energy Services. Closing on March 1, 2023, this acquisition elevates our presence in Alberta to be stronger than ever. Our Grande Prairie office is better equipped, and we've expanded to include an office/shop in Red Deer.

Earlier this year, we divested non-core operating divisions of our business, including the Surface Rental and Transport Division. This strategy focused our attention and resources, increased profitability, and allows us to deliver the most effective services to our clients.

Fraction's commitment to our Indigenous Partners is unwavering. Our Partners are increasing their equity positions and investment in Fraction, generating long-term revenue for their nations and creating greater stability for their communities. We are proud to grow together.

Looking forward, we are excited about the opportunities that lie ahead. We remain focused on delivering exceptional service, driving efficiency, and creating value for our stakeholders. With our strong cash position and balance sheet, we are well-positioned to pursue new opportunities and continue to build on our success.



A handwritten signature in white ink, appearing to read 'Ken Wagner'.

Ken Wagner

President & Chief Executive Officer, Fraction Energy Services



Kema — a pure place in nature, is a good place

This camp scene shows different types of shelters Dane-zaa people use for camping and hunting. It represents the fusion of camping shelters past, present and future.

- Garry Oker, Councilor of Culture - Doig River First Nation



Fraction Energy Services

Fraction is well-known across Western Canada for our creative water management solutions.

Our strength within the energy industry lies in our people, connections to community, and dedicated Indigenous partnerships.

We acknowledge and thank our clients who continue to support Fraction largely due to the efforts of our hard-working field staff who often brave the harshest of elements to deliver our services.



6

Office locations
in Western Canada

Calgary, AB
Fort St. John, BC
Grande Prairie, AB
Whitecourt, AB
Dawson Creek, BC
Red Deer, AB

4

Working Indigenous
Relationships

Doig River First Nation
Halfway River First Nation
Sturgeon Lake Cree Nation
Alexander First Nation

0.32

TRIF
Achievement

2022/23 has been a
tremendous period
for our H&S efforts



Water Transfer

We specialize in high-volume, high-rate water transfer services through a variety of mobile piping systems - environmentally safe to support hydraulic fracturing. Our inventory of pumps, pipe, lay flat hose, and manifolds are specifically designed to operate in any climate or terrain.



Heating

Our diverse line of safe, fuel efficient and environmentally friendly superheaters and boilers, allows our clients to tie into and burn their own field gas. We regulate pressures and remove all liquids and impurities to use natural gas by-product to its full potential.



Water Containment

We offer a diverse range of containment options for energy projects, including Modular, Minion and Buffer Tanks. Our field-ready solutions are designed for deliverability, reduce inefficiencies, and streamline operations.



Sand Minions

Through our partnership with Spearhead Sand Products, we are redefining the way large volume sand is stored on-site. Starting with 1,000-ton units and a 3,000-ton unit coming fall 2023, we offer efficient storage sized right for the job.

In 2022/23,
Fraction
refocused on
growth goals

Through strategic acquisitions, authentic partnerships and community building initiatives, Fraction continues to lead the industry.

We are proud of our ongoing commitment to Indigenous Engagement within our operating areas.



Acquisition closing of Swamp Donkey Oilfield Services Inc.

June 2022



November 25, 2022



1st Sand Minion trial for Vesta - a success!

December 1, 2022



Secure Integrated Fluids Services (IFS) acquisition

March 1, 2023



Chevron automated valve trial to manage fluid levels - project specific technology created for spill mitigation from Buffer to C-ring pumps

May 1, 2023



November 2022

Trial at Petronas of new automated pipeline valve control - improving safety & reducing manpower



January 2023

Graduation of our first 2 ISET water technician students
Amy Sunshine & Dwight Chowace in partnership with SLCN & Arc Resources



May 1, 2023

Sale of Transport Services & Rentals

Rooted by Integrity

5 Core Principles

- We are our brothers & sister keepers.
- We will not take short cuts, big or small.
- We care personally & challenge directly.
- We do it safely or not at all.
- There is always time to do it right.



Performance Principles

- We are all fallible.
- Leadership matters.
- How leaders respond to everything matters.
- Leadership drives culture and culture drives behaviour. Leadership drives good/bad behaviours.
- As leaders, what we accept, we condone.
- Rarely are unsafe actions malicious but well-meaning actions intended to get the job done.
- We share lessons learned and we apply lessons learned to current and future operations. We are actively striving to always get better.
- We will strive to create an environment where everyone has a voice, and everyone is heard.
- Blame fixes nothing. We can blame and punish, or we can learn and improve. We cannot do both.
- Use of Stop Work Authority. When in doubt speak up and get clarity, trust your gut. Have the courage to do the right things for the right reasons.
- We always demonstrate our care for people.

