



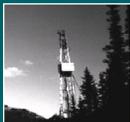
Mullen Group
Ltd.

INTERIM REPORT

– Period Ended March 31, 2015

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CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	1
ACCOUNTING PRINCIPLES	1
HIGHLIGHTS FOR THE QUARTER	2
EXECUTIVE SUMMARY	4
OUTLOOK.....	5
CORPORATE OVERVIEW	6
CONSOLIDATED FINANCIAL RESULTS – THREE MONTH PERIOD ENDED MARCH 31, 2015.....	10
SEGMENTED INFORMATION – THREE MONTH PERIOD ENDED MARCH 31, 2015	17
CAPITAL RESOURCES AND LIQUIDITY.....	24
SUMMARY OF QUARTERLY RESULTS.....	31
TRANSACTIONS WITH RELATED PARTIES	33
PRINCIPAL RISKS AND UNCERTAINTIES	33
CRITICAL ACCOUNTING ESTIMATES.....	33
SIGNIFICANT ACCOUNTING POLICIES	33
DISCLOSURE AND INTERNAL CONTROLS.....	33
FORWARD-LOOKING INFORMATION STATEMENTS	34
GLOSSARY OF TERMS AND RECONCILIATION OF NON-GAAP TERMS.....	36
INTERIM FINANCIAL REPORT	38
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	39
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	40
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	41
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	42
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS.....	43
CORPORATE INFORMATION	BC

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**"), dated April 22, 2015, has been prepared by Management of Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") for the three month period ended March 31, 2015, and should be read in conjunction with (i) the audited annual consolidated financial statements for the fiscal year ended December 31, 2014 (the "**Annual Financial Statements**"), together with the Management's Discussion and Analysis thereon (the "**2014 MD&A**"), and (ii) the unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2015, (the "**Interim Financial Statements**"). Unless otherwise specified, information in this MD&A is provided as at such date and any reference to "Mullen Group", "we", "us", "our" or the "Corporation" means Mullen Group Ltd., a corporation incorporated under the laws of Alberta and includes its predecessors where context so requires. The Annual Financial Statements and other additional information are available on SEDAR at www.sedar.com and at www.mullen-group.com. These documents are also available upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com. This MD&A and the Interim Financial Statements were reviewed by Mullen Group's Audit Committee on April 21, 2015, and approved by the Board of Directors (the "**Board**") on April 22, 2015.

ACCOUNTING PRINCIPLES

The Interim Financial Statements have been prepared in accordance to and comply with International Financial Reporting Standards ("**IFRS**"), which include the International Accounting Standards ("**IAS**") and the interpretations developed by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as issued by the International Accounting Standards Board ("**IASB**"). The Interim Financial Statements comply with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements. Unless otherwise indicated, all amounts contained in this MD&A are in Canadian funds, which is the functional currency of the Corporation.

ADVISORY:

Forward-looking statements - This MD&A reflects management's expectations regarding Mullen Group's future growth, financial condition, results of operations, performance, business prospects, strategies and opportunities and contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Wherever possible, words such as "anticipate", "may", "will", "believe", "expect", "potential", "continue", "view", "objective", "should", "plan", "intend", "ongoing", "estimate", "project" or similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant inherent risks and uncertainties, numerous assumptions and the risk that the predictions and forward-looking statements will not be achieved and that the actual results or events may differ materially from those anticipated in such forward-looking statements. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable beliefs and assumptions, Mullen Group cannot assure readers that actual results will be consistent with these forward-looking statements. Some of the risks and uncertainties include, but are not limited to certain economic risks, most important of which are a slowdown in the general economy or reduced oil or natural gas drilling; prevailing interest rates, currency exchange rates, customer relationships, labour disruption and driver retention, accidents and costs of liability insurance and fuel prices. Given these risks and uncertainties, readers should not place undue reliance on the forward-looking statements contained in this MD&A. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors and risks that could affect the operations or financial results of Mullen Group may be found under the heading "Principle Risks and Uncertainties" starting on page 56 of the 2014 MD&A as well as in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website at www.sedar.com. The forward-looking statements contained in this MD&A are made as of the date hereof and Mullen Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities law. Mullen Group relies on litigation protection for "forward-looking" statements. Additional information regarding the forward-looking statements contained in this MD&A and the material assumptions made in preparing such statements may be found under the heading "Forward-Looking Information Statements" beginning on page 34 of this MD&A.

Non-GAAP Terms - Mullen Group reports on certain financial performance measures that are described and presented in order to provide shareholders and potential investors with additional measures to evaluate Mullen Group's ability to fund its operations and information regarding its liquidity. In addition, these measures are used by management in its evaluation of performance. These financial performance measures ("**Non-GAAP Terms**") are not recognized financial terms under Canadian generally accepted accounting principles ("**Canadian GAAP**"). For publicly accountable enterprises, such as Mullen Group, Canadian GAAP is governed by principles based on IFRS and IFRIC. Management believes these Non-GAAP Terms are useful supplemental measures. These Non-GAAP Terms do not have standardized meanings and may not be comparable to similar measures presented by other entities. Specifically, operating income¹, net income – adjusted¹, earnings per share – adjusted¹, net capital expenditures¹, net debt¹ and cash flow per share¹ are not measures recognized by Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. For the reader's reference, the definition, calculation and reconciliation of Non-GAAP Terms are provided in the "Glossary of Terms and Reconciliation of Non-GAAP Terms" section of this MD&A. The Non-GAAP Terms should not be considered in isolation or as a substitute for measures prepared in accordance with Canadian GAAP. Investors are cautioned that these indicators should not replace the forgoing Canadian GAAP terms: net income, earnings per share, purchases of property, plant and equipment, proceeds on sale of property, plant and equipment and debt.

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

HIGHLIGHTS FOR THE QUARTER

PERFORMANCE:

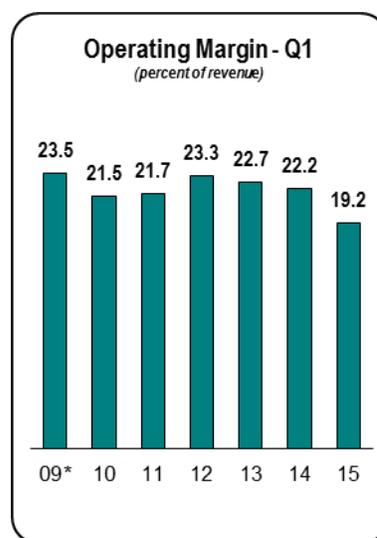
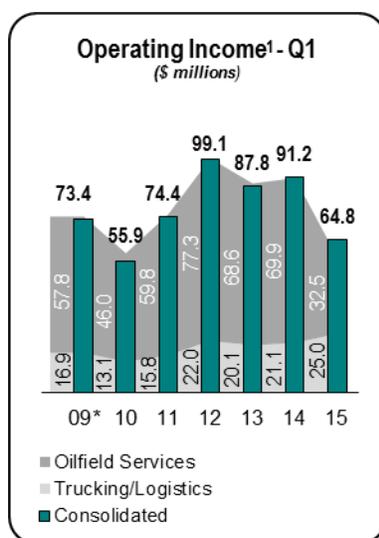
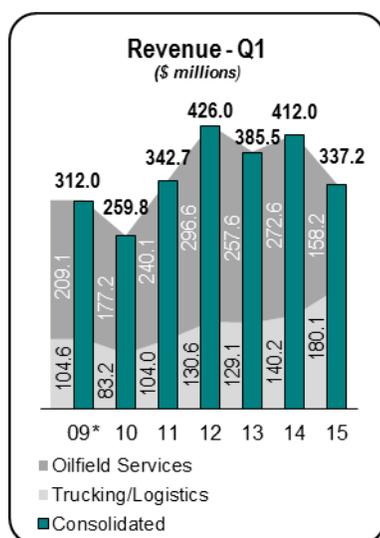
Three month periods ended March 31

(unaudited)

(\$ millions, except share price and per share amounts)

	2015	2014	% Change
Financial Results			
Revenue	\$ 337.2	\$ 412.0	(18.2)
Operating income ⁽¹⁾	64.8	91.2	(28.9)
Net unrealized foreign exchange loss	17.7	9.8	80.6
Decrease in fair value of investments	4.3	2.9	48.3
Net income	2.8	36.3	(92.3)
Net income – adjusted ⁽¹⁾	24.9	47.2	(47.2)
Net cash from operating activities	41.9	35.1	19.4
Cash dividends declared to common shareholders	27.5	27.3	0.7
Financial Position			
Cash and cash equivalents	\$ 137.9	\$ 56.4	144.5
Long-term debt (includes the current portion thereof and the debt component of Debentures)	744.0	432.9	71.9
Total assets	1,875.1	1,613.3	16.2
Share Information			
Cash dividends declared per Common Share	\$ 0.30	\$ 0.30	—
Earnings per share – basic	\$ 0.03	\$ 0.40	(92.5)
Earnings per share – diluted	\$ 0.03	\$ 0.39	(92.3)
Earnings per share – adjusted ⁽¹⁾	\$ 0.27	\$ 0.52	(48.1)
Share price – March 31	\$ 20.09	\$ 27.75	(27.6)
Other Information			
Net capital expenditures ⁽¹⁾	\$ 34.8	\$ 13.3	161.7
Acquisitions	\$ 166.0	\$ —	100.0

⁽¹⁾ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



*Prepared in accordance with Canadian GAAP prior to the adoption of IFRS.

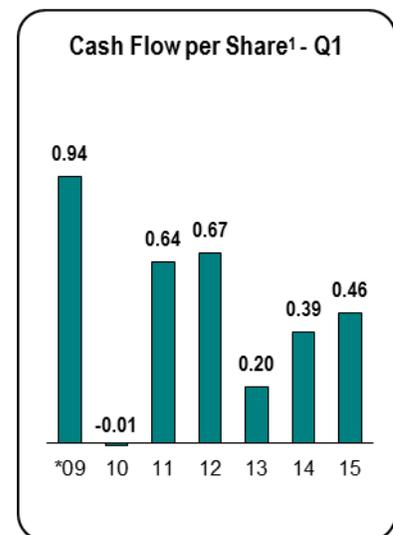
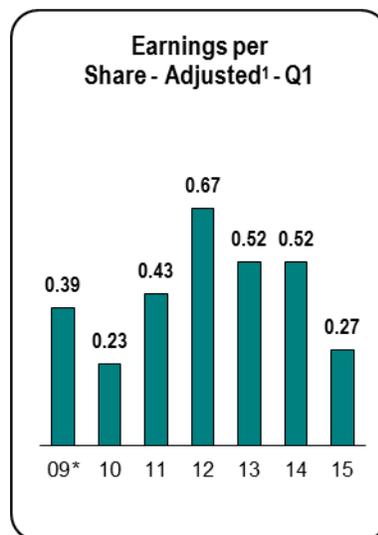
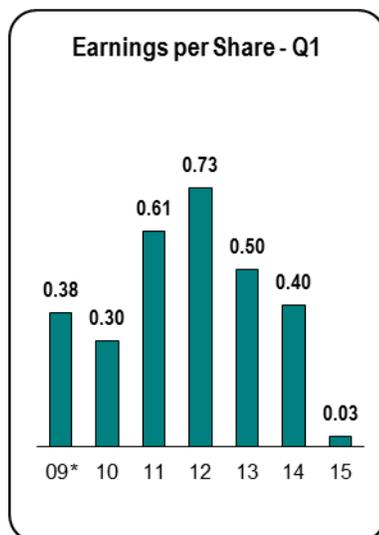


POSITION:

- Working capital: \$279.3 million (includes \$137.9 million of cash and cash equivalents)
- Net debt¹: \$463.1 million (long-term debt plus the debt component of Debentures less working capital)
- Net debt¹ to trailing twelve months operating income¹: 1.79:1

PROGRESS:

- Maintained the annual dividend of \$1.20 per share (\$0.10 declared and paid monthly) representing a yield of 6.0 percent based upon the closing price of \$20.09 on March 31, 2015.
- Closed the acquisition of Gardewine Group Limited Partnership on January 9, 2015, for total cash consideration of \$171.8 million.
- 2015 capital budget set at \$80.0 million with \$40.0 million allocated as replacement capital, \$35.0 million allocated to purchase real property and \$5.0 million allocated for contingencies.
- Subsequent to the quarter we invested \$8.1 million to acquire minority positions in two oilfield services companies, namely, Envolve Energy Services Corp., a waste disposal company located in Grande Prairie, Alberta and Cordova Oilfield Services Ltd., an oilfield tubulars transportation company located in Fort St. John, British Columbia.



*Prepared in accordance with Canadian GAAP prior to the adoption of IFRS.

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



EXECUTIVE SUMMARY

For the three month period ended March 31, 2015, Mullen Group generated consolidated revenue of \$337.2 million, operating income¹ of \$64.8 million and net cash from operations of \$41.9 million. During the quarter Mullen Group implemented a series of cost saving initiatives due to the collapse in crude oil and natural gas prices; acquired the business of Gardewine Group Limited Partnership ("**Gardewine**") for total cash consideration of \$171.8 million, which included a \$56.4 million repayment of associated debt; paid dividends of \$27.5 million; incurred net capital expenditures¹ of \$34.8 million consisting mainly of real property; and paid interest obligations of \$4.1 million. Mullen Group ended the first quarter with approximately \$137.9 million of cash and cash equivalents.

Consolidated revenue in the first quarter of 2015 decreased by \$74.8 million or 18.2 percent as compared to \$412.0 million generated in 2014. This decrease in revenue was directly attributable to the Oilfield Services segment, where revenue declined by \$114.4 million, or 42.0 percent, to \$158.2 million as compared to \$272.6 million in the same period one year earlier. Low commodity prices have reduced capital investments and drilling activity within western Canada's sedimentary basin, which has negatively impacted almost all of our services lines within the Oilfield Services segment. Specifically, the decrease was due to a reduction in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells, which resulted from a combination of lower activity levels and intense competition accompanied by lower rates. Revenue also decreased due to the cancellation of core drilling programs within the oil sands, project delays related to large diameter pipeline construction projects and from a reduction in revenue from those Operating Entities most directly tied to oil and natural gas drilling activity in western Canada. These decreases were somewhat offset by an increase in the demand for dewatering services and from the incremental revenue generated from acquiring the business of Recon Utility Search N.A. Inc. The Trucking/Logistics segment experienced an increase in revenue of \$39.9 million or 28.5 percent to \$180.1 million as compared to \$140.2 million in 2014. This increase was due to the incremental revenue generated from the acquisition of Gardewine and Bernard Transport Ltd. ("**Bernard**"), which was somewhat offset by Mill Creek Motor Freight L.P.'s ("**Mill Creek**") financial results no longer being consolidated by Mullen Group as of December 1, 2014.

Operating income¹ for the first quarter was \$64.8 million, a decrease of \$26.4 million or 28.9 percent over the same period in 2014. The decrease was primarily attributable to the Oilfield Services segment that experienced a \$37.4 million decrease in operating income¹. This \$37.4 million decrease was mainly due to the cancellation of core drilling programs within the oil sands, project delays related to large diameter pipeline construction projects combined with intense competition and pricing pressures experienced by those Operating Entities involved in the transportation of fluids and servicing of wells. The declines in the Oilfield Services segment were somewhat offset by gains of \$3.9 million in the Trucking/Logistics segment, which mainly resulted from the acquisition of Gardewine and Bernard. Corporate costs also fell by \$7.1 million on a year over year basis, which was mainly attributable to a \$7.1 million positive variance in foreign exchange. As a percentage of consolidated revenue, operating income¹ decreased to 19.2 percent as compared to 22.2 percent in 2014.

In the first quarter of 2015, Mullen Group generated net income of \$2.8 million or \$0.03 per share, a decrease of \$33.5 million, or 92.3 percent, compared to \$36.3 million or \$0.40 per share in 2014. The \$33.5 million decrease in net income was mainly attributable to a \$26.4 million decrease in operating income¹, a \$7.9 million negative variance in net unrealized foreign exchange, a \$2.3 million increase in finance costs and a \$1.4 million negative variance in the fair value of investments. These decreases were partially offset by a \$5.9 million decrease in income tax expense. Mullen Group's net income – adjusted¹ and earnings per share – adjusted¹ eliminates the impact of the net unrealized foreign exchange gains and losses and the change in fair value of investments, which resulted in net income – adjusted¹ of \$24.9 million and earnings per share – adjusted¹ of \$0.27, as compared to \$47.2 million and \$0.52 per share in 2014, respectively. These adjustments more clearly reflect earnings from an operating perspective.

It is during times like this that a diversified business model and strong balance sheet become a real advantage. Our previously announced acquisitions, the most significant being Gardewine – one of Canada's largest trucking and logistics carriers – cushioned an otherwise very challenging quarter. The real and negative impact of low crude oil and natural gas prices hit oilfield service providers, including Mullen Group, in the first quarter. Drilling programs were slashed, capital investment decisions were either delayed or cancelled and pricing pressures were intense, all factors which contributed to the significant declines in our Oilfield Services segment. But one of the real tragedies of this cyclical downturn is the impact on people, including here at Mullen Group where we have reduced our employee head count by over 1,000. We have been forced to adapt to the realities of the current state of the oil and gas industry. The only bright spot last quarter was the relatively strong performance of our Trucking/Logistics segment, in spite of the modest economic performance in Canada.

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



At March 31, 2015, Mullen Group had \$279.3 million of working capital which included \$137.9 million of cash and cash equivalents and \$463.1 million of net debt. Mullen Group also has access to additional funding of \$75.0 million from its bank credit facility, which continues to remain undrawn. The long-term debt consists mainly of private placement debt of U.S. \$314.0 million and Canadian \$331.0 million. The weighted average interest rate on the U.S. debt and the Canadian debt is 4.43 percent and 4.80 percent, respectively. The majority of this debt matures on October 22, 2024 and October 22, 2026. In July 2014 Mullen Group entered into two cross-currency swap contracts to swap the principal portion of \$229.0 million of U.S. dollar debt into a Canadian currency equivalent of \$254.1 million.

We fully expect that our future results will reflect the current trend. Oilfield services will remain under pressure until oil and natural gas prices recover and confidence in the future prospects for the oil and gas industry is restored. The timing of this recovery is uncertain, however, the recent increases in crude oil pricing is encouraging. Our Operating Entities leveraged to oilfield services have substantially completed the necessary cost saving initiatives and are positioned to wait out this cyclical downturn. Until we see clear evidence of an industry recovery we will under invest in the oilfield services sector. However, there are a few areas of interest that we will pursue as opportunities arise. We have already invested in two new companies – Envolve Energy Services Corp. and Cordova Oilfield Services Ltd. – investing alongside quality entrepreneurs in areas we believe offer growth potential. And we fully expect that Mullen Group will make additional investments to support the growth of these companies.

Our Trucking/Logistics segment will be our most productive segment in 2015 given the overall outlook for the Canadian economy and of course the acquisition of Gardewine. The integration of Gardewine is substantively complete and we are now focused on improving the margins at this large and growing company. Trucking and logistics remains an area of interest to our organization given the consolidation opportunities as well as the long-term potential of the industry.

OUTLOOK

Our overall financial results were supported by the strong performance of our Trucking/Logistics segment, which benefitted from a relatively stable operating environment and previously announced acquisitions, a trend we expect to continue throughout 2015. Our strategy of operating a diversified business model focused on both the energy sector as well as the trucking and logistics sector of the economy will support our organization during this period of low commodity prices.

The Canadian economy continues to underperform relative to expectations limiting internal growth possibilities for those Operating Entities in our Trucking/Logistics segment. Within this market environment we have a two-fold strategy. First, we will continue to pursue acquisitions in the trucking and logistics sector, an area we continue to view with the best long-term fundamentals. Secondly, we will work with each of our new acquisitions to maximize the business opportunities and improve their financial and operating performance.

The collapse in crude oil and natural gas prices has had a significant negative impact on producers' cash flows forcing nearly all oil and gas companies to cut their capital expenditures. As a result there has been a significant reduction in drilling programs, infrastructure and capital projects, not only in western Canada but throughout all oil and gas producing regions. These reductions have directly impacted the service providers to the industry from both a demand and pricing perspective. Mullen Group is not immune from these challenges as evidenced by the poor performance of our Oilfield Services segment outlined in this report. In the absence of a sustainable rise in commodity prices it is difficult to determine the timing of a recovery, although we are optimistic that a recovery will occur as the supply and demand fundamentals stabilize. Until demand improves all of our Operating Entities in the Oilfield Services segment will underperform. We have implemented a number of cost saving initiatives and reduced rates for our key clients to remain competitive. We will not, however, respond to requests for unrealistic pricing adjustments. Our strategy is to be competitive but not at any price. We will patiently wait for market conditions to improve. In terms of acquisition opportunities in the oilfield services sector, we continue to evaluate several opportunities. However, our strategy is to identify areas of potential growth and to partner alongside established entrepreneurs. In the first quarter we identified two opportunities and expect to make further minority investments during this cyclical downturn. We view this as the best risk adjusted way to position our organization for the next cyclical upturn.

We continue to believe that the annual dividend of \$1.20 per share is sustainable given Mullen Group's diversified business model and strong balance sheet. This is predicated on our belief that the operating environment in the Oilfield Services segment stabilizes over the course of the next months and recovers later in the year. The Board will continue to monitor events to ensure that overall sustainability of Mullen Group is not compromised.



CORPORATE OVERVIEW

Mullen Group is a publicly-traded company listed on the Toronto Stock Exchange ("TSX") under the symbol "MTL". Through a network of wholly-owned companies and limited partnerships (the "Operating Entities"), Mullen Group provides a wide range of specialized transportation and related services to the oil and natural gas industry in western Canada and is one of the leading suppliers of trucking and logistics services in Canada – two sectors of the economy in which strong business relationships and industry leadership have been developed.

Business

The business of Mullen Group is operated through its Operating Entities, which are divided into two distinct operating segments for reporting purposes – Oilfield Services and Trucking/Logistics. The segments are differentiated by the type of service provided, equipment requirements and customer needs. Mullen Group provides the capital and financial expertise, technology and systems support, shared services and strategic planning (the "Corporate Office") for the Operating Entities. The Corporate Office also invests in certain public and private corporations. In addition, the Corporate Office, through its subsidiary MT Investments Inc. ("MT"), owns a network of real estate holdings and facilities that are leased primarily to the Operating Entities. Such properties are leased by MT to the Operating Entities on commercially reasonable terms. The day to day management of the Operating Entities is conducted at the subsidiary level.

At March 31, 2015, the Oilfield Services segment consisted of 16 Operating Entities that utilize their highly trained personnel and equipment to provide specialized transportation services, drilling, well-servicing and dewatering services to the oil and natural gas industry. These services include transporting of oversize and overweight shipments, conductor pipe setting, core drilling, casing setting, the transportation, handling, storage and computerized inventory management of oilfield fluids, tubulars and drilling mud, pipe stockpiling and stringing, a broad range of services related to the processing and production of heavy oil, including well servicing and handling, transportation and disposal of fluids, as well as frac support, dredging, water management, dewatering, pond reclamation services, hydrovac excavation and drilling rig relocation services.

Oilfield Services Segment:

Operating Entity	Primary Service Provided
Production Services	
Cascade Energy Services L.P.	Fluid Transportation - British Columbia & Alberta
E-Can Oilfield Services L.P.	Fluid Transportation - Heavy Oil Regions of Alberta
Heavy Crude Hauling L.P.	Fluid Transportation - Heavy Oil Regions of Alberta
Majestic Oilfield Services Inc.	Fluid Transportation - British Columbia & Alberta
R. E. Line Trucking (Coleville) Ltd.	Fluid Transportation - Saskatchewan
Spearing Service L.P. ⁽¹⁾	Fluid Transportation - Saskatchewan
Specialized Services	
Canadian Dewatering L.P.	Water Management Services
Premay Equipment L.P.	Specialized Heavy Haul
Premay Pipeline Hauling L.P.	Large Diameter Pipe Transportation
Recon Utility Search L.P. ⁽²⁾	Hydrovac Excavation Services
Drilling Services	
OK Drilling Services L.P.	Conductor Pipe Setting
TREO Drilling Services L.P.	Core Drilling
Drilling Related Services	
Formula Powell L.P.	Mud / Fluid Transportation & Warehousing
Mullen Oilfield Services L.P.	Rig Relocation Services
Pe Ben Oilfield Services L.P.	Drill Pipe Transportation & Warehousing
Withers L.P.	Drill Pipe Transportation & Warehousing

⁽¹⁾ On January 1, 2015, the operations of Brady Oilfield Services L.P. were combined with Spearing Service L.P.

⁽²⁾ Acquired the business of Recon Utility Search N.A. Inc. on November 5, 2014 and now operates as Recon Utility Search L.P.

At March 31, 2015, the Trucking/Logistics segment consisted of 11 Operating Entities, offering a diversified range of truckload and less-than-truckload ("LTL") general freight services to customers in Canada and the United States.



These services include transporting a wide range of goods including general freight, specialized commodities such as cable, pipe and steel, over-dimensional loads such as heavy equipment, compressors and over-sized goods and dry bulk commodities such as cement and frac sand. In addition, the Trucking/Logistics segment provides logistics, warehousing and distribution, transload and intermodal services primarily in western Canada, as well as the production, excavation and transportation of various aggregate products.

Trucking/Logistics Segment:

Operating Entity	Primary Service Provided
Bernard Transport Ltd. ⁽¹⁾	Regional Scheduled LTL - Northern Alberta
Cascade Carriers L.P.	Dry Bulk Freight
Gardewine Group Limited Partnership ⁽²⁾	Regional Scheduled LTL – Manitoba and Ontario & Specialized Transportation
Grimshaw Trucking L.P.	Regional Scheduled LTL - Northern Alberta
Hi-Way 9 Group of Companies	Regional Scheduled LTL - Southern Alberta
Jay's Transportation Group Ltd. ⁽³⁾	Regional Scheduled LTL - Saskatchewan
Kleysen Group L.P.	Irregular Route Truckload & Multi-Modal
Mullen Trucking L.P.	Irregular Route Truckload & Specialized Transportation
Payne Transportation L.P.	Irregular Route Truckload & Specialized Transportation
Smook Contractors Ltd.	Civil Construction
Tenold Transportation Limited Partnership	Irregular Route Truckload

⁽¹⁾ Acquired October 1, 2014

⁽²⁾ Acquired January 9, 2015

⁽³⁾ On October 31, 2014, Jays Moving & Storage Ltd. changed its name to Jay's Transportation Group Ltd.

A more detailed description of the Operating Entities is set forth in the Annual Information Form, which is dated February 11, 2015 and is available on SEDAR at www.sedar.com, our website at www.mullen-group.com or upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com.

Private Placement and Capital Allocations

Private Placement

On September 16, 2014, Mullen Group executed a Note Purchase Agreement whereby it issued a series of unsecured notes on a private placement basis (the "**2014 Notes**"), the proceeds of which were drawn on October 22, 2014. The following table details our long-term debt after issuing the 2014 Notes and the repayment of the Series A and Series B Notes:

(\$ millions)	Principal Amount	Maturity	Interest Rate ⁽¹⁾
Notes:			
Series E	\$ 85.0	September 27, 2017	5.90%
Series G ⁽³⁾	117.0	October 22, 2024	3.84%
Series H ⁽⁴⁾	112.0	October 22, 2026	3.94%
Total U.S. dollar debt	\$ 314.0		4.43%⁽²⁾
Notes:			
Series C	\$ 70.0	June 30, 2016	5.60%
Series D	70.0	June 30, 2018	5.76%
Series F	20.0	September 27, 2017	5.47%
Series I	30.0	October 22, 2024	3.88%
Series J	3.0	October 22, 2026	4.00%
Series K	58.0	October 22, 2024	3.95%
Series L	80.0	October 22, 2026	4.07%
Total CDN. dollar debt	\$ 331.0		4.80%⁽²⁾

⁽¹⁾ Interest is payable semi-annually

⁽²⁾ Weighted average interest rate calculation

⁽³⁾ Maturity swapped at \$1.1047 for a total of CDN. \$129.2 million

⁽⁴⁾ Maturity swapped at \$1.1148 for a total of CDN. \$124.9 million



A portion of the proceeds from the Series G and Series H Notes were used to repay portions of our existing Private Placement Debt (as hereafter defined on page 13). Specifically, on October 24, 2014, Mullen Group, at its sole discretion, repaid the holders of Series A (U.S. \$100.0 million) and Series B (U.S. \$50.0 million) Notes. The 2014 Notes have significantly lower interest rates than the Series A and Series B Notes. Subsequent to issuing the 2014 Notes and the repayment of the Series A and Series B Notes, our weighted average interest rate on our U.S. dollar long-term debt was reduced to 4.43 percent from 6.17 percent. The weighted average interest rate on our Canadian dollar long-term debt was reduced to 4.80 percent from 5.65 percent. The Series A and Series B Notes were to mature on June 30, 2016 and June 30, 2018, respectively.

In conjunction with the 2014 Notes offering, Mullen Group entered into two cross-currency swap contracts to swap the principal portion of the Series G (U.S. \$117.0 million) and Series H (U.S. \$112.0 million) Notes (collectively, the "**Cross-Currency Swaps**") into Canadian dollars at foreign exchange rates of \$1.1047 and \$1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. The Cross-Currency Swaps convert the repayment of the principal portion of the Series G and Series H Notes into a Canadian currency equivalent of \$129.2 million and \$124.9 million, respectively. The Cross-Currency Swaps are recorded at their fair value at the end of each period with any changes in fair value being recorded within net unrealized foreign exchange loss (gain) in the statement of comprehensive income. The terms and thresholds of the financial covenants for the 2014 Notes are the same as our existing Private Placement Debt, with the two main financial covenants being total debt that cannot exceed 3.5 times operating cash flow (as hereafter described on page 29) and a fixed charge coverage ratio that cannot be less than 1.75:1.

Acquisitions and Investments

2015

Gardewine Group Limited Partnership – On January 9, 2015, Mullen Group acquired the business, including land and buildings, of the Manitoba based Gardewine Group Limited Partnership, one of the largest privately owned transportation carriers in Canada, in an all cash transaction for total consideration of \$171.8 million, which includes repaying \$56.4 million of associated debt. Gardewine is comprised of the following businesses: Gardewine North, Northern Cartage, Northern Deck, Northern Bulk and Northern Logistics. Gardewine, a well-established and reputable company founded in 1952, provides both regional LTL, truckload and specialized truckload services primarily in Manitoba and Ontario operating a fleet of approximately 660 trucks and 1,300 trailers through a network of 23 owned and 11 leased terminals, employing over 1,500 employees and 140 contract owner operators. Mullen Group expects that Gardewine will contribute additional annual revenue in excess of \$225.0 million, however, it currently generates margins that are lower than the average of Mullen Group's pre-existing Operating Entities within the Trucking/Logistics segment. As a result, the overall operating margin of the Trucking/Logistics segment is expected to temporarily decline. Mullen Group acquired Gardewine as part of its strategy to invest in the transportation sector in Canada. Gardewine's financial results from operations are included in the Trucking/Logistics segment. Due to the limited time between the acquisition of Gardewine and the preparation of the Interim Financial Statements, the amount of working capital received, as well as the value of the assets acquired and the liabilities assumed are based upon preliminary financial information available to management as of the date of this report.

Equity Investments – During the quarter Mullen Group evaluated a number of investment opportunities. Subsequent to the quarter we invested \$8.1 million to acquire minority positions in two companies; Envolve Energy Services Corp., a waste disposal company operating in the Grande Prairie, Alberta region, and Cordova Oilfield Services Ltd., a general oilfield hauling company specializing in pipe storage, handling and transportation located in Fort St. John, British Columbia. These investments are part of our strategy to invest alongside high quality entrepreneurs in companies that have growth potential.



2014

Recon Utility Search N.A. Inc. – On November 5, 2014, Mullen Group acquired the business of and facilities used by Recon Utility Search N.A. Inc., which now operates as Recon Utility Search L.P. ("**Recon**") for net cash consideration of \$21.7 million, including \$3.0 million of contingent consideration. Pursuant to the purchase and sale agreement, the vendor may receive cash consideration of up to \$3.0 million for achieving certain financial targets in the 2015, 2016 and 2017 fiscal years. Recon is headquartered in Hardisty, Alberta and provides specialized vacuum and hydrovac services mainly to the oil and gas pipeline industry within Alberta, Canada. Mullen Group acquired this business as part of its strategy to invest in the energy sector. The results from Recon's operations are included in the Oilfield Services segment.

Bernard Transport Ltd. – On October 1, 2014, Mullen Group acquired all of the issued and outstanding shares of Bernard for net cash consideration of \$6.9 million. Bernard is headquartered in Edmonton, Alberta and provides LTL transportation services within Alberta. Mullen Group acquired Bernard as part of its strategy to invest in the transportation sector in western Canada. Bernard's financial results from operations are included in the Trucking/Logistics segment.

Kriska Transportation Group Limited – On December 1, 2014, Mullen Group entered into a share transfer agreement whereby it contributed its interest in Mill Creek in exchange for a 30.0 percent equity interest in Kriska Transportation Group Limited ("**Kriska Transportation**"). Kriska Holdings Limited ("**Kriska Holdings**") contributed its interest to Kriska Transportation in exchange for a 70.0 percent equity interest in Kriska Transportation. Kriska Transportation is a growth oriented Ontario based transportation and logistics company. Mullen Group acquired an equity interest in Kriska Transportation as part of its strategy to invest in the transportation sector in eastern Canada.

All the acquisitions set forth above have been accounted for by the acquisition method and the financial results of operations have been included in the accompanying Interim Financial Statements from the date of acquisition.

Capital Expenditures

On December 17, 2014, Mullen Group's Board approved an \$80.0 million capital expenditure budget for 2015, with \$40.0 million allocated as replacement capital for the Corporation's Operating Entities, the majority focused towards purchasing trucks, trailers and specialized equipment to support operations. In addition, \$35.0 million was allocated to purchase real property. Further, a total of \$5.0 million was allocated for contingencies. The capital required for acquisitions and other special projects is not included in this \$80.0 million budget and will be considered by the Board throughout the year as the need arises.

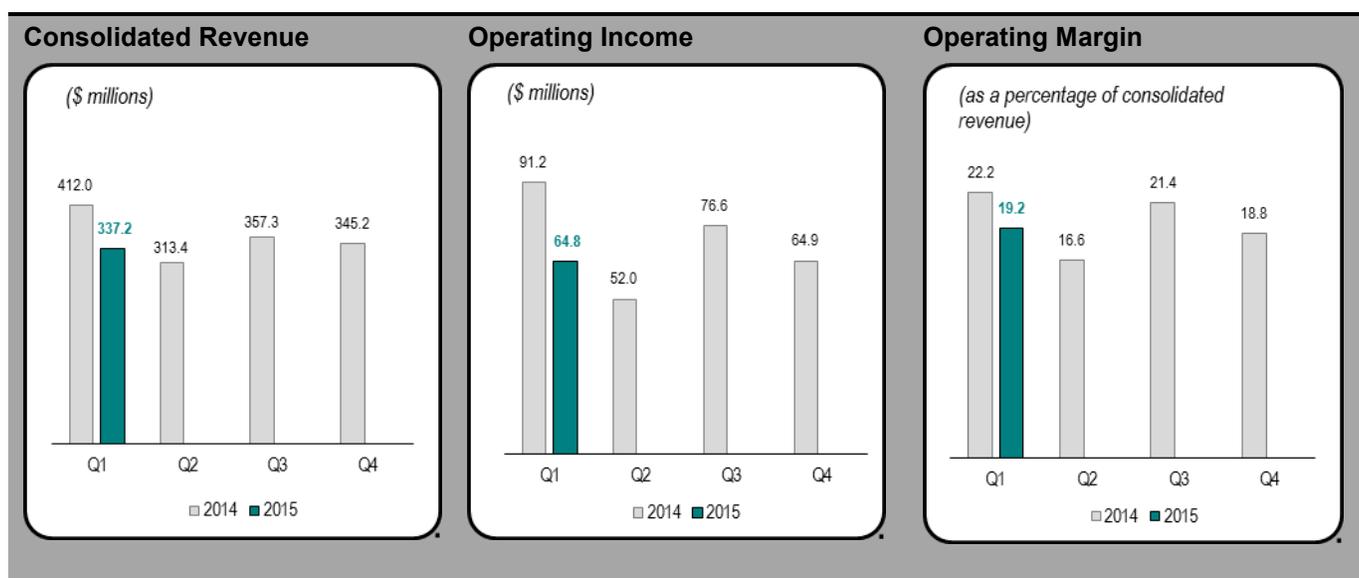
In the first three months of 2015, gross capital expenditures were \$36.4 million as compared to \$17.8 million in 2014. These capital expenditures were comprised of \$5.7 million in the Oilfield Services segment (2014 – \$13.3 million), \$5.6 million in the Trucking/Logistics segment (2014 – \$4.3 million) and \$25.2 million in the Corporate Office (2014 – \$0.2 million). Gross dispositions on a consolidated basis were \$1.6 million in the first three months of 2015 as compared to \$4.5 million in 2014. These gross dispositions were comprised of \$1.2 million in the Oilfield Services segment (2014 – \$4.1 million) and \$0.4 million in the Trucking/Logistics segment (2014 – \$0.4 million).