Fraction's Expanding Footprint



Dean Handley
Pumping PM

Dustyn Hordos
Pumping PM



Derek Allen
Containment PM

Kyle Squires
Pumping PM

Jason Waldner
Pumping PM

Rod Clemmer
Boiler & Glycol Heating PM

Spencer Akhurst
Heating PM



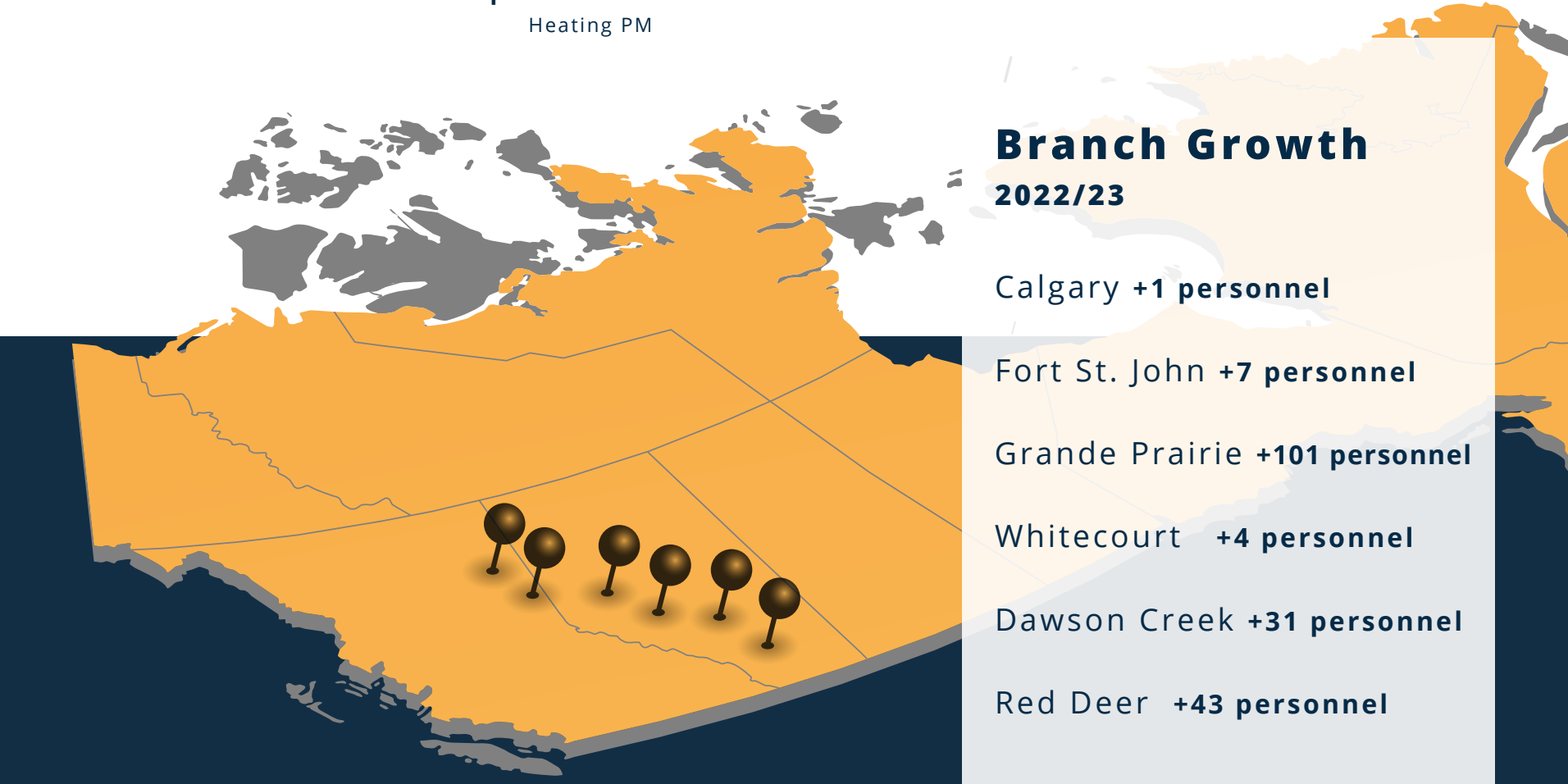
P.J. Stratton
Pumping PM



Corbin Perry
Pumping PM



Dustin Haaf
Pumping PM





Ken Wagner

President & Chief Executive Officer

Matt Irwin was Captain of the Nanaimo Clippers from '06-'08. Eventually signing an NHL contract with the San Jose Sharks, his most impressive trait – a commitment to hard work, being a great teammate and a willingness to put his team before his own needs.



Rob Baker

Chief Operating Officer

Mario Lemieux because of his leadership on and off the ice. He has a desire to win, willingness to give back to his community, the ability to stay strong in the face of adversity (cancer) and an exceptional business acumen.



Marc Krauss

Chief Financial Officer

Ryan Smyth – his ability to perform in the biggest moments, paired with his fearless nature made him the ultimate competitor.



Mitch Ternan

SR. VP, Operations

Jarome Iginla – I've always had respect for people willing to do whatever it takes to help the team win. Jarome could and was willing to play whatever role would help his team the most, whether it meant scoring, fighting, or blocking shots.



Sean Selmser

VP, Sales & Marketing

Kent Nilsson was my childhood idol and still qualifies as my favourite. I am still a fan to this day because of his skill. What drew me in originally? I was 8 years old - it was likely his stick or the way he taped his shin pads!



Damian Akhurst

VP, HSE

Markus Naslund, a “Leader by example”, was respected by his teammates for his integrity, professionalism and the caring manner in which he treated everyone in the organization.

Who is your favourite hockey player of all time?

What do you admire most about them?



Chris Kestell

SR. VP, Corporate Development

Steve Yzerman – his leadership, toughness and heart is unmatched. In 2002, Yzerman played on one leg and could barely walk, leading the team inspirationally and in points on their run to winning the Stanley Cup.



Glynn Bates

VP, Engineering & Technical Sales

Cam Neely – he was a grinder who played hard, gave it his all, and wasn't afraid to get his hands dirty in the process.



Chantal MacKenzie

Chief Sustainability Officer

Lanny Macdonald – hometown hero & a triple threat of style, talent & heart. He's one of the most skilled players of his time & a leader who contributes through charitable initiatives.



Mike Forster

VP, Northern Operations

Joe Sakic – loved the way he played the game. Showed up at the most important moments and was a tremendous leader.



Stacy Peterson

VP, Southern Operations

Gotta be Wayne Gretzky – his performance on the ice was equal to his authenticity and leadership off the ice.



Rylan Zakreski

Process Engineer

Joe Sakic was one of the best playoff performers in history. When the stakes were high, he rose to the occasion and led by example. He was a great leader on and off the ice. One of the best snap shots in the game.

WATER TRANSFER

After our recent acquisitions, we have obtained the most extensive selection of submersible and high-pressure pump packages in the market. Coupled with our operational expertise and engineering proficiency, we possess both the products and the confidence to execute every project successfully.



I am excited to join the Fraction team. I look forward to establishing new relationships within the company and strengthening the water management division to maintain its presence as an industry leader across North America.

- Rylan Zakreski, Process Engineer

Coming from Secure, I am excited to work with a company that is dedicated to water/fluid transfer. Fraction has an incredible ability to grow, and I am thrilled to be a leader in such a people-oriented company.

- Stacy Peterson, VP, Southern Operations

As the quarterback of water transfer operations, Dwayne Truax (pictured on left) has been consistently reliable day in and day out. Dwayne leads by example with his outstanding leadership skills, unwavering commitment to safety, and consistent delivery of quality service. Dwayne has been an integral part of the company for over five years and has risen to the position of Lead Water Transfer Dispatch by efficiently fulfilling the manpower demands of every project without fail.