During the first quarter of 2015 the Corporate Office purchased \$25.2 million (2014 – \$0.1 million) of real property and facilities through its subsidiary MT to develop its network of real estate holdings. MT purchased \$25.1 million of real property predominately within Saskatchewan that is currently being used in the operations of Jay's Transportation Group Ltd. ("**Jay's**"). The purchase of these properties will reduce Mullen Group's operating lease costs by \$1.5 million per annum.



CONSOLIDATED FINANCIAL RESULTS – THREE MONTH PERIOD ENDED MARCH 31, 2015

Summary – Trailing Five Quarters



Consolidated first quarter financial results were below the prior year levels, and below our expectations, due to the under performance of the Oilfield Services segment. This decline was due to a number of factors including significantly lower drilling activity levels in western Canada, the cancellation of core drilling programs within the oil sands and project delays related to large diameter pipeline construction projects. In terms of overall industry activity levels, the demand for services fell dramatically and intense competition and price cutting ensued. Acquisitions, most notably the acquisition of Gardewine, somewhat offset the declines associated with the downturn in the Oilfield Services segment and added substantial growth to the Trucking/Logistics segment.

Revenue

Revenue is generated by the Corporation through its Operating Entities. These Operating Entities are divided into two operating segments, namely Oilfield Services and Trucking/Logistics. The Operating Entities utilize a combination of company assets that are either owned by the Operating Entity or leased under long-term operating leases ("**Company Equipment**"), owner operators who provide trucks and/or trailers and work exclusively for the Operating Entity under annual contracts and subcontractors who own their own equipment and are used during times of peak demand (collectively, "**Contractors**").

Q1 Consolidated Revenue						
<i>(unaudited)</i>						
<i>(\$ millions)</i>						
	2015		2014		Change	
	\$	%	\$	%	\$	%
Company	216.5	64.2	257.7	62.5	(41.2)	(16.0)
Contractors	119.2	35.3	152.8	37.1	(33.6)	(22.0)
Other	1.5	0.5	1.5	0.4	—	—
Total	337.2	100.0	412.0	100.0	(74.8)	(18.2)

Consolidated revenue in the first quarter decreased by \$74.8 million, or 18.2 percent, to \$337.2 million as compared to \$412.0 million in 2014. The decrease in revenue was directly attributable to the Oilfield Services segment, which decreased by \$114.4 million, or 42.0 percent, to \$158.2 million as compared to \$272.6 million in the same period one year earlier. The decrease was due to revenue declines in almost every Operating Entity within this segment as drilling activity declined significantly. In addition, revenue declined due to the cancellation of winter core drilling programs and the timing of large diameter pipeline projects. Conversely, revenue in the Trucking/Logistics segment



increased by \$39.9 million, or 28.5 percent, to \$180.1 million from \$140.2 million primarily due to the net effect of the acquisitions of Gardewine and Bernard and the disposition of Mill Creek (the "**T/L Acquisitions**").

Revenue related to Company Equipment decreased by \$41.2 million, or 16.0 percent, to \$216.5 million as compared to \$257.7 million in 2014 and represented 64.2 percent of consolidated revenue in the current period compared to 62.5 percent in 2014. Revenue related to Contractors decreased by \$33.6 million, or 22.0 percent, to \$119.2 million as compared to \$152.8 million in 2014 and represented 35.3 percent of consolidated revenue in the current period as compared to 37.1 percent in 2014.

Direct Operating Expenses

Direct Operating Expenses ("DOE") include two main categories of expenses. The first category of DOE relates to the direct costs incurred to operate and maintain Company Equipment. The major DOE associated with operating Company Equipment are wages, fuel, repairs and maintenance and operating supplies. The other expenses included under DOE – Company mainly consist of operating leases, equipment rent, insurance, licensing costs and third party costs incurred to generate Company revenue. The second category of DOE are the costs incurred to hire Contractors, whether owner operators or subcontractors.

Q1 Consolidated Direct Operating Expenses						
<i>(unaudited)</i>						
<i>(\$ millions)</i>						
	2015		2014		Change	
	\$	%*	\$	%*	\$	%
Company						
Wages and benefits	60.9	28.1	69.6	27.0	(8.7)	(12.5)
Fuel	21.3	9.8	27.7	10.7	(6.4)	(23.1)
Repairs and maintenance	29.1	13.4	34.1	13.2	(5.0)	(14.7)
Operating supplies	16.4	7.6	21.5	8.3	(5.1)	(23.7)
Other	22.2	10.3	9.9	4.0	12.3	124.2
	149.9	69.2	162.8	63.2	(12.9)	(7.9)
Contractors	90.2	75.7	116.2	76.0	(26.0)	(22.4)
Total	240.1	71.2	279.0	67.7	(38.9)	(13.9)

*as a percentage of respective Consolidated revenue

DOE were \$240.1 million in the first quarter as compared to \$279.0 million in 2014. The decrease of \$38.9 million, or 13.9 percent, was directly related to the \$74.8 million decrease in consolidated revenue. As a percentage of revenue these expenses increased by 3.5 percent to 71.2 percent as compared to 67.7 percent in 2014.

DOE associated with Company Equipment decreased to \$149.9 million from \$162.8 million in 2014. The decrease of \$12.9 million, or 7.9 percent, was directly related to the \$41.2 million decrease in Company revenue. As a percentage of Company revenue, however, these expenses increased by 6.0 percent to 69.2 percent as compared to 63.2 percent in 2014 primarily due to the rise in Other expenses. This resulted from the \$12.3 million of incremental costs related to the acquisition of Gardewine and its use of purchased transportation from third parties to generate Company revenue.

Contractors expense in the first quarter decreased to \$90.2 million, as compared to \$116.2 million in 2014. This \$26.0 million decrease was directly related to the decrease in Contractors revenue. The majority of the decrease in Contractors expense, specifically \$23.3 million, was due to the Oilfield Services segment. As a percentage of Contractors revenue, Contractors expense decreased by 0.3 percent to 75.7 percent as compared to 76.0 percent in 2014.



Selling and Administrative Expenses

Selling and Administrative ("S&A") expenses include salaries, employee profit share and other administrative expenses incurred to support the operations of Mullen Group and its Operating Entities.

Q1 Consolidated Selling and Administrative Expenses						
(unaudited) (\$ millions)	2015		2014		Change	
	\$	%*	\$	%*	\$	%
	Wages and benefits	23.9	7.1	21.4	5.2	2.5
Communications, utilities and general supplies	11.0	3.3	11.0	2.7	—	—
Profit share	3.0	0.9	6.8	1.7	(3.8)	(55.9)
Foreign exchange	(8.6)	(2.6)	(0.9)	(0.2)	(7.7)	855.6
Stock-based compensation	0.3	0.1	0.8	0.2	(0.5)	(62.5)
Rent and other	2.7	0.8	2.7	0.5	—	—
Total	32.3	9.6	41.8	10.1	(9.5)	(22.7)

*as a percentage of total Consolidated revenue

S&A expenses decreased by \$9.5 million to \$32.3 million in the first quarter as compared to \$41.8 million in 2014. This was attributable to a \$7.7 million positive variance in foreign exchange, a \$4.1 million reduction in S&A expenses due to cost cutting measures and the \$3.8 million reduction in profit share that was partially offset by \$6.1 million of incremental S&A expenses experienced by the T/L Acquisitions during the period. S&A expenses as a percentage of consolidated revenue decreased by 0.5 percent to 9.6 percent in comparison to 10.1 percent in 2014.

Operating Income

Operating income¹ is net income before depreciation of property, plant and equipment, amortization of intangible assets, finance costs, net unrealized foreign exchange gains and losses, other (income) expense and income taxes.

Q1 Consolidated Operating Income ⁽¹⁾						
(unaudited) (\$ millions)	2015		2014		Change	
	\$	%	\$	%	\$	%
	Oilfield Services	32.5	50.1	69.9	76.7	(37.4)
Trucking/Logistics	25.0	38.6	21.1	23.1	3.9	18.5
Corporate	7.3	11.3	0.2	0.2	7.1	3,550.0
Total	64.8	100.0	91.2	100.0	(26.4)	(28.9)

⁽¹⁾ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Operating income¹ for the first quarter decreased to \$64.8 million, or 28.9 percent, compared to \$91.2 million in 2014. The decrease of \$26.4 million was due to the combination of a \$37.4 million decrease in the Oilfield Services segment, a \$3.9 million increase in the Trucking/Logistics segment as well as a \$7.5 million foreign exchange gain within the Corporate office. As a percentage of consolidated revenue, operating income¹ decreased to 19.2 percent as compared to 22.2 percent in 2014 primarily due to the reduction in margin experienced by the Oilfield Services segment. Adjusted for the \$7.5 million foreign exchange gain, operating income¹ would have been \$57.3 million or 17.0 percent of consolidated revenue.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was \$17.7 million in the first quarter as compared to \$17.2 million in 2014. The slight increase of \$0.5 million was attributable to a greater amount of depreciation being recorded in the Trucking/Logistics segment and the Corporate Office, which was somewhat offset by a lower amount being recorded in the Oilfield Services segment. Depreciation in the Trucking/Logistics segment increased by \$0.9 million

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



due to the additional depreciation expense resulting from the acquisition of Gardewine and Bernard, which was somewhat offset by a decline in depreciation from Mill Creek since it is no longer consolidated by Mullen Group as of December 1, 2014. Depreciation in the Corporate Office increased slightly on a year over year basis primarily as a result of capital expenditures related to facilities. Depreciation in the Oilfield Services segment decreased by \$0.7 million due to the sale of older assets by certain Operating Entities combined with the Corporation's declining balance method of depreciation.

Amortization of Intangible Assets

Intangible assets are acquired on acquisitions and are mainly comprised of customer relationship values and non-competition agreements that are amortized over their estimated life from the date of acquisition. For the three month period ended March 31, 2015, amortization of intangible assets was \$4.7 million as compared to \$3.9 million in 2014. The increase of \$0.8 million mainly resulted from the additional amortization recorded on the intangible assets associated with the acquisitions of Gardewine, Bernard and Recon being somewhat offset by the reduction in amortization recorded on certain Operating Entities' intangible assets that have become fully amortized.

Finance Costs

Finance costs mainly consist of:

- interest expense on financial liabilities, including:
 - the \$70.0 million of Series C Notes, \$70.0 million of Series D Notes, U.S. \$85.0 million of Series E Notes, \$20.0 million of Series F Notes, U.S. \$117.0 million of Series G Notes, U.S. \$112.0 million of Series H Notes, \$30.0 million of Series I Notes, \$3.0 million of Series J Notes, \$58.0 million of Series K Notes and \$80.0 million of Series L Notes (collectively, the "**Private Placement Debt**");
 - the convertible unsecured subordinated debentures (the "**Debentures**") that were issued on May 1, 2009;
 - various financing loans that are secured by specific operating equipment (collectively, the "**Various Financing Loans**"); and
 - accretion expense on debt;
- less any interest income generated from cash and cash equivalents.

Finance costs were \$9.0 million in the first quarter as compared to \$6.7 million in 2014. The increase of \$2.3 million was mainly attributable to the additional interest expense being recorded on the 2014 Notes as well as a greater amount of interest expense being recorded on the U.S. dollar debt as a result of a weakening in the Canadian dollar as compared to the U.S. dollar. These increases were somewhat offset by lower interest expense being recorded on the Debentures due to conversions.

Net Unrealized Foreign Exchange Loss

Mullen Group recognizes unrealized foreign exchange gains or losses at the end of each reporting period related to its U.S. dollar debt and from its Cross-Currency Swaps.

The components of net unrealized foreign exchange loss (gain) were as follows:

<i>(unaudited)</i> (\$ millions)	Three month periods ended March 31	
	CDN. \$ Equivalent	
	2015	2014
Unrealized foreign exchange loss on U.S. debt	33.4	9.8
Unrealized foreign exchange (gain) on Cross-Currency Swaps	(15.7)	—
Net unrealized foreign exchange loss	17.7	9.8



Unrealized Foreign Exchange Loss on U.S. Debt

Mullen Group recorded an unrealized foreign exchange loss of \$33.4 million related to the Corporation's U.S. dollar denominated debt due to the \$0.11 weakening of the Canadian dollar against the U.S. dollar during the first quarter of 2015. For the same period in 2014, Mullen Group recorded an unrealized foreign exchange loss of \$9.8 million due to the \$0.04 weakening of the Canadian dollar against the U.S. dollar. The details of the unrealized foreign exchange loss on U.S. debt is summarized in the table below.

<i>(unaudited)</i> (\$ millions, except exchange rate amount)	Three month periods ended March 31					
	2015			2014		
	U.S. \$ Debt	Exchange Rate	CDN. \$ Equivalent	U.S. \$ Debt	Exchange Rate	CDN. \$ Equivalent
Ending – March 31	314.0	1.2666	397.7	235.0	1.1055	259.8
Beginning – January 1	314.0	1.1601	364.3	235.0	1.0636	250.0
Unrealized foreign exchange loss on U.S. debt			33.4			9.8

Unrealized Foreign Exchange (Gain) on Cross-Currency Swaps

On July 25, 2014, Mullen Group entered into two Cross-Currency Swaps with a Canadian bank to swap U.S. \$117.0 million and U.S. \$112.0 million into Canadian currency at foreign exchange rates of \$1.1047 and \$1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. The Cross-Currency Swaps convert the repayment of the principal portion of the Series G and Series H Notes into a Canadian currency equivalent of \$129.2 million and \$124.9 million, respectively. Mullen Group records the unrealized foreign exchange gain or loss relating to these Cross-Currency Swaps within net unrealized foreign exchange loss on the consolidated statement of comprehensive income, which is consistent with its underlying nature and purpose.

For the three month period ended March 31, 2015, Mullen Group recorded an unrealized foreign exchange gain on Cross-Currency Swaps of \$15.7 million. This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below.

<i>(unaudited)</i> (\$ millions)	Three month periods ended March 31			
	2015		2014	
	U.S. \$ Swaps	CDN. \$ Change in Fair Value of Swaps	U.S. \$ Swaps	CDN. \$ Change in Fair Value of Swaps
Cross-Currency Swap maturing October 22, 2024	117.0	(8.2)	—	—
Cross-Currency Swap maturing October 22, 2026	112.0	(7.5)	—	—
Unrealized foreign exchange (gain) on Cross-Currency Swaps		(15.7)		—

Other (Income) Expense

Other (income) expense consists of the change in fair value of investments, the gain or loss on sale of the Corporation's assets including property, plant and equipment and earnings from equity investments. Other expense in the first quarter was \$4.0 million, a \$1.5 million negative variance as compared to the \$2.5 million of other expense recorded in 2014. The \$1.5 million negative variance was due to the factors set forth below.

Change in Fair Value of Investments (negative variance of \$1.4 million). Mullen Group periodically invests in certain private and public corporations. Mullen Group recorded a decrease in the fair value of investments of \$4.3 million in the first quarter as compared to a \$2.9 million decrease in 2014. There were no investments purchased or sold in either the first quarter of 2015 or 2014.

Gain or Loss on Sale of Property, Plant and Equipment (negative variance of \$0.3 million). Mullen Group recognized a loss of \$0.2 million on sale of property, plant and equipment on total consolidated proceeds on sale of \$1.6 million in the first quarter as compared to a \$0.1 million gain on sale of property, plant and equipment on total consolidated



proceeds on sale of \$4.5 million in 2014. The \$0.2 million loss on sale of property, plant and equipment in 2015 mainly resulted from the sale of older assets by Operating Entities within both the Oilfield Services segment and the Trucking/Logistics segment. The \$0.1 million gain on sale of property, plant and equipment in 2014 mainly resulted from the sale of older assets by Operating Entities within the Oilfield Services segment.

Earnings from Equity Investments (positive variance of \$0.2 million). Mullen Group recognized \$0.5 million of earnings from equity investments in the first quarter as compared to earnings of \$0.3 million in 2014. In 2015 earnings from equity investments included Mullen Group's 30.0 percent equity interest in Kriska Transportation and from its 45.0 percent equity interest in Canol Oilfield Services Inc. ("**Canol**"). In 2014 earnings from equity investments only included Mullen Group's equity interest in Canol.

Income Taxes

<i>(unaudited)</i> (\$ millions)	Three month periods ended March 31	
	2015	2014
Income before income taxes	\$ 11.7	\$ 51.1
Combined statutory tax rate	26%	26%
Expected income tax	3.0	13.3
Add (deduct):		
Non-deductible portion of net unrealized foreign exchange loss	2.2	1.2
Non-deductible portion of the change in fair value of investments	0.6	0.4
Stock-based compensation expense	0.1	0.2
Other	3.0	(0.3)
Income tax expense	\$ 8.9	\$ 14.8

Income tax expense was \$8.9 million in the first quarter of 2015 as compared to \$14.8 million in 2014. The decrease of \$5.9 million was mainly attributable to the lower amount of income generated in 2015 as compared to 2014.

Net Income

<i>(unaudited)</i> (\$ millions, except share and per share amounts)	Three month periods ended March 31		
	2015	2014	% Change
Net income	\$ 2.8	\$ 36.3	(92.3)
Weighted average number of Common Shares outstanding	91,633,892	90,823,806	0.9
Earnings per share – basic	\$ 0.03	\$ 0.40	(92.5)

Net income decreased to \$2.8 million in the first quarter as compared to \$36.3 million in 2014. The factors contributing to the decrease in net income include:

- a \$26.4 million decrease in operating income¹;
- a \$7.9 million negative variance in net unrealized foreign exchange;
- a \$2.3 million increase in finance costs;
- a \$1.4 million negative variance in the fair value of investments;
- a \$0.8 million increase in amortization of intangibles;

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



- a \$0.5 million increase in depreciation of property, plant and equipment; and
- a \$0.3 million increase in loss on sale of property, plant and equipment.

These factors were somewhat offset by the following factors that increased net income:

- a \$5.9 million decrease in income tax expense; and
- a \$0.2 million increase in earnings from equity investments.