- Dean Handley, British Columbia Regional Manager



Acquisition: Secure Energy Integrated Fluid Systems

Effective March 15, 2023, Fraction closed a transaction to purchase the assets of the Integrated Fluid Systems “IFS”, a division of Secure Energy Services.

IFS began operating under the Secure Energy banner in 2012, and organically began to build and operate containment assets throughout Alberta. In 2014, tank storage operations were paired with water transfer services upon the acquisition of Infinity Oilfield Services. This transaction rounded out IFS’ position as a full-service water management provider operating throughout Alberta and Northeastern British Columbia.

Fraction’s need to develop new, innovative ideas using technology and expertise provides our employees and customers with the confidence that every job will be executed safely and efficiently. The addition of IFS’ expertise in job planning, engineering and project management elevates Fraction to be the industry leader for technical water transfer projects.





Acquisition: Swamp Donkey Oilfield Services Inc.

Effective June 1, 2022, Fraction acquired the pumping operating assets, employees, and customers of Swamp Donkey through an asset acquisition. The transaction solidifies Fraction as the premier water management and oilfield heating provider in Northeast British Columbia. The company was built organically since 2000, and grew to become one of the largest, most stable companies in its home base of Dawson Creek, BC.

We are working in the automation space with new equipment and technology that allows us to gain efficiencies and improve the service we provide to our customers.

- Glynn Bates, VP, Engineering & Technical Sales

In addition to enhancing the operational capacity of the Group, the transaction has solidified Fraction as the premier water management and oilfield heating provider in Northeast British Columbia.

- Dustin Haaf, Pumping Project Manager
Dawson Creek

The past year has been an exciting time at Fraction. Our acquisition of Swamp Donkey's Water Division has cemented our status as the premier Water Services provider in Northeast BC, and provided both a service location and many local employees in Dawson Creek. The people and processes that Fraction gained in the acquisition have helped push our performance higher than it has ever been.

I'm most excited to work with and learn from the recently acquired IFS (Red Deer) Division. In our past M&A transactions, we have been successful in taking both the best people and practices from each entity and coming out as a stronger team at the end.

- Mitch Ternan, Senior VP, Operations



Automated Valve Trial



We collaborated with Chevron to meet their HSE goals. Automated valves were fabricated to safely manage fluid levels from overfill or undersupply.



Fraction has been working in partnership with Bentek, a leading automation company, to trial new automated valve controls. This new offering has improved safety and reduced manpower on-site. Our team is finding new and innovative ways to increase efficiencies while working with clients to attain their ESG goals.

In 2023, we increased field efficiency by expanding our fleet to include new winch tractors.



HEATING

Fraction operates one of the most diverse, safe, and innovative Superheater fleets in the industry. Our assortment of models gives customers the ability to pick a heater that best supports their scope on a job-by-job basis. Fraction's fleet consists of mobile trailer units, skid units, industry leading thermal and fuel efficiency heaters, and simpler, conventional options that heat fluid quickly. Our SCADA controlled, direct-fired, high efficiency Superheaters allow our customers to monitor fuel usage, temperature differential, thermal and fuel efficiencies in real time, realizing further cost savings through even greater control of fuel usage.

Frac Water Heaters

27MM BTU High Efficiency Self Contained Heaters
40MM BTU Skid Heaters
33 MM BTU Diesel Heaters

Boilers

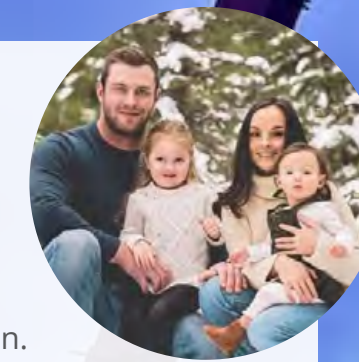
30 & 40HP Mobile Boilers
80HP Skid Boilers
125HP Skid Boilers
150HP Skid Boilers
All new Glycol support units for Boilers

Glycol Heaters

4MM BTU Self-contained Glycol Heaters
6.8MM BTU Self Contained Glycol Heaters
Glycol/Air Heat Exchangers
Glycol/Water Heat Exchangers

Fraction provides full heating services across both upstream and midstream sectors.

Spencer Akhurst Fluid Heating Manager



Spencer Akhurst joined Fraction as a Water Technician. His direct approach, work ethic and willingness to learn quickly propelled him to a supervisor position; soon after, he was promoted to Project Manager. In early 2022, Spencer continued his path forward by becoming the Division Manager for Fluid Heating (Superheaters). Spencer has immensely improved the QC and preventative maintenance program, and has played an integral role in helping Fraction become the industry leader in Fluid Heating.

Rod Clemmer Boiler & Glycol Heating Manager



Rod Clemmer joined Fraction last year as a familiar face and friend of the company. With over 25 years' experience, Rod has very extensive knowledge in well servicing and boilers. Fraction's Boiler division instantly became stronger with the addition of Rod. This past winter, Fraction added another service line in Glycol Heaters, which was a natural fit for Rod to take the lead on. Aside from his strong work ethic and patient approach, Rod is always finding ways for the company to operate in a more efficient manner. We are thrilled to have Rod on the team.

Over the past few years, Fraction's Heating Division has transformed into the largest, most diverse heating business in Canada. We have taken our multi-faceted Frac Water Heating fleet to new heights by expanding into Boilers, Glycol Heaters, Air Heaters, and other Heat Exchanger systems.

Fraction is always working to raise the bar through performance and dependability, safety, efficiency, and innovation. With the use of telemetry and automation, our customers can be directly connected to their operation at all times.

- Mike Forster, VP, Northern Operations



CONTAINMENT

Fraction offers a variety of surface equipment rentals for oil and gas projects.

Our equipment is utilized on drilling rigs, completions locations, construction sites and abandonment/workover projects.



Modular Tanks

Fraction leads the industry in design and deliverability. Our unique bulkhead design allows our crews to complete set-ups and tear-downs safely and at a reduced cost to customers. With four sizes, our tanks are suitable for various lease sizes and frac spread layouts.

Modular Tank Sizes:

1,300m³ | 3,000m³ | 4,500m³ | 6,600m³ | 9,600m³



Minion® Tanks

Fraction is proud to partner with ThinkTank to supply the Minion® tank which saves time and money on consumable costs, liner disposal and recycling with a reusable bladder. The Minion® tank has the largest volume to area storage capacity, saving much needed space on your project.

Minion® Tank Sizes:

1,033m³ | 1,590m³ | 3,180m³



Buffer Tanks

Fraction's buffer tanks are available in two sizes, the Shark Tank (190m³), and the Whale Tank (230m³) - both are innovative solutions to frac fluid management redundancies and inefficiencies. Engineered for practicality in the field, these dual-purpose frac tanks are delivered as a single legal load, complete with manifold, monitoring and safety equipment built right in.

FRACTION ENERGY NOW OWNS

50%

of Canada's Containment Fleet



Engineered & Certified

All of Fraction's c-rings have been engineered and certified to ensure they have the strength and reliability to store fresh and produced water. They meet both the British Columbia Oil and Gas Commission, and Alberta Energy Regulator guidelines for use in oil and gas storage applications.

SAND MINIONS

Redefining the Way Large Volume Sand is Stored On-site

Through Fraction's partnership with Spearhead Sand Products, we provide innovative frac sand storage solutions with multiple configurations, always sized right for our customers' sites.

Logistics Efficiency

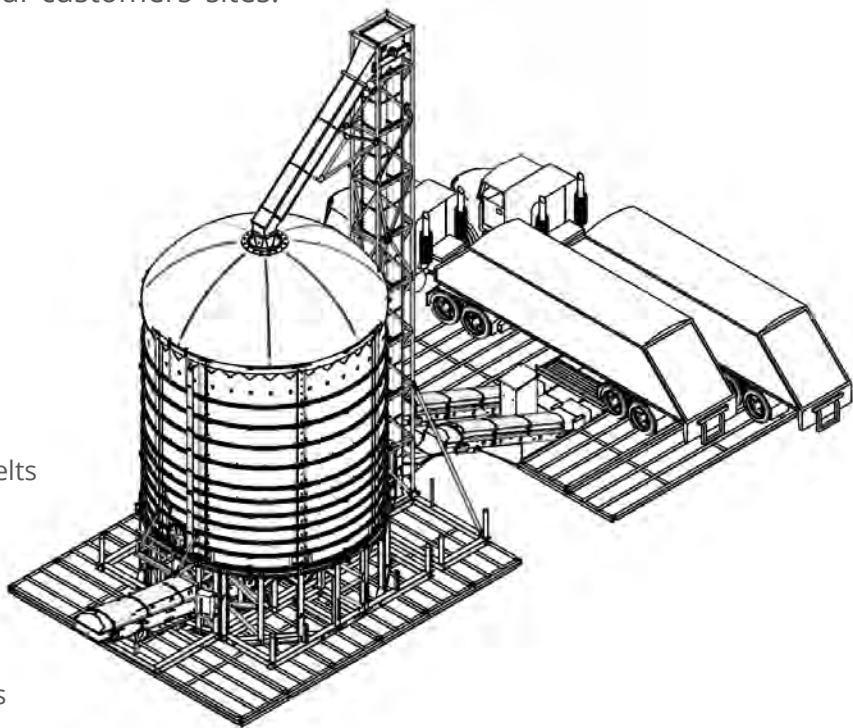
The Sand Minion can be picked up and delivered to your location only requiring 6 trucks. Additional configurations and conveyors can be integrated to suit our customers' most challenging locations.

Truck Unloading Efficiency

The dual hopper drive over design allows for tandem truck hopper unloading saving time on spotting trucks. This design also allows for unloading belt redundancies built right in. No need to haul additional belts into location for standby.

Real-time Inventory Management

Now customers can monitor inventory online - live and in real-time. This creates better operational awareness while managing their logistics and sand pipelines.



**Sand Minions offer
the smallest footprint
in the industry**

Sand Minions reduce the cost of on-site manpower

**Existing personnel can now operate the unit with
no need for additional support**

**A safer, more efficient, and sustainable
way of storing and delivering sand**

**CHECK VOLUMES IN REAL TIME
ON YOUR PHONE**



ENVIRONMENT

Fraction, together with our Partners, strives to be a steward of our land. We believe a focus on advancing technology will help to reduce emissions, mitigate environmental disruption & allow for better monitoring for added awareness.

The ultimate goal is to reduce our footprint & make it simple for our clients to minimize their impact as well