Basic earnings per share decreased to \$0.03 in the first quarter as compared to \$0.40 in 2014. This decrease resulted from the combined effect of the \$33.5 million decrease in net income and an increase in the weighted average number of Common Shares outstanding. The weighted average number of Common Shares outstanding increased from 90,823,806 to 91,633,892 due to the issuance of Common Shares resulting from the exercise of stock options.

Net Income – Adjusted and Earnings per Share – Adjusted

The following table illustrates net income and basic earnings per share before considering the impact of both the net unrealized foreign exchange gains or losses and the change in fair value of investments. Net income and basic earnings per share have been adjusted to reflect earnings from a strictly operating perspective.

<i>(unaudited)</i> (\$ millions, except share and per share amounts)	Three month periods ended March 31	
	2015	2014
Income before income taxes	\$ 11.7	\$ 51.1
Add (deduct):		
Net unrealized foreign exchange loss	17.7	9.8
Change in fair value of investments	4.3	2.9
Income before income taxes – adjusted	33.7	63.8
Income tax rate	26%	26%
Computed expected income tax expense	(8.8)	(16.6)
Net income – adjusted ⁽¹⁾	24.9	47.2
Weighted average number of Common Shares outstanding – basic	91,633,892	90,823,806
Earnings per share – adjusted ⁽¹⁾	\$ 0.27	\$ 0.52

⁽¹⁾ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

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SEGMENTED INFORMATION – THREE MONTH PERIOD ENDED MARCH 31, 2015

Three month period ended March 31, 2015 (unaudited) (\$ millions)	Oilfield Services	Trucking /Logistics	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$
Revenue	158.2	180.1	(1.1)	337.2
Direct operating expenses	108.7	133.6	(2.2)	240.1
Selling and administrative expenses	17.0	21.5	(6.2)	32.3
Operating income ⁽¹⁾	32.5	25.0	7.3	64.8

Three month period ended March 31, 2014 (unaudited) (\$ millions)	Oilfield Services	Trucking /Logistics	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$
Revenue	272.6	140.2	(0.8)	412.0
Direct operating expenses	179.1	102.9	(3.0)	279.0
Selling and administrative expenses	23.6	16.2	2.0	41.8
Operating income ⁽¹⁾	69.9	21.1	0.2	91.2

⁽¹⁾ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

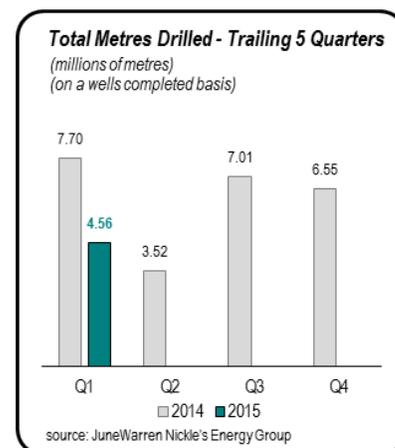
OILFIELD SERVICES SEGMENT

Mullen Group provides the energy sector in northern and western Canada with a wide range of services related to the drilling for oil and natural gas, oil and natural gas production, oil sands infrastructure development and capital projects. At March 31, 2015, the Oilfield Services segment was comprised of 16 Operating Entities, that utilize both Company Equipment and Contractors.

Service Offerings	Key Drivers and Considerations
<ul style="list-style-type: none"> Production Services Specialized Services <ul style="list-style-type: none"> oil sands, dewatering and infrastructure Drilling and Drilling Related 	<ul style="list-style-type: none"> Commodity prices (i.e., oil and natural gas) Drilling trends and evolving technologies Take-away / Pipeline Capacity

Industry Statistics

Mullen Group considers the number of active rigs operating, total wells drilled, length of metres drilled within such wells and the number of operating days, to be useful measures to gauge the strength of industry activity. Recent efforts to enhance drilling efficiency, combined with a movement to longer and deeper multi-stage horizontal wells have changed the correlation of certain drilling statistics. Generally speaking, the rig count and average days to drill a well have decreased while the total metres drilled have increased. Although the reduction in rig count has negatively impacted Mullen Group's rig moving business, the increase in metres drilled has continued to support demand for drill pipe, mud and fluid transportation services, areas in which Mullen Group has strong market positions. In addition, a portion of Mullen Group's operations are related to the continued development and extraction of oil sands deposits in western Canada.



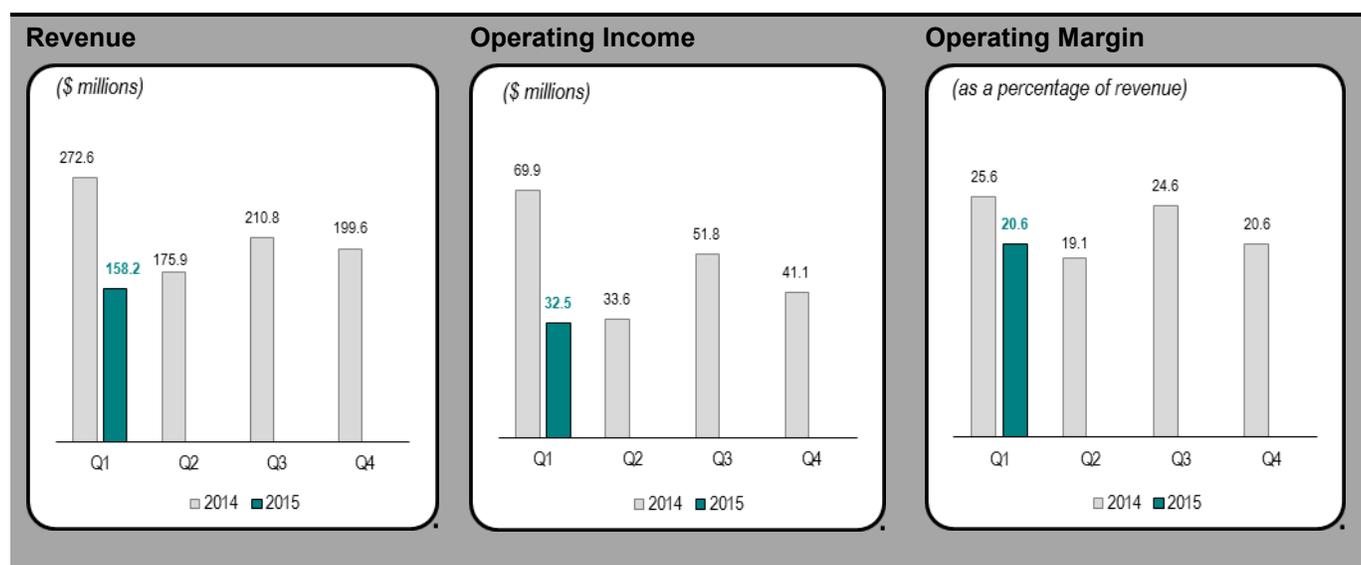
Industry investment and activity in the first quarter was at its lowest level in a number of years. The steep and rapid decline in crude oil and natural gas pricing, which began in the last half of 2014, negatively impacted industry cash flows resulting in significant reductions in drilling activity and investments into capital projects. In many respects the declines experienced this year were more severe than the first quarter of 2009; the last cyclical downturn experienced by the industry. Drilling industry statistics indicate that the average active rig count was 291 rigs during the quarter as compared to 521 active rigs in 2014, a decrease of 230 rigs or 44.1 percent. Total wells drilled decreased by 46.6 percent to 1,872 wells drilled as compared to 3,505 wells drilled in 2014. The length of metres drilled within such wells decreased by 40.8 percent to 4.56 million metres as compared to 7.70 million metres in 2014.

The number of wells completed on a geographic basis was as follows:

	Three month periods ended March 31			
	2015	2014	# Change	% Change
British Columbia	198	213	(15)	(7.0)
Alberta	974	2,126	(1,152)	(54.2)
Saskatchewan	605	1,036	(431)	(41.6)
Manitoba	95	127	(32)	(25.2)
Northwest Territories	—	3	(3)	(100.0)
Total	1,872	3,505	(1,633)	(46.6)

source: JuneWarren-Nickle's Energy Group – wells completed on rig release basis.

Summary – Trailing Five Quarters



Revenue

Q1 Revenue – Oilfield Services						
<i>(unaudited)</i>						
<i>(\$ millions)</i>						
	2015		2014		Change	
	\$	%	\$	%	\$	%
Company	103.1	65.2	186.2	68.3	(83.1)	(44.6)
Contractors	54.5	34.5	85.4	31.3	(30.9)	(36.2)
Other	0.6	0.3	1.0	0.4	(0.4)	(40.0)
Total	158.2	100.0	272.6	100.0	(114.4)	(42.0)

The Oilfield Services segment generated 46.8 percent of pre-consolidated revenue for the first quarter as compared to 66.0 percent in 2014. Revenue decreased by \$114.4 million, or 42.0 percent, to \$158.2 million as compared to



\$272.6 million in 2014 primarily due to lower drilling activity, intense competition and delays of certain large diameter pipeline construction projects. Specifically, the decrease in segment revenue was due to the net effect of the following:

- a \$49.0 million decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells;
- a \$26.7 million decrease in revenue generated by those Operating Entities most directly tied to oil and natural gas drilling activity;
- a \$26.4 million decrease in revenue generated by those Operating Entities providing drilling services due to the cancellation of winter core drilling programs; and
- a \$12.3 million decrease in revenue generated by those Operating Entities providing specialized services, primarily due to a \$15.5 million decrease in revenue related to services associated with large diameter pipeline construction projects being somewhat offset by an increase in demand for water management services and \$1.5 million of incremental revenue due to the acquisition of Recon.

Revenue related to Company Equipment decreased by \$83.1 million, or 44.6 percent, to \$103.1 million as compared to \$186.2 million in 2014 and represented 65.2 percent of segment revenue in the current period compared to 68.3 percent in 2014. Revenue related to Contractors decreased by \$30.9 million, or 36.2 percent, to \$54.5 million as compared to \$85.4 million in 2014 and represented 34.5 percent of segment revenue in the current period as compared to 31.3 percent in 2014.

Direct Operating Expenses

Q1 Direct Operating Expenses – Oilfield Services						
(unaudited) (\$ millions)	2015		2014		Change	
	\$	%*	\$	%*	\$	%
Company						
Wages and benefits	29.9	29.0	50.4	27.1	(20.5)	(40.7)
Fuel	8.1	7.9	17.7	9.5	(9.6)	(54.2)
Repairs and maintenance	15.7	15.2	24.4	13.1	(8.7)	(35.7)
Operating supplies	9.5	9.2	15.1	8.1	(5.6)	(37.1)
Other	3.7	3.6	6.4	3.4	(2.7)	(42.2)
	66.9	64.9	114.0	61.2	(47.1)	(41.3)
Contractors	41.8	76.7	65.1	76.2	(23.3)	(35.8)
Total	108.7	68.7	179.1	65.7	(70.4)	(39.3)

*as a percentage of respective Oilfield Services revenue

DOE were \$108.7 million in the first quarter as compared to \$179.1 million in 2014. The decrease of \$70.4 million, or 39.3 percent, was directly related to the \$114.4 million, or 42.0 percent, decrease in segment revenue during the quarter. As a percentage of revenue these expenses increased by 3.0 percent to 68.7 percent compared to 65.7 percent in 2014.

DOE associated with Company Equipment in the first quarter decreased to \$66.9 million from \$114.0 million in 2014. The decrease of \$47.1 million, or 41.3 percent, was directly related to the \$83.1 million, or 44.6 percent, decrease in Company revenue. The Operating Entities within this segment focused on controlling costs implementing a series of initiatives included wage rollbacks, suspension of bonuses, temporary layoffs, work share programs and the elimination of all discretionary spending. Notwithstanding these efforts, as a percentage of Company revenue these expenses increased by 3.7 percent to 64.9 percent as compared to 61.2 percent in 2014 primarily due to lower activity levels and intense competition accompanied by lower rates.

Contractors expense in the first quarter decreased by \$23.3 million to \$41.8 million as compared to \$65.1 million in 2014. This decrease was generally in line with the decrease in Contractors revenue. As a percentage of Contractors revenue, Contractors expense was 76.7 percent as compared to 76.2 percent in 2014.



Selling and Administrative Expenses

Q1 Selling and Administrative Expenses – Oilfield Services						
<i>(unaudited)</i>						
<i>(\$ millions)</i>						
	2015		2014		Change	
	\$	%*	\$	%*	\$	%
Wages and benefits	9.7	6.1	11.5	4.2	(1.8)	(15.7)
Communications, utilities and general supplies	4.7	3.0	5.8	2.1	(1.1)	(19.0)
Profit share	1.1	0.7	5.1	1.9	(4.0)	(78.4)
Rent and other	1.5	0.9	1.2	0.5	0.3	25.0
Total	17.0	10.7	23.6	8.7	(6.6)	(28.0)

*as a percentage of total Oilfield Services revenue

S&A expenses were \$17.0 million in the first quarter as compared to \$23.6 million in 2014. This \$6.6 million decrease was primarily due to the \$4.0 million decline in profit share expense. In addition, Operating Entities continued to be focused on cost control reducing S&A expenses by a further \$3.0 million. Somewhat offsetting these decreases in expense was the \$0.4 million of incremental S&A expense associated with the acquisition of Recon. S&A expenses as a percentage of segment revenue increased by 2.0 percent to 10.7 percent in comparison to 8.7 percent in 2014 due to the overall fixed nature of these expenses relative to the \$114.4 million decrease in revenue.

Operating Income

Operating income¹ in the first quarter decreased 53.5 percent to \$32.5 million. The \$37.4 million year over year decrease can be attributed to the \$114.4 million decline in revenue. Specifically, operating income¹ decreased due to the net effect of the following:

- a \$13.4 million decrease relating to those Operating Entities involved in drilling services including core drilling;
- a \$10.8 million decrease in those Operating Entities involved in the transportation of fluids and servicing of wells;
- a \$6.6 million decrease from Operating Entities tied to drilling related activity; and
- a \$6.6 million decrease relating to those Operating Entities leveraged to the oil sands and pipeline construction projects.

Operating income¹ represented as a percentage of segment revenue decreased to 20.6 percent in the first quarter from 25.6 percent in 2014, primarily due to the increase in DOE as a percentage of revenue.

Capital Expenditures

Net capital expenditures¹ were \$4.5 million in the first quarter of 2015, a decrease of \$4.7 million as compared to \$9.2 million in 2014. The Oilfield Services segment had gross capital expenditures of \$5.7 million and dispositions of \$1.2 million for net capital expenditures¹ of \$4.5 million in 2015. Gross capital expenditures mainly consisted of additional equipment being purchased by those Operating Entities involved in the transportation of fluids and the servicing of wells. The majority of the dispositions related to the sale of older trucks and trailers. In 2014 gross capital expenditures were \$13.3 million and dispositions were \$4.1 million for net capital expenditures¹ of \$9.2 million.

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

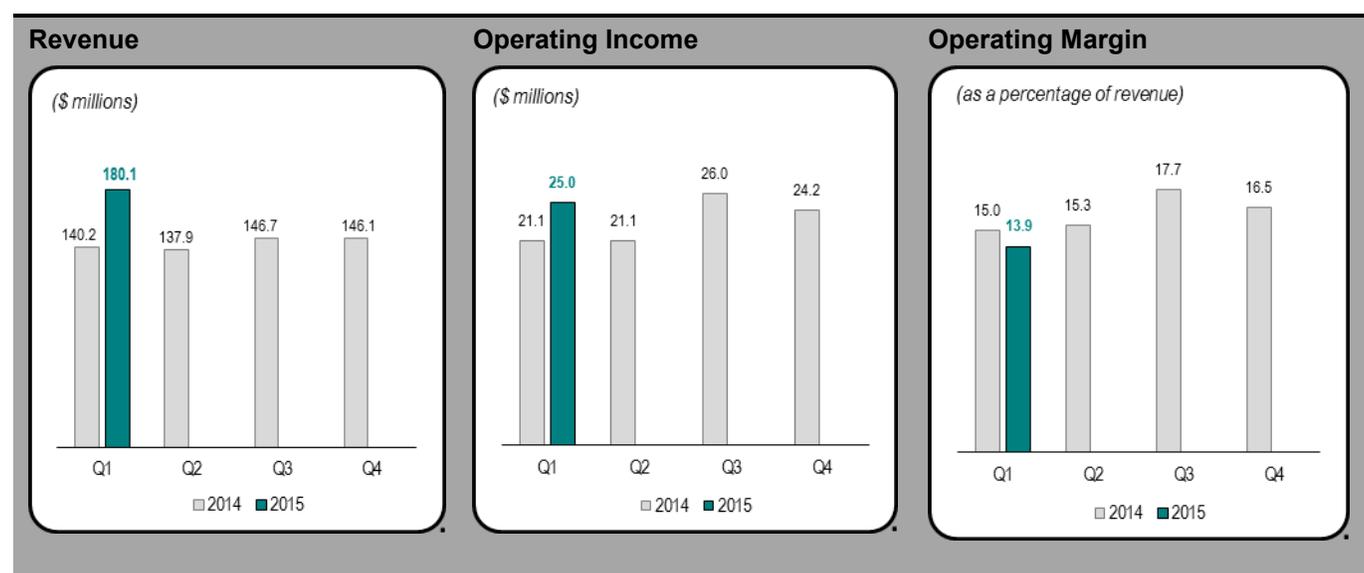


TRUCKING/LOGISTICS SEGMENT

The transportation and distribution of freight is a multi-billion dollar business in Canada and is generally described as both highly competitive and fragmented. The Trucking/Logistics segment provides a wide range of trucking and logistics services in Canada, as well as to and from the continental U.S. At March 31, 2015, the Trucking/Logistics segment was comprised of 11 Operating Entities that utilize both Company Equipment and Contractors.

Service Offerings	Key Drivers and Considerations
<ul style="list-style-type: none"> Long-Haul Trucking (TL) Less-Than-Truckload Trucking (LTL) Logistics, Intermodal and Transload Services Bulk Hauling 	<ul style="list-style-type: none"> Tied to general economy (i.e., GDP) North American network Requires less maintenance capital Industry capacity is shrinking

Summary – Trailing Five Quarters



General economic activity is the main driver of demand levels for our Trucking/Logistics segment. The Trucking/Logistics segment is also influenced by North American trade volumes and resulting demand for freight services. Early estimates indicate that the Canadian economy contracted by 0.1 percent during the early part of the first quarter of 2015 due to the substantive decline in energy exports. However, manufacturing and other trade exports increased modestly. It is also estimated that the American economy grew by an estimated 2.2 percent in the fourth quarter of 2014.