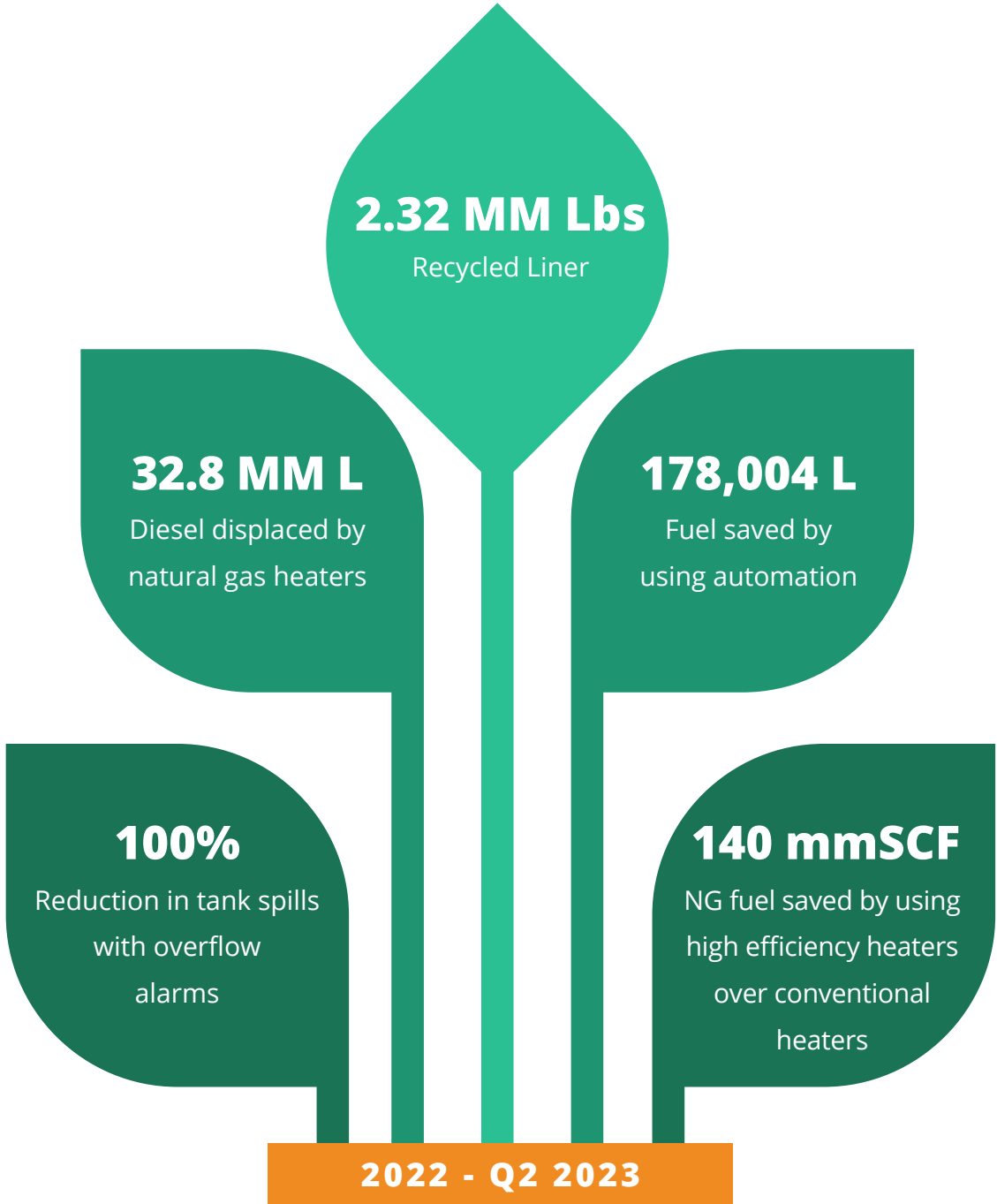
We are embracing automation and technology in every aspect of our operation. Working with partners on initiatives that improve long-term sustainability, gaining efficiencies and lowering emissions.



High efficiency heaters heat quickly with less fuel used



Pump control and pipeline valve automation

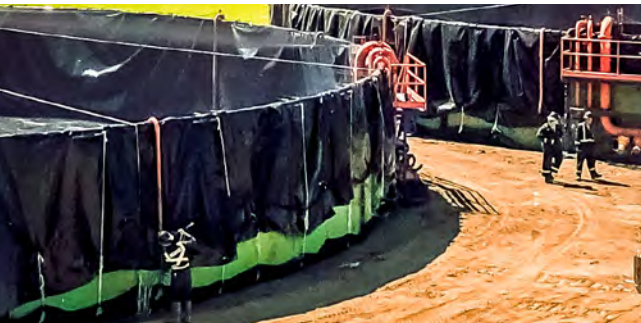
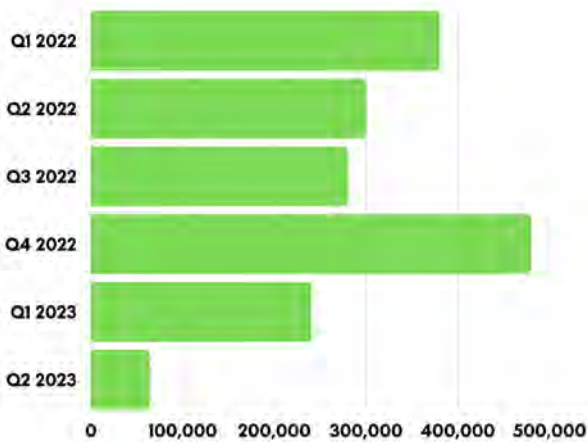


2022 - Q2 2023

Impact of Liner Recycling

Working with our recycling partners, we domestically shred, grind and wash LLDPE liners, reclaiming the LLDPE resin in a 100% environmentally friendly process. Staying cost competitive, we make it an economical decision for our customers to keep plastic (which takes 1000 years to biodegrade) out of landfills. Our ultimate goal is to recycle all applicable C-ring liners Canada-wide.

In 2022/23, We Recycled
2,320,000
Pounds of Liner



A Single Tonne of Recycled Plastic Can Save
98,000,000
BTUs of Energy

Impact of Electric Pumps & Automation Technology

Our pumps are monitored by LightSpeed™ and Control Core™ automated technology. Providing remote telemetry and level control monitoring, efficiencies increase, and fuel usages are decreased by >20%.

Electric pumps are continuing to show improvements within our pumping fleet. Highly efficient and fuelled by natural gas generators, fuel usage is lowered even further.



Diesel Displaced by Natural Gas Heaters in 2022

20,700,000
Million Litres

Diesel Displaced by Natural Gas Heaters in Q1 & Q2 of 2023

12,100,000
Million Litres

NEW HYDROGEN TECHNOLOGY — TRIAL SUCCESS!