Revenue

Q1 Revenue – Trucking/Logistics						
<i>(unaudited)</i>						
<i>(\$ millions)</i>						
	2015		2014		Change	
	\$	%	\$	%	\$	%
Company	113.4	63.0	71.5	51.0	41.9	58.6
Contractors	66.5	36.9	68.5	48.9	(2.0)	(2.9)
Other	0.2	0.1	0.2	0.1	—	—
Total	180.1	100.0	140.2	100.0	39.9	28.5



The Trucking/Logistics segment generated 53.2 percent of pre-consolidated revenue for the first quarter as compared to 34.0 percent in 2014 due to the combination of revenue declines experienced in the Oilfield Services segment and the T/L Acquisitions. Revenue in this segment increased by \$39.9 million, or 28.5 percent, to \$180.1 million as compared to \$140.2 million in 2014 primarily due to the T/L Acquisitions. In addition, fuel surcharge revenue declined by \$3.5 million to \$9.9 million as compared to \$13.4 million in 2014. Revenue excluding the T/L Acquisitions and the change in fuel surcharge increased by \$2.1 million or 1.5 percent.

Revenue related to Company Equipment increased by \$41.9 million, or 58.6 percent, to \$113.4 million as compared to \$71.5 million in 2014 and represented 63.0 percent of segment revenue in the current period compared to 51.0 percent in 2014. Revenue related to Contractors decreased by \$2.0 million, or 2.9 percent, to \$66.5 million as compared to \$68.5 million in 2014 and represented 36.9 percent of segment revenue in the current period as compared to 48.9 percent in 2014.

Direct Operating Expenses

Q1 Direct Operating Expenses – Trucking/Logistics						
(unaudited) (\$ millions)	2015		2014		Change	
	\$	%*	\$	%*	\$	%
Company						
Wages and benefits	31.0	27.3	19.2	26.9	11.8	61.5
Fuel	13.2	11.6	10.0	14.0	3.2	32.0
Repairs and maintenance	13.4	11.8	9.6	13.4	3.8	39.6
Operating supplies	6.9	6.1	6.5	9.1	0.4	6.2
Other	18.8	16.7	5.4	7.5	13.4	248.1
	83.3	73.5	50.7	70.9	32.6	64.3
Contractors	50.3	75.6	52.2	76.2	(1.9)	(3.6)
Total	133.6	74.2	102.9	73.4	30.7	29.8

*as a percentage of respective Trucking/Logistics revenue

DOE were \$133.6 million in the first quarter as compared to \$102.9 million in 2014. The increase of \$30.7 million, or 29.8 percent, was directly related to the 28.5 percent increase in segment revenue. Overall as a percentage of revenue these expenses increased by 0.8 percent to 74.2 percent as compared to 73.4 percent in 2014.

DOE related to Company Equipment increased by \$32.6 million to \$83.3 million from \$50.7 million in 2014, in spite of the \$39.9 million increase in segment revenue. In terms of a percentage of revenue, Company expenses increased by 2.6 percent to 73.5 percent as compared to 70.9 percent in 2014. This 2.6 percent increase as a percentage of Company revenue was primarily due to the combined effect of the following:

- the rise in Other expense resulting from the \$12.3 million of incremental cost related to the acquisition of Gardewine and its use of purchased transportation from third parties to generate Company revenue; and
- fuel expenses that decreased by 2.4 percent of Company revenue to 11.6 percent, or \$13.2 million, as compared to 14.0 percent or \$10.0 million in 2014 largely due to the year over year decrease in diesel prices.

Contractors expense in the first quarter decreased by \$1.9 million to \$50.3 million as compared to \$52.2 million in 2014 that was generally in line with the decrease in Contractors revenue. As a percentage of Contractors revenue, Contractors expense decreased slightly to 75.6 percent as compared to 76.2 percent in 2014 due to the decreased use of subcontractors in certain markets.



Selling and Administrative Expenses

Q1 Selling and Administrative Expenses – Trucking/Logistics						
<i>(unaudited)</i>						
<i>(\$ millions)</i>						
	2015		2014		Change	
	\$	%*	\$	%*	\$	%
Wages and benefits	13.4	7.4	9.5	6.8	3.9	41.1
Communications, utilities and general supplies	5.9	3.3	4.5	3.2	1.4	31.1
Profit share	1.9	1.1	1.7	1.2	0.2	11.8
Foreign exchange	(0.9)	(0.5)	(0.5)	(0.4)	(0.4)	80.0
Rent and other	1.2	0.6	1.0	0.8	0.2	20.0
Total	21.5	11.9	16.2	11.6	5.3	32.7

*as a percentage of total Trucking/Logistics revenue

S&A expenses were \$21.5 million in the first quarter as compared to \$16.2 million in 2014. The increase of \$5.3 million was primarily due to the incremental S&A expenses experienced by the T/L Acquisitions being somewhat offset by a positive variance in foreign exchange and cost control initiatives. S&A expenses as a percentage of segment revenue increased modestly to 11.9 percent as compared to 11.6 percent in 2014.

Operating Income

Operating income¹ for the first quarter increased to \$25.0 million, or 18.5 percent, compared to \$21.1 million generated in the same period last year. The increase of \$3.9 million resulted from the T/L Acquisitions. As a percentage of segment revenue, operating income¹ decreased to 13.9 percent as compared to 15.0 percent in 2014. This 1.1 percent decrease in operating margin was primarily due to the acquisition of Gardewine, which currently has an operating margin below the segment average. Gardewine's lower margin negatively impacted segment operating margin by 223 basis points.

Capital Expenditures

Net capital expenditures¹ were \$5.2 million in the first quarter, an increase of \$1.3 million as compared to \$3.9 million in 2014. The Trucking/Logistics segment had gross capital expenditures of \$5.6 million and dispositions of \$0.4 million for net capital expenditures¹ of \$5.2 million in 2015. Gross capital expenditures mainly consisted of the purchase of trucks and trailers, as well as various pieces of operating equipment. In 2014 gross capital expenditures were \$4.3 million and dispositions were \$0.4 million for net capital expenditures¹ of \$3.9 million.

CORPORATE

The Corporate Office provides support to the Corporation's Operating Entities including coordinating business strategies, monitoring financial and business performance and providing shared services such as payroll services, human resource support, information technology support and accounting services. The Corporate Office also owns a network of real estate holdings and facilities, through its subsidiary MT, which are leased primarily to the Operating Entities. Such properties are leased on commercially reasonable terms. In addition, the Corporate Office is responsible for all regulatory and public reporting.

The Corporate Office generated operating income¹ of \$7.3 million in the first quarter as compared to operating income¹ of \$0.2 million in 2014. The \$7.1 million increase in operating income¹ was mainly attributable to a positive variance in foreign exchange. In the first quarter of 2015, the Corporate Office recorded a foreign exchange gain of \$7.5 million related to its \$68.9 million of U.S. dollar denominated cash due to the \$0.11 strengthening of the U.S. dollar relative to the Canadian dollar.

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



CAPITAL RESOURCES AND LIQUIDITY

Consolidated Cash Flow Summary

<i>(unaudited)</i> (\$ millions)	Three month periods ended March 31	
	2015	2014
Net cash from operating activities	\$ 41.9	\$ 35.1
Net cash used in financing activities	(32.6)	(26.3)
Net cash used in investing activities	(204.7)	(11.1)
Change in cash and cash equivalents	(195.4)	(2.3)
Effect of exchange rate fluctuations on cash held	7.9	0.5
Cash and cash equivalents, beginning of period	325.4	58.2
Cash and cash equivalents, end of period	\$ 137.9	\$ 56.4

Sources and Uses of Cash

Net cash from operating activities in the first quarter increased to \$41.9 million in 2015, as compared to \$35.1 million in 2014. The increase of \$6.8 million, or 19.4 percent, was due to a \$39.3 million change in non-cash working capital items from operating activities in 2015 as compared to 2014 and to a lesser extent, a \$1.8 million reduction in the amount of income taxes paid in the first quarter of 2015. These items were somewhat offset by a \$26.4 million decrease in operating income¹.

The change in non-cash working capital items from operating activities is detailed in the table below.

Changes in Non-Cash Working Capital Items from Operating Activities			
<i>(unaudited)</i> (\$ millions)	Three month periods ended March 31		
	2015	2014	Variance
	\$	\$	\$
Sources (uses) of cash			
Trade and other receivables	31.3	(45.4)	76.7
Inventory	(2.3)	1.1	(3.4)
Prepaid expenses	1.5	3.5	(2.0)
Accounts payable and accrued liabilities	(30.1)	1.9	(32.0)
Total sources (uses) of cash from non-cash working capital items	0.4	(38.9)	39.3

Operating Activities

In the first quarter of 2015, Mullen Group generated \$0.4 million of cash from changes in non-cash working capital items from operating activities as compared to using \$38.9 million of cash in 2014. This \$39.3 million variance was mainly due to the factors listed below.

- A variance of \$76.7 million in trade and other receivables that resulted from the combined effect of a \$31.3 million source of cash in 2015 as compared to a \$45.4 million use of cash in 2014. Generally speaking, our exposure to the seasonal activity pattern of western Canada's oil and natural gas exploration industry whereby activity peaks in the first quarter, typically results in Mullen Group being required to finance its non-cash working capital requirements, until such time as the receivables that were generated in the first quarter are collected. However, in 2015 there was a \$31.3 million source of cash from trade and other receivables due to Mullen Group generating less receivables than it collected during the period, which mainly resulted from a reduction in revenue generated by the Oilfield Services segment in the first quarter of 2015. In 2014 the

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



\$45.4 million use of cash resulted from Mullen Group financing a greater amount of its receivables due to business expansion until such time as those receivables were collected.

Somewhat offsetting this item was the following:

- A variance of \$32.0 million in accounts payable and accrued liabilities that resulted from the combined effect of a \$30.1 million use of cash in 2015 and a \$1.9 million source of cash in 2014. In 2015 the \$30.1 million use of cash was due to a decline in business activity, which resulted in Mullen Group paying more of its payables than it incurred during the period. In 2014 the \$1.9 million source of cash was due to Mullen Group paying less of its payables than it incurred during the period.
- A variance of \$3.4 million in inventory that resulted from the combined effect of a \$2.3 million use of cash in 2015 and a \$1.1 million source of cash in 2014.
- A variance of \$2.0 million in prepaid expenses that resulted from the combined effect of a \$1.5 million source of cash in 2015 and a \$3.5 million source of cash in 2014.

Financing Activities

Net cash used in financing activities increased to \$32.6 million in the first quarter of 2015 as compared to \$26.3 million in 2014. This \$6.3 million increase was mainly due to the factors set forth below.

- A \$2.1 million increase in the repayment of long-term debt and loans in 2015 as compared to 2014. The increase of \$2.1 million was mainly due to repaying \$2.0 million of shareholder loans assumed in the acquisition of Gardewine.
- A \$0.3 million increase in dividends paid to shareholders in the first quarter of 2015 as compared to 2014 due to an increase in the number of Common Shares outstanding, which primarily resulted from the conversion of Debentures and the exercise of stock options.
- A reduction of \$3.9 million of cash received from the exercise of stock options.

Investing Activities

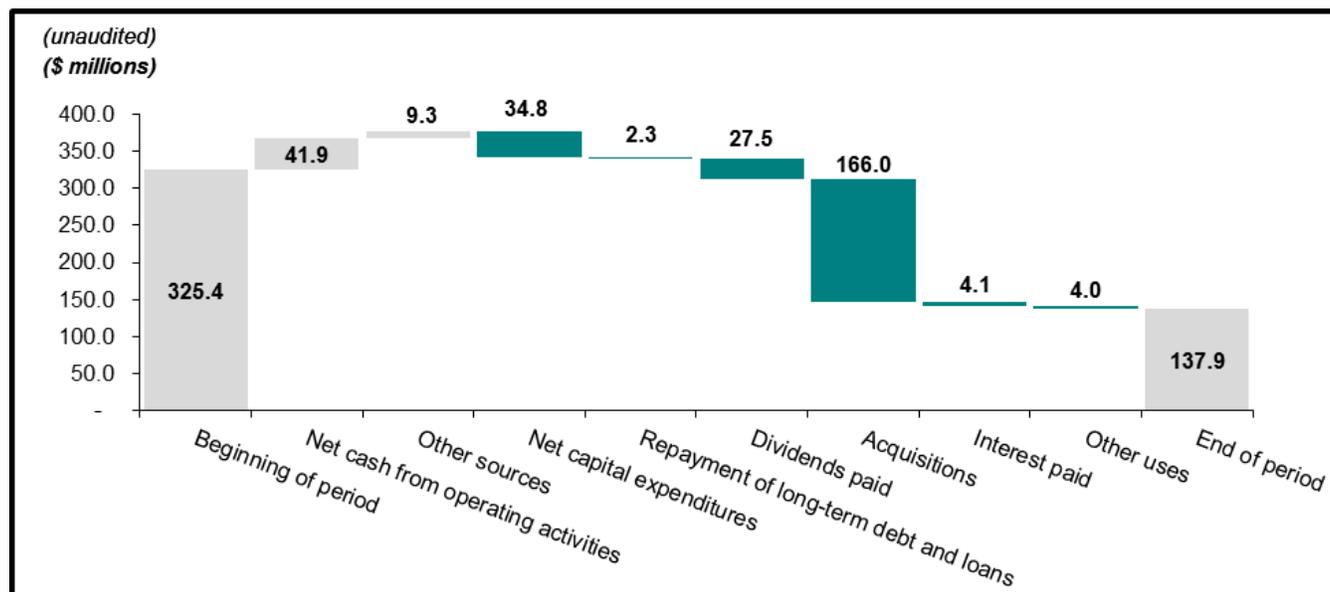
Net cash used in investing activities increased to \$204.7 million in the first quarter of 2015 as compared to \$11.1 million in 2014. This \$193.6 million increase was mainly due to the factors set forth below.

- A \$166.0 million increase in acquisition costs due to acquiring Gardewine.
- A \$21.5 million increase in net property, plant and equipment. In 2015 net property, plant and equipment additions were \$34.8 million, most of which related to real property within Saskatchewan that is currently being used in the operations of Jay's.

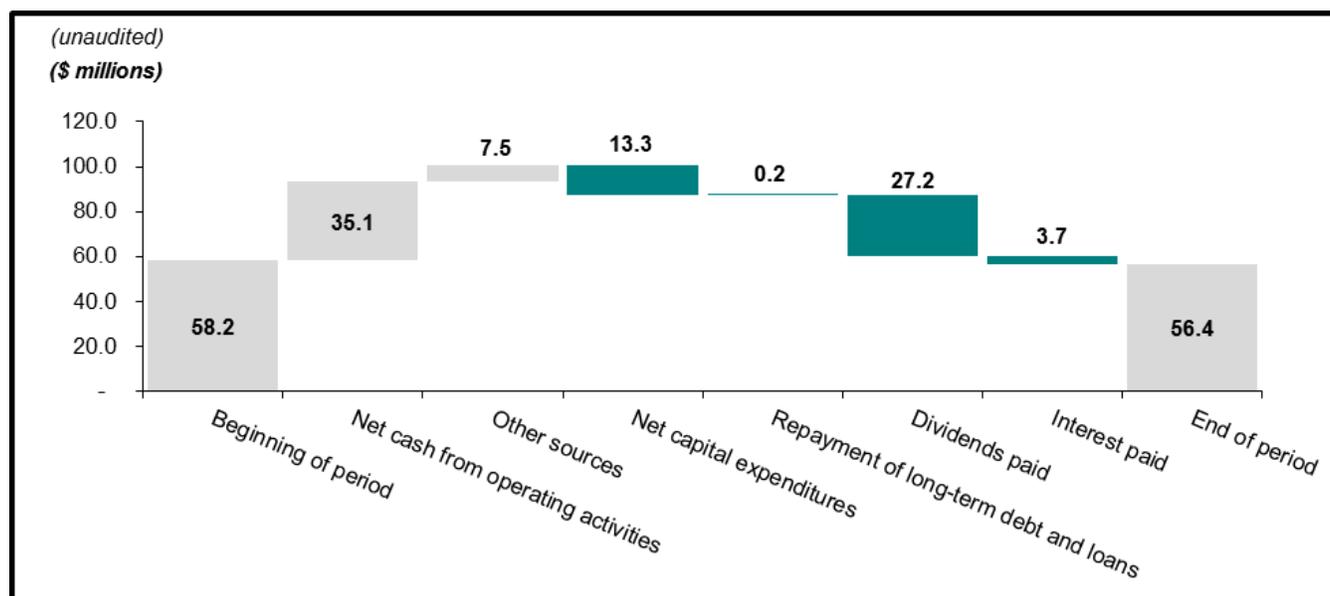


The following charts present the sources and uses of cash for comparative purposes.

Three month period ended March 31, 2015



Three month period ended March 31, 2014



In addition to the \$41.9 million (2014 – \$35.1 million) of net cash from operating activities, Mullen Group also received \$9.3 million (2014 – \$7.5 million) of cash from other sources, which mainly consisted of the effect of exchange rate fluctuations on cash held, the change in non-cash working capital items from financing activities, the exercise of stock options and interest income generated on cash and cash equivalents. Cash was used to fund acquisitions of \$166.0 million (2014 – nil), repay long-term debt and loans of \$2.3 million (2014 – \$0.2 million), pay dividends totalling \$27.5 million (2014 – \$27.2 million), incur net capital expenditures¹ of \$34.8 million (2014 – \$13.3 million) and pay interest obligations of \$4.1 million (2014 – \$3.7 million).

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



Working Capital

At March 31, 2015, Mullen Group had \$279.3 million (December 31, 2014 – \$460.5 million) of working capital, which included \$137.9 million (December 31, 2014 – \$325.4 million) of cash and cash equivalents. Mullen Group also had access to additional funding of \$75.0 million from its credit facility with the Royal Bank of Canada (the "**Bank Credit Facility**"). This working capital, the Bank Credit Facility and the anticipated cash flow from operating activities in 2015 are available to finance Mullen Group's ongoing working capital requirements, dividends declared by the Board, its 2015 capital expenditure budget, as well as various special projects and acquisition opportunities.

Dividends

Mullen Group declared dividends of \$1.20 per Common Share (\$0.10 per Common Share on a monthly basis) in 2014. On December 17, 2014, Mullen Group's Board announced its intention to continue the practice of paying annual dividends of \$1.20 per Common Share (\$0.10 per Common Share on a monthly basis) for 2015. The Board will continue to consider the amount of and the record date for the monthly dividend.

Mullen Group declared monthly dividends of \$0.10 per Common Share in the first three months of 2015 totalling \$0.30 per Common Share (2014 – \$0.30 per Common Share). At March 31, 2015, Mullen Group had 91,652,042 Common Shares outstanding and a dividend payable of \$9.2 million (2014 – \$9.1 million), which was paid on April 15, 2015. Mullen Group also declared its monthly dividend of \$0.10 per Common Share on April 20, 2015 to the holders of record at the close of business on April 30, 2015.

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Debt

As at March 31, 2015, Mullen Group had net debt¹ outstanding of \$463.1 million, (December 31, 2014 – \$244.5 million), which consisted of total debt of \$744.0 million (December 31, 2014 – \$705.0 million) less working capital (excluding the current portion of long-term debt) of \$280.9 million (December 31, 2014 – \$460.5 million). Total debt is comprised of the Private Placement Debt, Debentures and Various Financing Loans. The following table summarizes Mullen Group's total and net debt¹ as at March 31, 2015, and December 31, 2014:

(\$ millions)	Interest Rate	March 31, 2015		December 31, 2014	
		U.S. Dollar	CDN. Dollar Equivalent	U.S. Dollar	CDN. Dollar Equivalent
Private Placement Debt:					
Series C – matures June 30, 2016	5.60%	\$ —	\$ 70.0	\$ —	\$ 70.0
Series D – matures June 30, 2018	5.76%	—	70.0	—	70.0
Series E – matures September 27, 2017	5.90%	85.0	107.7	85.0	98.6
Series F – matures September 27, 2017	5.47%	—	20.0	—	20.0
Series G – matures October 22, 2024	3.84%	117.0	148.2	117.0	135.7
Series H – matures October 22, 2026	3.94%	112.0	141.9	112.0	129.9
Series I – matures October 22, 2024	3.88%	—	30.0	—	30.0
Series J – matures October 22, 2026	4.00%	—	3.0	—	3.0
Series K – matures October 22, 2024	3.95%	—	58.0	—	58.0
Series L – matures October 22, 2026	4.07%	—	80.0	—	80.0
Bank Credit Facility	variable ⁽¹⁾	—	—	—	—
Various Financing Loans	3.63% - 11.24%	—	5.4	—	—
Less:					
Unamortized debt issuance costs		—	(2.3)	—	(2.3)
Long-term debt (including the current portion)		314.0	731.9	314.0	692.9
Debentures – debt component	10.0%	—	12.1	—	12.1
Total debt		\$ 314.0	\$ 744.0	\$ 314.0	\$ 705.0
Less:					
Working capital (excluding the current portion of long-term debt)			280.9		460.5
Net debt⁽²⁾			\$ 463.1		\$ 244.5

⁽¹⁾ Bank prime rate plus 0.5 percent or bankers' acceptance rates plus 1.5 percent.

⁽²⁾ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Private Placement Debt Financial Covenants

Mullen Group has certain financial covenants under its Private Placement Debt. The terms and thresholds of these financial covenants did not change upon the issuance of the 2014 Notes. There are two main financial covenants, as summarized below:

Total Debt to Operating Cash Flow. Mullen Group's total debt cannot exceed 3.5 times operating cash flow calculated using the trailing twelve months' financial results normalized for acquisitions. The term "**total debt**" means all debt including the Private Placement Debt, the Bank Credit Facility, Various Financing Loans and letters of credit, excluding the Debentures. The term "**operating cash flow**" means, for any quarterly period, the trailing twelve months' consolidated net income adjusted for all amounts deducted in the computation thereof on account of (i) taxes imposed on or measured by income or excess profits, (ii) depreciation and amortization taken during such period, (iii) total interest charges, including interest on the Debentures; and (iv) non-cash charges. Mullen Group's total debt to operating cash flow financial covenant under its Private Placement Debt enables the Corporation to include the trailing twelve months operating cash flows from acquisitions. Mullen Group has not included the trailing twelve months of operating cash flows from its most recent acquisitions.

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



Total debt to operating cash flow was calculated as follows:

Total debt to operating cash flow	March 31 2015	December 31 2014
Total debt	\$ 733.4	\$ 694.5
Operating cash flow	\$ 260.5	\$ 287.4
Total debt to operating cash flow	2.82:1	2.42:1

Total Earnings Available for Fixed Charges to Total Fixed Charges. Mullen Group cannot have a fixed charge coverage ratio less than 1.75:1 calculated using the trailing twelve months financial results.

Mullen Group, as evidenced by the table below, is in compliance with both of the aforementioned covenants.

Financial Covenants	Financial Covenant Threshold	March 31 2015	December 31 2014
Private Placement Debt Covenants			
(a) Total debt to operating cash flow cannot exceed	3.50:1	2.82:1	2.42:1
(b) Total earnings available for fixed charges to total fixed charges cannot be less than	1.75:1	4.63:1	5.30:1

Mullen Group's debt-to-equity ratio was 0.85:1 at March 31, 2015, as compared to 0.78:1 at December 31, 2014. This increase in the debt-to-equity ratio was due to the net effect of a \$39.0 million increase in long-term debt (including the current portion) and a \$23.7 million decrease in equity as compared to December 31, 2014. The \$39.0 million increase in long-term debt was mainly due to the effect of the \$33.4 million unrealized foreign exchange loss on the Corporation's U.S. dollar denominated debt and from the \$5.8 million of debt assumed on the Gardewine acquisition. The \$23.7 million decrease in equity mainly resulted from the \$27.5 million of dividends declared to shareholders in 2015. This item was somewhat offset by the \$2.8 million of net income recognized in 2015 and \$0.7 million from the exercise of stock options.

Contractual Obligations

An overview of Mullen Group's contractual obligations can be found on page 36 of the 2014 MD&A. As at March 31, 2015, Mullen Group's contractual obligations have not changed significantly from this overview.

Share Capital

The authorized share capital of Mullen Group consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. The number of, and the specific rights, privileges, restrictions and conditions attaching to any series of Preferred Shares shall be determined by the Board prior to the creation and issuance thereof. As at the date hereof, no series of Preferred Shares has been created.

Common Shares

Common Shares Authorized: Unlimited Number	# of Common Shares	Amount (\$ millions)
Balance at December 31, 2014	91,610,709	\$ 777.3
Common Shares issued on exercise of stock options	41,333	0.9
Balance at March 31, 2015	91,652,042	\$ 778.2

At March 31, 2015, Mullen Group had 91,652,042 Common Shares outstanding representing \$778.2 million in share capital, an increase of \$0.9 million as compared to \$777.3 million at December 31, 2014. This increase was due to an additional \$0.9 million recorded on the issuance of 41,333 Common Shares in relation to the exercise of stock options during the period.



Convertible Unsecured Subordinated Debentures

On May 1, 2009, Mullen Group issued \$125.0 million of Debentures, by way of private placement, at a price of \$1,000 per Debenture. The Debentures mature on July 1, 2018, and bear interest at an annual rate of 10.0 percent payable quarterly in arrears on March 31, June 30, September 30, and December 31 of each year. Each \$1,000 Debenture is convertible into 93.2 Common Shares of Mullen Group (or a conversion price of \$10.73) at any time at the option of the holders of the Debentures. As at the date of issuance, an aggregate of approximately 11.65 million Common Shares of Mullen Group would be issued if all holders converted their principal amount. In addition to the principal amount, as Debentures are converted, any accrued and unpaid interest is also converted into Common Shares of Mullen Group at a conversion price of \$10.73.

The details of the Debentures are as follows:

(\$ millions)		March 31, 2015		December 31, 2014	
Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount	Face Value	Carrying Amount
2018	10%	\$ 12.4	\$ 12.1	\$ 12.4	\$ 12.1

As at March 31, 2015, on a cumulative basis, a total of 112,555 Debentures representing \$112.6 million of aggregate principal amount had been converted into 10,686,804 Common Shares of Mullen Group. As such, Mullen Group had 12,445 Debentures outstanding that could be converted into an aggregate of approximately 1,159,874 Common Shares of the Corporation. As subordinated debt, the accounting value assigned to the Debentures, including any related interest expense, is excluded from Mullen Group's financial covenant calculations on its Private Placement Debt. The Debentures are also subordinated to the Bank Credit Facility.

Stock Option Plan

	Options	Weighted average exercise price
Outstanding – December 31, 2014	1,421,767	\$ 20.94
Exercised	(41,333)	(16.74)
Forfeited	(15,000)	(22.86)
Outstanding – March 31, 2015	1,365,434	\$ 21.05
Exercisable – March 31, 2015	615,434	\$ 18.31

The total number of options available to be issued under the stock option plan cannot exceed 4,000,000. There were 41,333 stock options exercised and 15,000 stock options forfeited in the first three months of 2015. As at March 31, 2015, Mullen Group had 1,365,434 stock options outstanding under the stock option plan.

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SUMMARY OF QUARTERLY RESULTS

Seasonality of Operations

A significant portion of Mullen Group's operations relates to the moving of heavy equipment, drilling rigs and drilling supplies such as oilfield fluids, tubulars and drilling mud and providing services such as conductor pipe-setting, core drilling and casing setting in northern and western Canada. Earnings are influenced by the seasonal activity pattern of western Canada's oil and natural gas exploration industry whereby activity peaks in the winter months and declines during the spring when wet weather and the spring thaw make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Additionally, certain oil and natural gas producing areas are only accessible in the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the goods and services provided by Mullen Group. As a result, the demand for these services is traditionally highest in the first quarter and lowest in the second quarter.

Financial Results

(unaudited) (\$ millions, except per share amounts)	TTM ⁽¹⁾	2015	2014				2013		
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	1,353.1	337.2	345.2	357.3	313.4	412.0	367.4	374.0	310.3
Operating income ⁽²⁾	258.3	64.8	64.9	76.6	52.0	91.2	71.1	85.8	56.0
Net income	61.1	2.8	22.2	10.5	25.6	36.3	20.3	51.2	27.4
Earnings per share									
Basic	0.67	0.03	0.25	0.11	0.28	0.40	0.22	0.56	0.30
Diluted	0.66	0.03	0.24	0.11	0.28	0.39	0.22	0.56	0.30
Other Information									
Net unrealized foreign exchange loss (gain)	23.4	17.7	4.6	10.1	(9.0)	9.8	7.9	(5.1)	8.4
Decrease (increase) in fair value of investments	22.1	4.3	18.0	2.8	(3.0)	2.9	4.2	(4.3)	(16.3)

⁽¹⁾ TTM represents the "trailing twelve months" and consists of a summary of the Corporation's financial results for the most recently completed four quarters.

⁽²⁾ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Consolidated revenue in the first quarter of 2015 decreased by \$74.8 million, or 18.2 percent, to \$337.2 million as compared to \$412.0 million in 2014. The decrease of \$74.8 million was attributable to a reduction in revenue experienced in the Oilfield Services segment. Revenue in the Oilfield Services segment decreased by \$114.4 million and was due to a decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells, which resulted from a combination of low customer demand, intense competition and lower pricing. Revenue also decreased due to the cancellation of winter core drilling programs, delays in large diameter pipeline construction projects and a reduction in revenue from those Operating Entities most directly tied to oil and natural gas drilling activity in western Canada. These decreases were somewhat offset by strong demand for dewatering services and from the incremental revenue generated from the acquisition of Recon. The Trucking/Logistics segment experienced a \$39.9 million increase in revenue due to the incremental revenue generated from the T/L Acquisitions. Net income in the first quarter of 2015 was \$2.8 million, a decrease of \$33.5 million from the \$36.3 million generated in 2014. The \$33.5 million decrease in net income was mainly attributable to a \$26.4 million decrease in operating income¹, a \$7.9 million negative variance in net unrealized foreign exchange, a \$2.3 million increase in finance costs and a \$1.4 million negative variance in the fair value of investments. These decreases were partially offset by a \$5.9 million decrease in income tax expense. As a result, basic earnings per share in the first quarter of 2015 was \$0.03, a decrease of \$0.37, from the \$0.40 generated in 2014.

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



Consolidated revenue in the fourth quarter of 2014 decreased by \$22.2 million, or 6.0 percent, to \$345.2 million as compared to \$367.4 million in 2013. The decrease of \$22.2 million was attributable to a reduction in revenue experienced in the Oilfield Services segment. Revenue in the Oilfield Services segment decreased by \$26.5 million and was due to lower demand for services related to large diameter pipeline construction projects and from a decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells, predominately within the heavy oil region of Alberta, which resulted from intense competition. Revenue also decreased due to a reduction in revenue from those Operating Entities most directly tied to oil and natural gas drilling activity in western Canada and from lower demand for core drilling services. These decreases were somewhat offset by strong demand for dewatering services and from the incremental revenue generated from the acquisition of Recon. The Trucking/Logistics segment experienced a \$4.2 million increase in revenue due to the incremental revenue generated from the acquisition of Bernard and a greater demand for general freight services in certain markets. These increases were somewhat offset by lower demand for heavy haul freight services in western Canada as this segment continues to operate in a competitive pricing environment reflective of a slow growth economy. Net income in the fourth quarter of 2014 was \$22.2 million, an increase of \$1.9 million from the \$20.3 million generated in 2013. The \$1.9 million increase in net income was mainly attributable to a \$9.0 million increase in the gain on sale of property, plant and equipment, a \$10.8 million gain on sale of Mill Creek and a \$3.3 million positive variance in net unrealized foreign exchange. These increases were partially offset by a \$13.8 million negative variance in the fair value of investments and a \$6.2 million decrease in operating income¹. As a result, basic earnings per share in the fourth quarter of 2014 was \$0.25, an increase of \$0.03 per share, from the \$0.22 generated in 2013.

Consolidated revenue in the third quarter of 2014 decreased by \$16.7 million, or 4.5 percent, to \$357.3 million as compared to \$374.0 million in 2013. The decrease of \$16.7 million was attributable to a reduction in revenue experienced in the Oilfield Services segment. Revenue in the Oilfield Services segment decreased by \$18.2 million and was mainly due to lower demand for services related to large diameter pipeline construction projects and from a decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells, which resulted from intense competition in certain markets. The Trucking/Logistics segment experienced a \$1.1 million increase in revenue as this segment continued to operate in an environment reflective of a slow growth economy as greater demand for general freight services was largely offset by lower demand for the transportation of pneumatic bulk commodities and heavy haul freight services in western Canada. Net income in the third quarter of 2014 was \$10.5 million, a decrease of \$40.7 million from the \$51.2 million generated in 2013. The \$40.7 million decrease in net income was mainly attributable to a \$19.0 million one-time expense related to the prepayment of the Series A and Series B Notes, a \$15.2 million negative variance in net unrealized foreign exchange, a \$9.2 million decrease in operating income¹ and a \$7.1 million negative variance in the fair value of investments. These decreases were partially offset by a \$9.0 million decrease in income tax expense. As a result, basic earnings per share in the third quarter of 2014 was \$0.11, a decrease of \$0.45 per share from the \$0.56 generated in 2013.

Consolidated revenue in the second quarter of 2014 increased by \$3.1 million, or 1.0 percent, to \$313.4 million as compared to \$310.3 million in 2013. The increase of \$3.1 million was attributable to greater revenue experienced in both the Trucking/Logistics and Oilfield Services segments. Revenue in the Oilfield Services segment increased by \$2.3 million and was primarily due to increased demand for services from those Operating Entities most directly tied to oil and natural gas drilling activity in western Canada. The Trucking/Logistics segment experienced a \$0.6 million increase in revenue and was mainly due to the acquisition of Jay's. Net income in the second quarter of 2014 was \$25.6 million, a decrease of \$1.8 million from the \$27.4 million generated in 2013. The \$1.8 million decrease in net income was mainly attributable to a \$13.3 million negative variance in the fair value of investments, a \$4.0 million decrease in operating income¹ and a \$3.8 million increase in loss on sale of property, plant and equipment. These decreases were somewhat offset by a \$17.4 million positive variance in net unrealized foreign exchange. As a result, basic earnings per share in the second quarter of 2014 was \$0.28, a decrease of \$0.02 per share from the \$0.30 generated in 2013.

¹ Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



TRANSACTIONS WITH RELATED PARTIES

A description of transactions with related parties can be found on page 55 of the 2014 MD&A. As at March 31, 2015, the transactions with related parties have not changed significantly from these descriptions.

All of the transactions with related parties occurred in the normal course of operations with terms consistent with those offered to arms length parties and are measured at the exchange amount. Mullen Group has no long-term contracts with any related party.

PRINCIPAL RISKS AND UNCERTAINTIES

A description of principal risks and uncertainties can be found beginning on page 56 of the 2014 MD&A. As at March 31, 2015, these business risks and uncertainties have not changed significantly from those descriptions.

CRITICAL ACCOUNTING ESTIMATES

This MD&A summarizes Mullen Group's financial condition and results of operations and is based upon its Interim Financial Statements, which have been prepared in accordance with IFRS and comply with IAS 34 Interim Financial Reporting. The Interim Financial Statements require management to select significant accounting policies and make certain critical accounting estimates that affect the reported assets, liabilities, revenue and expenses. A description of critical accounting estimates can be found beginning on page 65 of the 2014 MD&A. As at March 31, 2015, Mullen Group's critical accounting estimates have not changed significantly from such description.

SIGNIFICANT ACCOUNTING POLICIES

New Standards and Interpretations Not Yet Adopted

Mullen Group has reviewed new and revised standards and interpretations that have been approved by the IASB.

The following table outlines the new accounting pronouncements issued by the IASB that are applicable to, or may have a future impact on, Mullen Group. The new pronouncement set forth below is effective for financial statements with annual periods beginning on or after January 1, 2017.

IFRS Title	Nature of Impending Change	IFRS Application Date	Impact of initial application on the Corporation's Financial Statements
IFRS 15 – Revenue from contracts with customers	IFRS 15 replaces existing IFRS and introduces a new revenue recognition model for contracts with customers. It also replaces existing guidance for contract costs and includes new disclosure requirements.	January 1, 2017 ⁽¹⁾	Management is currently completing its initial assessment of IFRS 15.

⁽¹⁾ This IFRS may be applied retroactively, or as of the application date by adjusting retained earnings using the cumulative effect approach. Early adoption is permitted.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Internal Controls over Financial Reporting

As at March 31, 2015, an evaluation of the effectiveness of Mullen Group's disclosure controls and procedures as defined under the rules adopted by the Canadian securities regulatory authorities was carried out under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"). In accordance with the provisions of National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), management, including the CEO and CFO, have limited the scope of their design of the Corporation's disclosure controls and procedures to exclude controls, policies and procedures of Gardewine. Mullen Group acquired Gardewine on January 9, 2015. During the three month period ended March 31, 2015, Gardewine generated revenue and earnings before tax of \$47.9 million and



\$0.5 million, respectively. As at March 31, 2015, Gardewine had \$32.3 million of current assets and \$16.8 million of current liabilities. The scope limitation is primarily due to the time required for the Corporation's management to assess Gardewine's disclosure controls and procedures to ensure that they are consistent with those of the Corporation. Based on this evaluation, the CEO and the CFO concluded that, as at March 31, 2015, the design and operation of Mullen Group's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Corporation in reports filed with, or submitted to, securities regulatory authorities were reported within the time periods specified under Canadian securities laws.