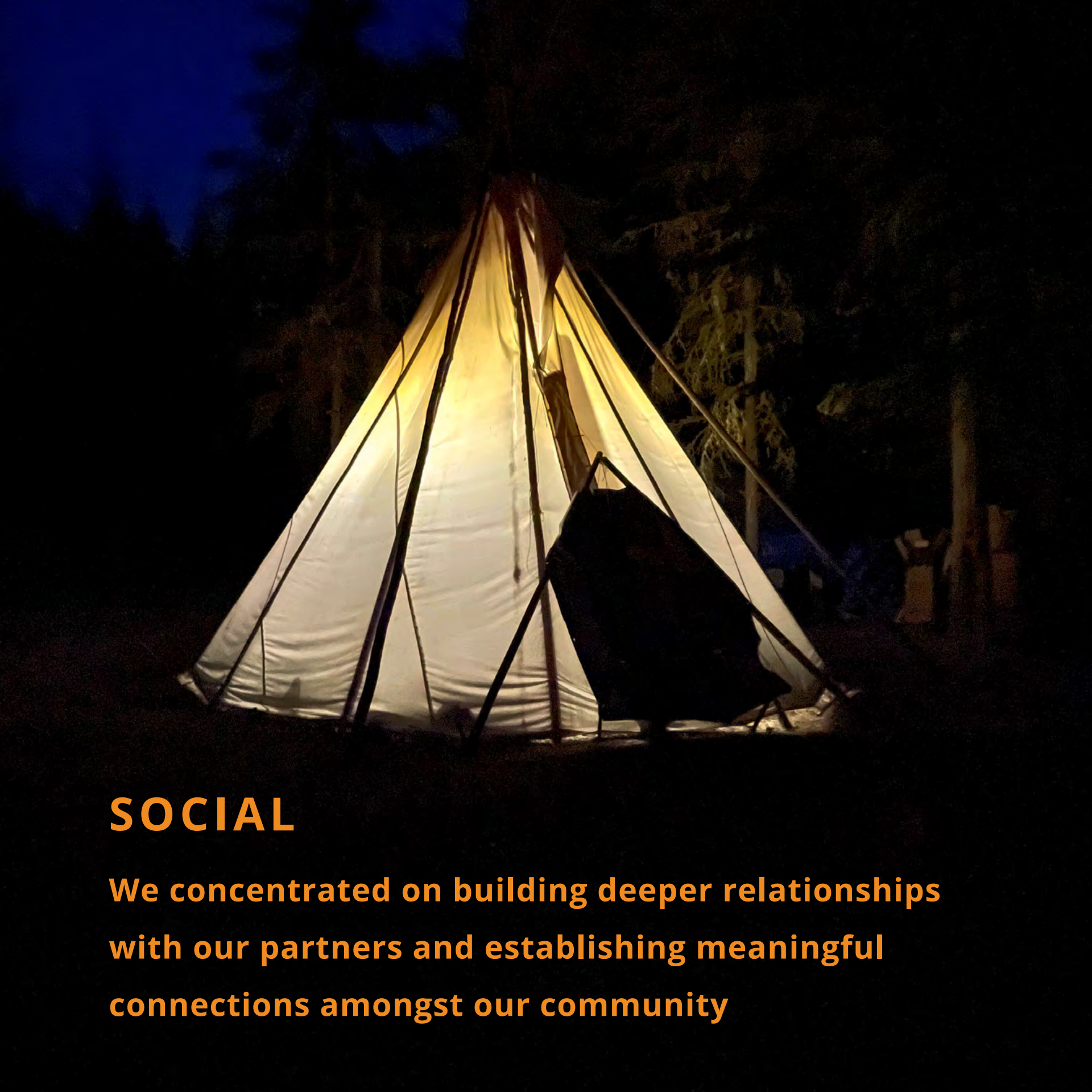
Realizing Fuel Savings of
110-180
LITRES/DAY
|
equating to
180
TONNES CO2e AVOIDED/YEAR

Throughout 2022, we have trialled new hydrogen technology on a 300-kilowatt diesel generator operating on a customer’s site in a joint venture project. This new, patented technology creates hydrogen and oxygen on demand, using a unique electrolysis system, and supplies these gases through an air intake to enhance combustion efficiency. Since the trial implementation, we have monitored fuel usage, seeing an overall fuel savings of approximately 110-180 litres per day or 10-12%, equating to 180 tonnes of CO2e avoided per year. Due to the success of the initial trial, we are continuing to deploy this technology on pumps and generators. Our team continues to refine the process to determine the optimal settings for this new technology to optimize fuel reduction.

Petronas has many operations is in remote areas. To reduce people from working alone in isolated environments, Fraction designed a solution to improve pumping operations. Pump control and pipeline valve control was automated and can be remotely monitored for leak detection reducing manpower, streamlining real-time data and improving mental health and operational safety.



Automated pipeline valve control



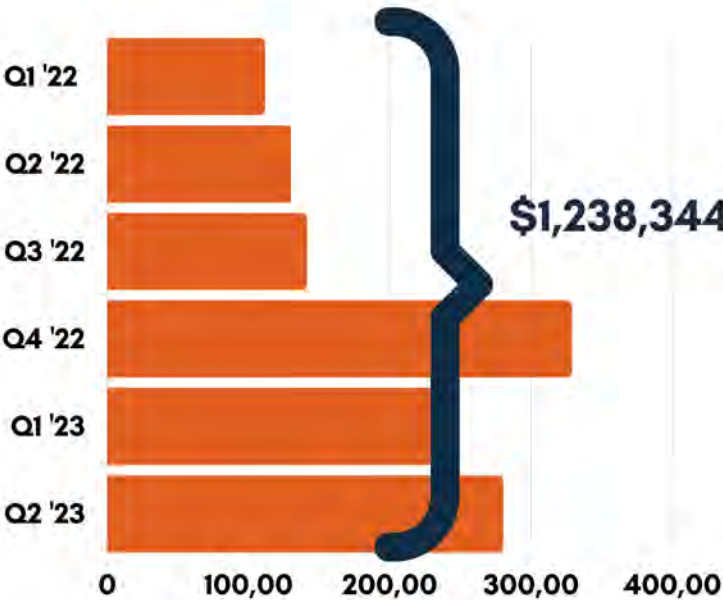
SOCIAL

We concentrated on building deeper relationships with our partners and establishing meaningful connections amongst our community

INDIGENOUS ENGAGEMENT

Fraction commits to engage and work with Indigenous communities and organizations to identify and collaborate in areas of mutual interest, develop opportunities for growth, and form meaningful business relationships. Establishing meaningful partnerships with Indigenous communities, provides sustainable benefits to the areas where we operate and directly contributes to our values and goals.

First Nation Benefit Spend



“Fraction Energy and their team have shown an unwavering commitment to community building and uniting nations around shared fundraising objectives. Our values strongly align as we share a common goal of supporting local initiatives and uplifting individuals. It is with great enthusiasm that we look forward to deepening our involvement with Fraction, knowing that their direction and purpose are closely aligned with our own.”