Internal control over financial reporting is a process designed by or under the supervision of management and effected by the Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, no matter how well designed, has inherent limitations and can provide only reasonable assurance with respect to the preparation and fair presentation of published financial statements. Under the supervision and with the participation of the CEO and CFO, management conducted an evaluation of the effectiveness of its internal control over financial reporting.

The CEO and CFO limited the scope of their design of the Corporation's internal controls over financial reporting to exclude controls, policies and procedures of Gardewine due to the time required for the Corporation's management to assess Gardewine's internal controls over financial reporting to ensure that they are consistent with those of the Corporation. Based on this evaluation, the CEO and CFO concluded that internal control over financial reporting was effective as at March 31, 2015, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") published an updated *Internal Control – Integrated Framework* and related illustrative documents, which will supersede the 1992 COSO Framework as of December 15, 2014 (the "**2013 COSO Framework**"). As of December 31, 2014, Mullen Group was utilizing the original framework published in 1992, but is transitioning to the 2013 COSO Framework as it relates to its internal control over financial reporting. In 2015 there was no change in Mullen Group's internal control over financial reporting that materially affected or is reasonably likely to materially affect Mullen Group's internal control over financial reporting.

Mullen Group's CEO and CFO have filed certifications with the Canadian securities regulators regarding the quality of Mullen Group's public disclosures relating to its fiscal 2015 reports.

FORWARD-LOOKING INFORMATION STATEMENTS

This MD&A contains forward-looking statements within the meaning of applicable Canadian Securities laws relating to:

- Mullen Group's expectation that the strong financial performance of our Trucking/Logistics segment will continue throughout 2015, as referred to in the Outlook section beginning on page 5;
- Mullen Group's expectation that our Operating Entities in the Oilfield Services segment will underperform until demand for our services improves, as referred to in the Executive Summary and Outlook sections beginning on page 4 and page 5, respectively;
- Mullen Group's expectation of making further minority investments within the Oilfield Services segment during this cyclical downturn, as referred to in the Executive Summary and Outlook sections beginning on page 4 and page 5, respectively;
- Mullen Group's belief that the current annual dividend of \$1.20 per share is sustainable, as referred to in the Outlook section beginning on page 5;
- Mullen Group's intent to use working capital, the Bank Credit Facility (as defined on page 27), and the anticipated cash flow from operating activities in 2015 to finance its 2015 capital expenditures budget referred to under the Private Placement and Capital Allocations section beginning on page 7, as well as ongoing working capital requirements and dividends declared by the Board referred to in the Capital Resources and Liquidity section beginning on page 24; and



- Mullen Group's expectation to allocate the \$80.0 million capital expenditure budget approved by the Board for 2015 on the basis of \$40.0 million as replacement capital for the Corporation's Operating Entities, \$35.0 million to purchase real property in Saskatchewan, facilities currently leased by Jay's and to complete the rail transload facility in Edmonton, Alberta and \$5.0 million for contingencies, as referred to in the Capital Expenditures section beginning on page 9.

Readers are cautioned that expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained within this MD&A, Mullen Group has made the assumptions listed below:

- Mullen Group's expectation that the strong financial performance of our Trucking/Logistics segment will continue throughout 2015, is based on the assumption that this segment will continue to benefit from a relatively stable operating environment and the previously announced acquisitions.
- Mullen Group's expectation that our Operating Entities in the Oilfield Services segment will underperform until demand for our services improves, is based on the assumption that the collapse in crude oil and natural gas prices has had a significant negative impact on our customer's cash flows forcing them to cut their capital expenditures. We are optimistic that a recovery will occur once supply and demand fundamentals stabilize, however it is difficult to determine the timing of such recovery.
- Mullen Group's expectation of making further minority investments within the Oilfield Services segment during this cyclical downturn, is based on the assumption that we will continue to identify areas of potential growth and be able to partner alongside established entrepreneurs.
- Mullen Group's belief that the current annual dividend of \$1.20 per share is sustainable, is based on the assumption that we have a diversified business model and strong balance sheet. However, this is also predicated on our belief that the current operating environment in the Oilfield Services segment stabilizes over the course of the next months and recovers later in the year.
- Mullen Group's intention to use working capital, the Bank Credit Facility, and the anticipated cash flow from operating activities in 2015 to finance its 2015 capital expenditures budget and its ongoing working capital requirements and dividends declared by the Board. This assumption is based on Mullen Group's belief that its access to cash will exceed its expected requirements.
- Mullen Group's expectation to allocate \$40.0 million as replacement capital for the Corporation's Operating Entities, \$35.0 million to purchase real property in Saskatchewan, facilities currently leased by Jay's and to complete the rail transload facility in Edmonton, Alberta and \$5.0 million for contingencies is based on the assumption that its Operating Entities will require capital to purchase new trucks, trailers and specialized equipment to support both growth opportunities and their ongoing operations.

Although Mullen Group believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Mullen Group can give no assurance that they will prove to be correct.

Forward-looking statements address future events and conditions and, therefore, involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the service and energy industry in general; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory, securityholder and other approvals as may be required from time to time; and changes in legislation, including but not limited to tax laws and environmental regulations. Accordingly, readers should not place undue reliance on the forward-looking statements contained in this MD&A.

Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Mullen Group along with the forward-looking statements in this MD&A, may be found in the Advisory on page 1 as well as in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website at www.sedar.com. The forward-looking statements contained in this MD&A are made as of the date hereof and Mullen Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities law. Mullen Group relies on litigation protection for "forward-looking" statements.



GLOSSARY OF TERMS AND RECONCILIATION OF NON-GAAP TERMS

The Interim Financial Statements attached and referred to in this MD&A were prepared according to Canadian GAAP. References to operating income, net income – adjusted, earnings per share – adjusted, net capital expenditures, net debt and cash flow per share are not measures recognized by Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. This MD&A reports on certain financial performance measures that are described and presented in order to provide shareholders and potential investors with additional measures to evaluate Mullen Group's ability to fund its operations and information regarding its liquidity. In addition, these measures are used by management in its evaluation of performance. These Non-GAAP Terms may not be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures prepared in accordance with Canadian GAAP. Investors are cautioned that these indicators should not replace the foregoing Canadian GAAP terms: net income, earnings per share, purchases of property, plant and equipment, proceeds on sale of property, plant and equipment and debt.

Operating Income

Operating income is defined as net income before depreciation of property, plant and equipment, amortization of intangible assets, finance costs, net unrealized foreign exchange gains and losses, other (income) expense and income taxes. Management relies on operating income as a measurement since it provides an indication of Mullen Group's ability to generate cash from its principal business activities prior to depreciation and amortization, financing, or taxation in various jurisdictions. Net income is also an indicator of financial performance; however, net income includes expenses that are not a direct result of Mullen Group's operating activities.

Reconciliation of Net Income to Operating Income

<i>(unaudited)</i> (\$ millions)	Three month periods ended March 31	
	2015	2014
Net income	\$ 2.8	\$ 36.3
Add (deduct):		
Income tax expense	8.9	14.8
Net unrealized foreign exchange loss	17.7	9.8
Other (income) expense	4.0	2.5
Finance costs	9.0	6.7
Depreciation of property, plant and equipment	17.7	17.2
Amortization of intangible assets	4.7	3.9
Operating income	\$ 64.8	\$ 91.2

Net Income – Adjusted and Earnings per Share – Adjusted

Net income – adjusted and earnings per share – adjusted are calculated by adjusting net income and basic earnings per share by the amount of any net unrealized foreign exchange gains and losses and from the change in fair value of investments. Management adjusts net income and earnings per share by excluding these specific factors to more clearly reflect earnings from an operating perspective. See page 16 for detailed calculations of net income – adjusted and earnings per share – adjusted.



Net Capital Expenditures

Net capital expenditures are calculated by subtracting the amount of cash received from the sale of property, plant and equipment from the amount of cash used to purchase property, plant and equipment. Management calculates net capital expenditures to evaluate and manage its capital expenditure budget and to assist in allocating capital amongst its Operating Entities.

<i>(unaudited)</i> (\$ millions)	Three month periods ended March 31	
	2015	2014
Purchase of property, plant and equipment	\$ 36.4	\$ 17.8
Proceeds on sale of property, plant and equipment	(1.6)	(4.5)
Net capital expenditures	\$ 34.8	\$ 13.3

Net Debt

Net debt is calculated by subtracting total working capital (current assets less current liabilities) from total debt (long-term debt plus the debt component of Debentures). Management calculates net debt to monitor its capital structure and makes adjustments to it in light of changes in economic conditions.

<i>(unaudited)</i> (\$ millions)	March 31, 2015	December 31, 2014
Long-term debt	\$ 730.3	\$ 692.9
Convertible debentures - debt component	12.1	12.1
Total debt	742.4	705.0
Less working capital:		
Current assets	394.8	589.2
Current liabilities	(115.5)	(128.7)
Total working capital	279.3	460.5
Net debt	\$ 463.1	\$ 244.5

Cash Flow per Share

Cash flow per share is calculated by dividing net cash from operating activities by the weighted average number of Common Shares outstanding. Management measures cash flow per share to provide investors with an indication of the amount of cash being generated on a per share basis, after consideration of working capital and income taxes paid.

<i>(unaudited)</i> (\$ millions, except share and per share amounts)	Three month periods ended March 31	
	2015	2014
Net cash from operating activities	\$ 41.9	\$ 35.1
Weighted average number of Common Shares outstanding	91,633,892	90,823,806
Cash flow per share	\$ 0.46	\$ 0.39





MARCH 31, 2015
INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(unaudited)</i> <i>(thousands)</i>	Note	March 31 2015	December 31 2014
Assets			
Current assets:			
Cash and cash equivalents	\$	137,942	\$ 325,365
Trade and other receivables		205,233	209,835
Inventory		32,643	38,147
Prepaid expenses		9,710	10,010
Current tax receivable		9,263	5,835
		394,791	589,192
Non-current assets:			
Property, plant and equipment		1,016,153	911,699
Goodwill		337,197	257,795
Intangible assets		43,237	31,437
Investments		48,935	52,792
Deferred tax assets		8,907	9,078
Derivative financial instruments	9	25,118	9,345
Other assets		802	799
		1,480,349	1,272,945
Total Assets		\$ 1,875,140	\$ 1,862,137
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 104,185	\$ 117,438
Dividends payable	6	9,165	9,161
Current tax payable		525	2,102
Current portion of long-term debt	8	1,578	—
		115,453	128,701
Non-current liabilities:			
Long-term debt	8	730,296	692,909
Convertible debentures – debt component		12,109	12,083
Deferred tax liabilities		140,048	127,501
		882,453	832,493
Equity:			
Share capital	10	778,180	777,262
Convertible debentures – equity component		550	550
Contributed surplus		10,516	10,463
Retained earnings		87,988	112,668
		877,234	900,943
Subsequent event	15		
Total Liabilities and Equity		\$ 1,875,140	\$ 1,862,137

The notes which begin on page 43 are an integral part of these condensed interim consolidated financial statements.

Approved by the Board of Directors on April 22, 2015, after review by the Audit Committee.

"Signed: Murray K. Mullen"

Murray K. Mullen, Director

"Signed: Dennis J. Hoffman"

Dennis J. Hoffman, Director



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(unaudited)</i> <i>(thousands, except per share amounts)</i>	Note	Three month periods ended March 31	
		2015	2014
Revenue		\$ 337,246	\$ 412,035
Direct operating expenses		240,082	279,058
Selling and administrative expenses		32,305	41,756
		64,859	91,221
Depreciation of property, plant and equipment		17,733	17,154
Amortization of intangible assets		4,700	3,871
Finance costs		9,034	6,697
Net unrealized foreign exchange loss	9	17,668	9,847
Other (income) expense	13	4,061	2,562
Income before income taxes		11,663	51,090
Income tax expense	7	8,851	14,775
Net income and total comprehensive income		\$ 2,812	\$ 36,315
Earnings per share:	11		
Basic		\$ 0.03	\$ 0.40
Diluted		\$ 0.03	\$ 0.39
Weighted average number of Common Shares outstanding:	11		
Basic		91,634	90,824
Diluted		91,708	92,871

The notes which begin on page 43 are an integral part of these condensed interim consolidated financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(unaudited)</i> <i>(thousands)</i>	Share capital	Convertible debentures – equity component	Contributed surplus	Retained earnings	Total
Balance at January 1, 2015	\$ 777,262	\$ 550	\$ 10,463	\$ 112,668	\$ 900,943
Total comprehensive income for the period	—	—	—	2,812	2,812
Common Shares issued on conversion of convertible debentures	—	—	—	—	—
Stock-based compensation expense	—	—	279	—	279
Common Shares issued on exercise of stock options	918	—	(226)	—	692
Dividends declared to common shareholders	—	—	—	(27,492)	(27,492)
Balance at March 31, 2015	\$ 778,180	\$ 550	\$ 10,516	\$ 87,988	\$ 877,234

<i>(unaudited)</i> <i>(thousands)</i>	Share capital	Convertible debentures – equity component	Contributed surplus	Retained earnings	Total
Balance at January 1, 2014	\$ 760,310	\$ 738	\$ 11,327	\$ 127,737	\$ 900,112
Total comprehensive income for the period	—	—	—	36,315	36,315
Common Shares issued on conversion of convertible debentures	2,588	(110)	—	—	2,478
Stock-based compensation expense	—	—	830	—	830
Common Shares issued on exercise of stock options	5,698	—	(1,090)	—	4,608
Dividends declared to common shareholders	—	—	—	(27,279)	(27,279)
Balance at March 31, 2014	\$ 768,596	\$ 628	\$ 11,067	\$ 136,773	\$ 917,064

The notes which begin on page 43 are an integral part of these condensed interim consolidated financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) (thousands)	Note	Three month periods ended March 31	
		2015	2014
Cash provided by (used in):			
Cash flows from operating activities:			
Net income		\$ 2,812	\$ 36,315
Adjustments for:			
Depreciation of property, plant and equipment		17,733	17,154
Amortization of intangible assets		4,700	3,871
Finance costs		9,034	6,697
Stock-based compensation expense		279	830
Unrealized foreign exchange gain on cross-currency swaps	9	(15,773)	—
Foreign exchange		25,555	9,312
Change in fair value of investments		4,335	2,905
Loss (gain) on sale of property, plant and equipment		204	(68)
Earnings from equity investments		(478)	(275)
Income tax expense		8,851	14,775
		57,252	91,516
Changes in non-cash working capital items from operating activities:			
Trade and other receivables		31,341	(45,402)
Inventory		(2,282)	1,029
Prepaid expenses		1,528	3,474
Accounts payable and accrued liabilities		(30,111)	1,933
Cash generated from operating activities		57,728	52,550
Income tax paid		(15,685)	(17,492)
Net cash from operating activities		42,043	35,058
Cash flows from financing activities:			
Cash dividends paid to common shareholders		(27,488)	(27,231)
Interest paid		(4,094)	(3,688)
Repayment of long-term debt and loans		(2,323)	(159)
Net proceeds from Common Share issuances		692	4,608
Changes in non-cash working capital items from financing activities		575	170
Net cash (used in) financing activities		(32,638)	(26,300)
Cash flows from investing activities:			
Acquisitions net of cash acquired	5	(165,979)	—
Purchase of property, plant and equipment		(36,423)	(17,807)
Proceeds on sale of property, plant and equipment		1,588	4,475
Interest received		142	134
Other assets		(3)	(46)
Changes in non-cash working capital items from investing activities		(4,039)	2,130
Net cash used in investing activities		(204,714)	(11,114)
Change in cash and cash equivalents		(195,309)	(2,356)
Cash and cash equivalents at January 1		325,365	58,236
Effect of exchange rate fluctuations on cash held		7,886	535
Cash and cash equivalents at March 31		\$ 137,942	\$ 56,415

The notes which begin on page 43 are an integral part of these condensed interim consolidated financial statements.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three month periods ended March 31, 2015 and 2014 (unaudited)
(Tabular amounts in thousands, except share and per share amounts)

1. Reporting Entity

Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") was incorporated pursuant to the laws of the Province of Alberta and is a publicly-traded company listed on the Toronto Stock Exchange under the symbol 'MTL'. The Corporation maintains its registered office in Okotoks, Alberta, Canada. The business of Mullen Group is operated through wholly-owned (either directly or indirectly) subsidiaries and limited partnerships ("**Operating Entities**"). The business of Mullen Group is a diversified transportation and oilfield service organization with its activities divided into two distinct operating segments, namely Oilfield Services and Trucking/Logistics. These unaudited condensed interim consolidated financial statements ("**Interim Financial Statements**") include the accounts of the Corporation, its subsidiaries and its limited partnerships.

2. Basis of Presentation

(a) Statement of Compliance

These Interim Financial Statements have been prepared in accordance to and comply with International Financial Reporting Standards ("**IFRS**"), which include the International Accounting Standards ("**IAS**") and the interpretations developed by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as issued by the International Accounting Standards Board ("**IASB**"). These Interim Financial Statements comply with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements.

(b) Basis of Measurement

These Interim Financial Statements have been prepared on the historical cost basis except for investments (excluding investments accounted for by the equity method), and derivative financial instruments ("**Derivatives**"), which are measured at fair value through profit or loss.

(c) Functional and Presentation Currency

These Interim Financial Statements are presented in Canadian dollars, which is the functional currency of the Corporation and each of its Operating Entities. All financial information presented in Canadian dollars has been rounded to the nearest thousand except for per share amounts.

3. Significant Accounting Policies

(a) Significant Accounting Policies

The accompanying Interim Financial Statements should be read in conjunction with Note 3 to Mullen Group's audited annual consolidated financial statements for the year ended December 31, 2014, (the "**Annual Financial Statements**") as the accounting policies applied by the Corporation in these Interim Financial Statements are the same as those disclosed therein.

(b) New Standards and Interpretations not yet adopted

Mullen Group has reviewed new and revised standards and interpretations that have been approved by the IASB.