- Garry Oker, Councilor of Culture, Doig River First Nation





Úújo Developments Limited Partnership (“Úújo”) was created by the Doig River First Nation (“DRFN” or the “Nation”) with a vision to produce economic benefit in balance with the Nation’s traditional practices and culture along with environmental stewardship.



Úújo continues to increase their Fraction equity position, enjoying the benefits of being a shareholder, which supports more First Nation participation wherever Fraction does business. Several key initiatives we are proud to align with are:



DAWSON CREEK RODEO

A major community connector annual event - dozens of companies and hundreds of people from across Western Canada come together to celebrate.



KEMA CAMP

Kema Camp is an immersive cultural experience that provides the opportunity to build relationships and gain a deeper connection to Indigenous traditions.



DOIG DAYS

Hundreds of grade-school children, parents, teachers, industry, government and the public come together to experience Tsáá? Ché Ne Dane culture.

We are so proud of the meaningful, respectful relationship we have built with Fraction and we are honoured to work with a company that supports our community and cultural values. We look forward to the future growth and ongoing success of our partnership through economic opportunities for our Nation.

- Chief Trevor Makadahay and Council, Doig River First Nation

The Power of Community Connection



Fraction was extremely pleased to play a roll in helping raise \$72,000 for the Tse'k'wa Foundation. The Tse'k'wa Caves, which are located near Charlie Lake, BC, are an extremely important cultural centre and are jointly owned by the Doig River First Nation, Prophet River First Nation and West Moberly First Nations. This event, which ran alongside the amazing Dawson Creek PBR, was truly a community connecting moment, showcasing how much we can do when we do it together!



Doig Days - a celebration of Tsáá? Ché Ne Dane culture



Tse'k'wa Caves - 'Exceptional archaeological site' has contributed to understanding of Canada's earliest Indigenous inhabitants

The Halfway River Group values companies, such as Fraction, who seek areas for our inclusion in their projects. Fraction is sincere in their efforts to include the Halfway River Group businesses and have proven to fulfill their commitments. Through this economic participation, the Halfway River Group is able to create betterment for the Halfway River First Nation, and we express our gratitude to Fraction for their efforts.

- Brad Bonner, President & CEO, Halfway River Group of Companies (enjoying the famous Henyu Bannock)



In August of 2022, the Halfway River Rodeo celebrated its 20th anniversary



Drumming anchors Indigenous rituals, stories, and community connections - a heartbeat of ancestral voices and spiritual power

Water Technician & Training Program

Fraction, in partnership with NENAS (North East Native Advancing Society) and recently the Indigenous Skills & Employment Training (ISET) Program, gives inexperienced individuals an opportunity for career placement and advancement.

Successful candidates of our 24-day collaborative program are offered a full-time position with Fraction. Students receive:

- One-on-one, in-field mentorship to ensure success, confidence and competency
- Intensive pre-employment training, Fraction operations orientation and safety education

This mentorship program not only provides valuable skills training, but also helps to create sustainable jobs and economic growth in the region. Scan the QR code to learn more, or share with an individual who may be interested.

www.nenas.org/interest-list-fraction-water-technician/



COMMUNITY CONNECTOR

Fraction was humbled to receive the Committed Partnership Award at NENAS' Connect! Appreciation, Awards and Fundraising Dinner in the fall. Ken Wagner, Chantal MacKenzie, Dustyn Hordos and Dean Handley were an integral part of the successful launch of our Water Technician Mentorship program.



We could not have asked for better partners in NENAS and their hard working staff.

Thank you to the E&P companies that partnered with us in the successful placement of our Treaty 8 students.



WELCOMING 2 NEW ISET GRADUATES

With the success of NENAS with our Treaty 8 students, Fraction continued the program into Alberta with the ISET (Indigenous Skills Education and Training) Program. Partnering with Arc Resources, Fraction has welcomed two Treaty 7 students as a result of Water Technician School. We were thrilled to welcome two Sturgeon Lake Cree Nation community members - Amy and Dwight - as full-time employees to Fraction, after successfully completing our collaborative ISET Water Technician School. We wish Amy and Dwight continued success and are excited to have them on the Fraction team. We look forward to more partnerships in this endeavour, to support local communities and provide even more opportunity for growth and prosperity.



Doig River First Nation
Northern BC



Halfway River First Nation
Northern BC



Sturgeon Lake Cree Nation
Central AB



Alexander First Nation
Central AB



BUILDING COMMUNITY THROUGH SPORTS

We’re inspired by the impact of team sports on company culture, particularly hockey’s ability to unite diverse individuals towards a common goal. Emulating the teamwork, dedication, and perseverance required to excel in hockey, we prioritize collaboration and recognize every team member’s vital role. Supporting youth hockey and team sporting programs in our community, we believe in the power of sports to teach essential life skills like discipline, sportsmanship, and teamwork, inspiring future generations to carry these values into adulthood.

- Chantal MacKenzie, Chief Sustainability Officer



Sponsorship to local Grande Prairie youth boxing



Sponsorship to U-18 Fort St. John Trackers Hockey

Community: a firm value at Fraction since inception in 2011. We continue to provide financial support to communities in which we live & work. When our community grows and thrives, so does our team.



\$75 MM
Local Business Spending

\$45,000
Local Sponsorships

12
Teams Sponsored

GOVERNANCE

Full transparency & critical analysis
maximizes profit; drives efficiency



Diving Deeper into Operational Reporting

Fraction continues to develop and streamline our Business Operational Software, Aimsio, which allows the company full transparency and analysis on the overall daily operations. With this analysis, Fraction’s management team has been able to dig deep into the operational margins, giving the company the ability to view real-time statistics, and contribution margins on a job-by-job basis. This information has been an integral part of maximizing the profitability of the company and driving efficiencies across all business lines.

- Chris Kestell, Senior VP, Corporate Development



263

Total Employees



11%

Female Gender Diversity
(Company)



11%

Identify as Indigenous
(Company)



0.32

Total Recordable Incident
Frequency (TRIF)

HEALTH & SAFETY

Safety shapes our decisions every day. We have made great strides over the last 18 months, yet, as leaders in our industry, we will increase efforts to create a better HSE program—because it’s the right thing to do. We build upon our successes, and communicate our lessons learned to mitigate future hazards.