The following table outlines the new accounting pronouncements issued by the IASB that are applicable to, or may have a future impact on, Mullen Group. The new pronouncement set forth below is effective for financial statements with annual periods beginning on or after January 1, 2017.

IFRS Title	Nature of Impending Change	IFRS Application Date	Impact of initial application on the Corporation's Financial Statements
IFRS 15 – Revenue from contracts with customers	IFRS 15 replaces existing IFRS and introduces a new revenue recognition model for contracts with customers. It also replaces existing guidance for contract costs and includes new disclosure requirements.	January 1, 2017 ⁽¹⁾	Management is currently completing its initial assessment of IFRS 15.

⁽¹⁾ This IFRS may be applied retroactively, or as of the application date by adjusting retained earnings using the cumulative effect approach. Early adoption is permitted.

4. Determination of Fair Values

The following table compares the fair value of certain financial assets and financial liabilities to its corresponding carrying amount as presented in the condensed consolidated statement of financial position.

March 31, 2015 Financial Instrument	Fair Value Hierarchy	Carrying Amount	Fair Value
Investments (excluding investments accounted for by using the equity method)	Level 1	\$ 27,029	\$ 27,029
Derivative Financial Instruments	Level 2	\$ 25,118	\$ 25,118
Private Placement Debt	Level 2	\$ 726,437	\$ 712,715
Debentures – debt component	Level 2	\$ 12,109	\$ 14,678



5. Acquisitions

2015 Acquisition

Gardewine Group of Companies – On January 9, 2015, Mullen Group acquired the business of Gardewine Group Limited Partnership, Trans-Provincial Freight Carriers Limited and various holding companies, as well as an interest in Rainy Lake Logistics Limited Partnership (collectively "Gardewine"), for total cash consideration of \$171.8 million, which includes repaying \$56.4 million of associated bank debt and shareholder loans with the remaining \$115.4 million attributable to the net assets. Gardewine is headquartered in Winnipeg, Manitoba and provides a comprehensive range of transportation services, including less-than-truckload ("LTL") and truckload services, open deck transportation and truckload services, as well as specialized handling and transportation of bulk commodities related to the forestry and mining industries. Gardewine operates out of 36 terminals with primary hubs situated in Winnipeg, Brandon and Thompson, Manitoba; and Thunder Bay, Sudbury and Toronto, Ontario. Mullen Group acquired Gardewine as part of its strategy to invest in the transportation sector in Canada. Due to the limited time between the acquisition of Gardewine and the preparation of these Interim Financial Statements, the amount of working capital to be received, as well as the value of the assets acquired and the liabilities assumed are based upon preliminary financial information available to management as of the date of this report.

This acquisition has been accounted for by the acquisition method, and results of operations consisting of \$47.9 million of revenue and \$0.5 million of earnings before tax have been included in these Interim Financial Statements from the date of acquisition. The goodwill acquired in this acquisition primarily relates to the assembled workforce and the synergies from the integration of the acquired business. Gardewine generated revenue of approximately \$3.9 million and a \$64,000 loss before tax from January 1, 2015 to the date of the acquisition.

	2015
Assets:	
Non-cash working capital items	\$ 13,129
Property, plant and equipment	79,256
Intangible assets	16,500
Goodwill (not deductible for tax purposes)	79,402
	188,287
Assumed liabilities:	
Long-term debt	60,202 ⁽¹⁾
Due to shareholders	2,000
Deferred income taxes	14,547
	76,749
Net assets before cash and cash equivalents	111,538
Cash and cash equivalents	3,808
Net assets	115,346
Consideration:	
Cash	115,346
	\$ 115,346

⁽¹⁾ Long-term debt consisted of \$54.4 million of bank debt and \$5.8 million of finance leases.

6. Dividends Payable

For the three month period ended March 31, 2015, Mullen Group declared monthly dividends of \$0.10 per Common Share totalling \$0.30 per Common Share (2014 – \$0.30 per Common Share). At March 31, 2015, Mullen Group had 91,652,042 Common Shares outstanding and a dividend payable of \$9.2 million (2014 – \$9.1 million), which was paid on April 15, 2015. Mullen Group also declared a dividend of \$0.10 per Common Share on April 20, 2015, to the holders of record at the close of business on April 30, 2015.



7. Income Taxes

The provision for income tax expense differs from the amounts that would be obtained by applying the expected Canadian statutory tax rates enacted or substantively enacted as at the respective reporting dates.

The following table provides a reconciliation of the effective tax rates based on the applicable tax rates in various provincial jurisdictions during the period:

	Three month periods ended March 31	
	2015	2014
Income before income taxes	\$ 11,663	\$ 51,090
Combined statutory tax rate	26%	26%
Expected income tax	3,032	13,283
Add (deduct):		
Non-deductible portion of net unrealized foreign exchange loss	2,209	1,231
Non-deductible portion of the change in fair value of investments	573	363
Stock-based compensation expense	70	207
Other	2,967	(309)
Income tax expense	\$ 8,851	\$ 14,775

8. Long-Term Debt and Credit Facilities

Mullen Group has a \$75.0 million revolving demand unsecured credit facility (the "**Bank Credit Facility**"). Interest on the Bank Credit Facility is payable monthly and is based on either the bank prime rate plus 0.50 percent or bankers' acceptance rates plus an acceptance fee of 1.50 percent. As at March 31, 2015, no amounts were drawn on this facility. This facility does not have any financial covenants, however, Mullen Group must be in compliance with certain reporting and general covenants. Mullen Group is in compliance with all of these reporting and general covenants.

Mullen Group has \$1.6 million of letters of credit outstanding, which were issued to guarantee certain performance and payment obligations. These letters of credit reduce the amount available under the Bank Credit Facility.

Mullen Group's long-term debt is mainly comprised of a series of unsecured debt (collectively, the "**Private Placement Debt**"), the details of which are set forth below:

Notes	Principal amount	Maturity	Interest Rate ⁽¹⁾
Series C	\$ 70,000 CDN.	June 30, 2016	5.60%
Series D	\$ 70,000 CDN.	June 30, 2018	5.76%
Series E	\$ 85,000 U.S.	September 27, 2017	5.90%
Series F	\$ 20,000 CDN.	September 27, 2017	5.47%
Series G	\$ 117,000 U.S.	October 22, 2024	3.84%
Series H	\$ 112,000 U.S.	October 22, 2026	3.94%
Series I	\$ 30,000 CDN.	October 22, 2024	3.88%
Series J	\$ 3,000 CDN.	October 22, 2026	4.00%
Series K	\$ 58,000 CDN.	October 22, 2024	3.95%
Series L	\$ 80,000 CDN.	October 22, 2026	4.07%

⁽¹⁾ Interest is payable semi-annually.

On September 16, 2014, Mullen Group entered into a Note Purchase Agreement whereby it agreed to issue several series of senior unsecured notes, including Series G, Series H, Series I, Series J, Series K and Series L (collectively, the "**2014 Notes**"). The 2014 Notes were issued on a private placement basis largely under the same terms as its existing notes and were drawn on October 22, 2014. A portion of the proceeds from the Series G and Series H Notes were used to repay the Series A and Series B Notes.

Mullen Group's unamortized debt issuance costs of \$2.3 million related to its Private Placement Debt have been netted against its carrying value at March 31, 2015 (December 31, 2014 – \$2.3 million). Mullen Group has financial covenants that must be met under its Private Placement Debt agreements, including a total debt to operating cash flow ratio and a total earnings available for fixed charges to total fixed charges ratio, as defined in such agreements. Mullen Group is in compliance with all the Private Placement Debt financial covenants. Mullen Group also had debt comprised of various financing loans, which were secured by specific operating equipment (collectively, the "**Various Financing Loans**").



The following table summarizes the Corporation's long-term debt:

	March 31, 2015	December 31, 2014
Current liabilities:		
Bank Credit Facility	\$ —	\$ —
Various Financing Loans	1,578	—
	1,578	—
Non-current liabilities:		
Private Placement Debt	726,437	692,909
Various Financing Loans	3,859	—
	730,296	692,909
	\$ 731,874	\$ 692,909

The details of long-term debt, as at the date hereof, are as follows:

	Year of Maturity	Nominal Interest Rate	March 31, 2015		December 31, 2014	
			Face Value	Carrying Amount	Face Value	Carrying Amount
			\$	\$	\$	\$
Bank Credit Facility	—	Variable	—	—	—	—
Private Placement Debt	2016 - 2026	3.84% - 5.90%	728,712	726,437	695,271	692,909
Various Financing Loans	2015 - 2018	3.63% - 11.24%	5,437	5,437	—	—
			734,149	731,874	695,271	692,909

9. Derivative Financial Instruments

In conjunction with the pricing of the 2014 Notes, on July 25, 2014, Mullen Group entered into two cross-currency swap contracts with a Canadian bank to swap \$117.0 million U.S. dollars and \$112.0 million U.S. dollars into Canadian dollars (collectively, the "Cross-Currency Swaps") at foreign exchange rates of \$1.1047 and \$1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. For the three month period ended March 31, 2015, Mullen Group recorded a net unrealized foreign exchange loss of \$17.7 million (2014 – \$9.8 million). This was due to the impact of the change over the period in the value of the Canadian dollar relative to the U.S. dollar on the Corporation's U.S. dollar debt and from the change in the fair value of its Cross-Currency Swaps as summarized in the table below:

Net Unrealized Foreign Exchange Loss	Three month periods ended March 31			
	CDN. \$ Equivalent			
	2015		2014	
Unrealized foreign exchange loss on U.S. debt	\$ 33,441	\$ 9,847		
Unrealized foreign exchange (gain) on Cross-Currency Swaps	(15,773)	—		
Net unrealized foreign exchange loss	\$ 17,668	\$ 9,847		

For the three month period ending March 31, 2015, Mullen Group recorded an unrealized foreign exchange loss on U.S. debt of \$33.4 million (2014 - \$9.8 million) as summarized in the table below:

Unrealized Foreign Exchange Loss on U.S. Debt	Three month periods ended March 31					
	2015			2014		
	U.S. \$ Debt	Exchange Rate	CDN. \$ Equivalent	U.S. \$ Debt	Exchange Rate	CDN. \$ Equivalent
<i>(thousands, except exchange rate amount)</i>						
Ending – March 31	314,000	1.2666	397,712	235,000	1.1055	259,792
Beginning – January 1	314,000	1.1601	364,271	235,000	1.0636	249,945
Unrealized foreign exchange loss on U.S. debt			33,441			9,847



For the three month period ended March 31, 2015, Mullen Group recorded an unrealized foreign exchange gain on its Cross-Currency Swaps of \$15.7 million (2014 – nil). This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below:

Unrealized Foreign Exchange (Gain) on Cross-Currency Swaps	Three month periods ended March 31			
	2015		2014	
	U.S. \$ Swaps	CDN. \$ Change in Fair Value of Swaps	U.S. \$ Swaps	CDN. \$ Change in Fair Value of Swaps
Cross-Currency Swap maturing October 22, 2024	117,000	(8,260)	—	—
Cross-Currency Swap maturing October 22, 2026	112,000	(7,513)	—	—
Unrealized foreign exchange (gain) on Cross-Currency Swaps		(15,773)		—

10. Share Capital

The authorized share capital of Mullen Group consists of an unlimited number of no par value Common Shares and an unlimited number of Preferred Shares, issuable in series.

The number of, and the specific rights, privileges, restrictions and conditions attaching to any series of Preferred Shares shall be determined by the Board of Directors of Mullen Group prior to the creation and issuance thereof. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of Mullen Group, whether voluntarily or involuntarily, the Preferred Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series. As at the date hereof, no series of Preferred Shares had been created.

All of the issued Common Shares of Mullen Group have been paid in full.

	# of Common Shares	
	2015	2014
Issued Common Shares at January 1	91,610,709	90,662,413
Stock options exercised	41,333	243,174
Common Shares issued on conversion of Debentures	—	237,293
Issued Common Shares at March 31	91,652,042	91,142,880

11. Earnings per Share

(a) Basic Earnings per Share

Basic earnings per share is calculated as net income attributable to common shareholders divided by the weighted average number of Common Shares outstanding for the period. Net income attributable to common shareholders for the three month period ended March 31, 2015, was \$2.8 million (2014 – \$36.3 million). The weighted average number of Common Shares outstanding for the three month periods ended March 31, 2015 and 2014 was calculated as follows:

	Note	Three month periods ended March 31	
		2015	2014
Issued Common Shares at beginning of period	10	91,610,709	90,662,413
Effect of stock options exercised		23,183	99,203
Effect of Debentures converted		—	62,190
Weighted average number of Common Shares at end of period – basic		91,633,892	90,823,806



(b) Diluted Earnings per Share

Diluted earnings per share is calculated by adjusting net income attributable to common shareholders and the basic weighted average number of Common Shares outstanding by the effects of all potentially dilutive transactions to existing common shareholders. In calculating diluted earnings per share, net income was adjusted as follows:

	Three month periods ended March 31	
	2015	2014
Net income	\$ 2,812	\$ 36,315
Effect on finance costs from conversion of Debentures (net of tax)	—	14
Net income – adjusted	\$ 2,812	\$ 36,329

The diluted weighted average number of Common Shares was calculated as follows:

	Three month periods ended March 31	
	2015	2014
Weighted average number of Common Shares – basic	91,633,892	90,823,806
Effect of "in the money" stock options	74,459	537,644
Effect of conversion of Debentures	—	1,509,410
Weighted average number of Common Shares at end of period – diluted	91,708,351	92,870,860

For the three month period ended March 31, 2015, 750,000 stock options (2014 – 70,000) were excluded from the diluted weighted average number of Common Shares calculation as their effect would have been anti-dilutive. The average market value of the Corporation's Common Shares for the purposes of calculating the dilutive effect of stock options was based on quoted market prices for the periods ended March 31, 2015 and 2014. For the three month period ended March 31, 2015, 1,159,874 Common Shares, which would be issued upon conversion of the Debentures, were excluded from the diluted weighted average number of Common Shares calculation as their effect would have been anti-dilutive. For the three month period ended March 31, 2014, the Common Shares that would be issued upon conversion of the Debentures were included in the calculation as their effect was dilutive.

12. Seasonality of Operations

A significant portion of Mullen Group's operations relate to the moving of heavy equipment, drilling rigs and drilling supplies such as oilfield fluids, tubulars and drilling mud and providing services such as conductor pipe-setting, core drilling and case setting, in northern and western Canada. Earnings are influenced by the seasonal activity pattern of western Canada's oil and natural gas exploration industry whereby activity peaks in the winter months and declines during the spring when wet weather and the spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Additionally, certain oil and natural gas producing areas are only accessible in the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the goods and services provided by Mullen Group. As a result, the demand for these services is traditionally highest in the first quarter and lowest in the second quarter.

13. Other (Income) Expense

	Three month periods ended March 31	
	2015	2014
Change in fair value of investments	\$ 4,335	\$ 2,905
Loss (gain) on sale of property, plant and equipment	204	(68)
Earnings from equity investments	(478)	(275)
	\$ 4,061	\$ 2,562



14. Operating Segments

Mullen Group has two operating segments. These two operating segments have been differentiated by the sector of the economy in which the businesses operate, the type of services provided, equipment requirements and customer needs. The Oilfield Services segment primarily provides specialized transportation, drilling, well-servicing and dewatering services to the oil and natural gas industry in western Canada, which includes exploration and development companies and production and natural gas transmission companies. The Trucking/Logistics segment provides both long haul and local transportation services to customers in various industries predominantly within Canada. The following tables provide financial results by segment:

Three month period ended March 31, 2015	Oilfield Services	Trucking/ Logistics	Corporate	Intersegment eliminations		Total
				Oilfield Services	Trucking/ Logistics	
Revenue	\$ 158,194	\$ 180,076	\$ 832	\$ (912)	\$ (944)	\$ 337,246
Income (loss) before income taxes	15,157	14,348	(17,842)	—	—	11,663
Depreciation of property, plant and equipment	11,380	4,835	1,518	—	—	17,733
Amortization of intangible assets	2,671	2,029	—	—	—	4,700
Capital expenditures ⁽¹⁾	5,679	5,570	25,177	(3)	—	36,423
Total assets at March 31, 2015	\$ 732,509	\$ 475,943	\$ 666,688	\$ —	\$ —	\$ 1,875,140

⁽¹⁾ Excludes business acquisitions

Three month period ended March 31, 2014	Oilfield Services	Trucking/ Logistics	Corporate	Intersegment eliminations		Total
				Oilfield Services	Trucking/ Logistics	
Revenue	\$ 272,633	\$ 140,222	\$ 282	\$ (35)	\$ (1,067)	\$ 412,035
Income (loss) before income taxes	52,855	13,826	(15,591)	—	—	51,090
Depreciation of property, plant and equipment	12,089	3,945	1,120	—	—	17,154
Amortization of intangible assets	2,773	1,098	—	—	—	3,871
Capital expenditures ⁽¹⁾	13,325	4,300	214	(1)	(31)	17,807
Total assets at December 31, 2014	\$ 779,087	\$ 307,558	\$ 775,492	\$ —	\$ —	\$ 1,862,137

⁽¹⁾ Excludes business acquisitions

15. Subsequent event

Subsequent to the first quarter of 2015, Mullen Group invested \$8.1 million to acquire minority equity interests in two companies; Envolve Energy Services Corp., a waste disposal company operating in the Grande Prairie, Alberta region, and Cordova Oilfield Services Ltd., a general oilfield hauling company specializing in pipe storage, handling and transportation located in Fort St. John, British Columbia. Mullen Group made these equity investments as part of its strategy to invest in the energy sector. Mullen Group uses the equity method to account for investments from the date in which it obtains significant influence.



CORPORATE INFORMATION

DIRECTORS | OFFICERS

Murray K. Mullen

Chairman of the Board, Chief Executive Officer,
President and Director

Alan D. Archibald

Lead Director

Greg Bay, CFA

Director

Steven C. Grant

Director

Dennis J. Hoffman, FCA, ICD.D

Director

Stephen H. Lockwood, Q.C.

Director

David E. Mullen

Director

Philip J. Scherman, FCA, ICD.D

Director

P. Stephen Clark, CMA

Chief Financial Officer

Richard J. Maloney

Senior Vice President

Joanna K. Scott

Corporate Secretary and
Vice President, Corporate Services

EXECUTIVE

Murray K. Mullen

Chairman of the Board, Chief Executive Officer
and President

P. Stephen Clark, CMA

Chief Financial Officer

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Senior Vice President

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AUDITORS

PricewaterhouseCoopers LLP

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STOCK EXCHANGE

Toronto Stock Exchange

Trading Symbol: MTL

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