Management, field staff, and contract employees are all actively engaged in our Joint Occupational Health and Safety program, with representatives working across our geographical regions and bases. It is our duty to create a safe work environment for our people and communities. We are driven to cultivate a team committed to continual improvement.

95%
3-YEAR COR
EXTERNAL AUDIT

0.32
TRIF ROLLING AVERAGE

I am excited to see our integrated team, formed through the amalgamation of several companies, come together to drive continuous improvement in all areas of our operation including safety, innovation and efficiency.

- Rob Baker,
Chief Operating Officer



Launch of New Thinking Driver Program

Fraction has incorporated the globally acclaimed Thinking Driver program into our mandatory training. A selected team of Fraction members became certified instructors/evaluators. A blend of online training and practical evaluation is conducted for workers. Based in Canada, Thinking Driver has received accolades for their programs, assisting companies in reducing costs and incidents tied to vehicle usage, while focusing on reducing violations, enhancing vehicle longevity, and improving fuel efficiency.

2022: Zero Lost Time Incidents

We maintain our COR and have demonstrated a high score on our most recent external audit. All employees are trained in hazard identification, mitigation, and reporting. Identified hazards are continually communicated across the organization. Through the continuous hard work and dedication of our incredible workforce, Fraction demonstrated a zero LTI (Lost Time Incident) record of 0.0 for 2022. We expect and continue to strive to keep our workforce LTI free.

Hands-on Training AKA “Boot Camp”

All new workers receive intensive hands-on training in equipment, tools, load securement, procedures, and other applicable tasks prior to starting field work. Once deemed competent, new employees are assigned a mentor to further build on their training and abilities. All workers must be signed off at the base and field levels. Contract workers are vetted by both operations and HSE prior to joining our workforce.

Fraction is committed to cultivating a culture where everyone within the organization knows that their voice matters; we all strive to constantly improve and everyone is seeking opportunities to elevate our work environment and our personal skill sets.



Frank Baruta
HSE Manager

The growth of our company and our team’s potential is exciting. From an HSE perspective, working with new Fraction managers and frontline crews is very valuable. Having a fresh set of eyes helps us to think “outside the box” and discover potentially better ways to operate. We endeavour to involve everyone in the evolution of our systems. Getting diverse input helps elevate our Safety Culture, and solidifies that each team member is a valued part of the Fraction family.

LOOKING FORWARD



I am excited about continuing to search for potential growth opportunities in service lines that compliment our core business both in Canada and South of the border. With our expanding equity and relationship agreements with the nations, we are improving the way we track and report our Indigenous spend. Full transparency is how we operate, and we are designing our reporting systems to match our goals.

- Chris Kestell, Senior VP, Corporate Development

Technology Driven

Primus Line can be utilized for the transfer of produced fluid above ground where permanent pipeline infrastructure does not exist. It is an alternative to trucking large volumes of fluid, which has many environmental and safety benefits, as well as providing operational efficiencies and major cost savings. Fraction had four supervisors receive training on this technology and gain their certification.



I love the fact that Fraction has become the main player in the water management space. Our direction, support, and know-how is second to none, making Fraction a leading company to be proud of and a great place to show up to work every day.

- Sean Selmser,
VP, Sales & Marketing

We are working towards greater involvement with Alexander Valve & Supply, a local 100% Indigenous run company located in Edmonton, AB.



In early June 2023, Fraction will bring together Grande Prairie businesses to raise money for the Sunrise House, a local charity with a mandate to provide emergency shelter for youth. The Sunrise House is an amazing program currently running at capacity, with no room for growth. Our fundraising goal is to help provide capital to build a new shelter, allowing the program to better serve the growing needs of the youth.

Sand Minion Expansion

We are a forward-thinking leader in providing frac sand storage that is tailor-suited for our client's programs and site configuration. We will look to expand this offering in 2023/24.





Increase fleet of Pioneer c-21 8X6 electric pumps for fuel savings and environmental standards



We will continue working with our E&P partners to have more students succeed from our Water Technician School.



New stacked storage tank designs - by stacking tanks we are able to provide greater volumes with a smaller footprint



Purchase more winch tractors - by keeping everything in-house we will realize cost savings for our clients

Increasing Efficiency Across Our Operations



Increase utilization of new, patented technology which creates hydrogen and oxygen on demand. The unique electrolysis system, supplies the gases through an air intake to enhance combustion efficiency.

We are actively seeking local partners to offtake material in cooperation with Layfield Group. This will help to save on material transportation costs.



We are eager to elevate our Indigenous Partnerships and community connector activities

Doig Days

Kema Camp

Halfway River Rodeo

Sturgeon Lake PowWow

Prophet River Treaty Days

Blueberry Culture Days



After the inaugural 2022 Kema Camp experience, we can't wait to do it again! Get rooted to the land, connected to self, energized, and transformed as we partake in multi-sensory experiences on DRFN cultural grounds. The hope is to continue and build on for future cultural tourism activities such as guided bush camps, hikes, and hunts.



There are many things that I am looking forward to - the one that stands out from the rest is our People. Fraction has cultivated an amazing team over the last couple years. To use a hockey analogy "Our Bench is Deep." This depth starts in the field and ends in the C-Suite.

- Damian Akhurst, VP, HSE





The ladies from Fraction's northern offices

Gratitude for our partners

Fraction is grateful for the support and loyalty of our clients whom we serve. Together with our partners, we look to continue our efforts to improve and deliver heightened levels of community prosperity and industry efficiency.



Looking forward, we will continue to grow our team; both in terms of individual development and diversity. Investment into our people will continue to drive employee engagement and team efficiency. Developing diversity within our group ensures that fresh ideas and alternative perspectives are considered throughout our business.

- Marc Krauss, Chief Financial Officer

I am extremely excited to watch the continued growth of our business. We continue to build Fraction with an intentional focus on maintaining our culture, especially as we grow. Living our values is the biggest asset we have within the Fraction Group. Our culture is the pulse of our company, and is what excites me the most looking forward.

- Ken Wagner, President & Chief Executive Officer

**Thank you to Garry Oker,
Councilor of Culture for the Doig River First Nation —
Fraction is grateful to proudly display his artwork on
the front cover of our 2022/23 ESG report.**



www.FractionEnergyServices.com