Mullen Group Ltd.

ANNUAL FINANCIAL REVIEW

2015

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CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**"), dated February 10, 2016, has been prepared by management of Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") for the fiscal year ended December 31, 2015, and should be read in conjunction with the audited annual consolidated financial statements for the fiscal year ended December 31, 2015 (the "**Annual 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 the province of Alberta and includes its predecessors where context so requires. The Annual Financial Statements and other additional information on Mullen Group, including the Annual Information Form dated February 10, 2016, are available on SEDAR at www.sedar.com and at www.mullen-group.com. Such 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 Annual Financial Statements were reviewed by Mullen Group's Audit Committee and approved by the Board of Directors (the "**Board**") on February 10, 2016.

ACCOUNTING PRINCIPLES

The Annual 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**"). 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 strategic, financial and operational risks, most important of which are reduced oil and natural gas drilling, decreased oil sands and heavy oil activity, a slowdown in the general economy, currency exchange rates, change in the return on fair value of investments, prevailing interest rates, regulatory framework governing taxes and environmental matters in the jurisdictions in which the Corporation conducts and will conduct its business, customer relationships, labour disruption and driver retention, accidents, cost of liability insurance, fuel prices, ability to access sufficient capital from internal and external sources, changes in tax laws and changes in legislation including but not limited to tax laws and environmental regulations. 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 "Principal Risks and Uncertainties" starting on page 59 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 74 of this MD&A.*

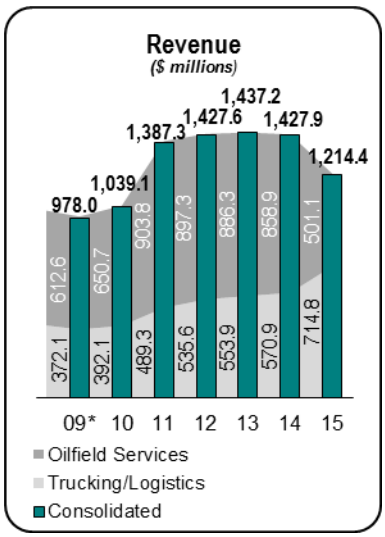
Non-GAAP and Additional GAAP Terms *- Mullen Group reports on certain financial performance measures that are described and presented in order to provide shareholders and potential investors with additional measures to evaluate Mullen Group's ability to fund its operations and information regarding its liquidity. In addition, these measures are used by management in its evaluation of performance. These financial performance measures ("**Non-GAAP and Additional 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 interpretations of IFRIC. Management believes these Non-GAAP and Additional GAAP Terms are useful supplemental measures. These Non-GAAP and Additional GAAP Terms do not have standardized meanings and may not be comparable to similar measures presented by other entities. Specifically, operating income before depreciation and amortization[1], net income – adjusted[1], earnings per share – adjusted[1], net capital expenditures[1], net debt[1] and cash flow per share[1] 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 and Additional GAAP Terms are provided in the "Glossary of Terms and Reconciliation of Non-GAAP and Additional GAAP Terms" section of this MD&A. The Non-GAAP and Additional 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.*

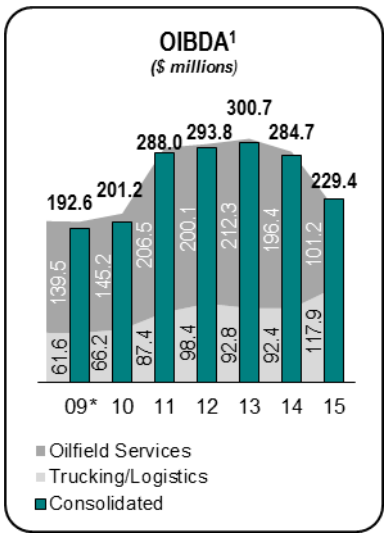
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP and Additional GAAP Terms".

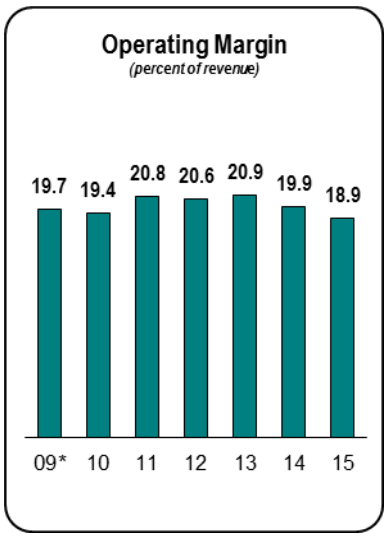
FINANCIAL HIGHLIGHTS – CONSOLIDATED

PERFORMANCE:	Years ended December 31		
($ millions, except share price and per share amounts)	2015	2014	2013
Financial Results			
Revenue	**$ 1,214.4**	$ 1,427.9	$ 1,437.2
Operating income before depreciation and amortization[(1) (2)]	**229.4**	284.7	300.7
Net unrealized foreign exchange loss	**39.7**	15.5	16.2
Decrease (increase) in fair value of investments	**19.4**	20.7	(20.9)
Net income	**13.4**	94.6	143.3
Net income – adjusted[(1)]	**73.6**	131.1	141.0
Net cash from operating activities	**211.6**	248.6	214.4
Cash dividends declared to common shareholders	**110.0**	109.7	107.9
Financial Position			
Cash and cash equivalents	**$ 147.2**	$ 325.4	$ 58.2
Long-term debt (includes the current portion thereof and the debt component of Debentures)	**780.9**	705.0	425.6
Total assets	**1,817.0**	1,862.1	1,587.6
Share Information			
Cash dividends declared per Common Share	**$ 1.20**	$ 1.20	$ 1.20
Earnings per share – basic	**$ 0.15**	$ 1.04	$ 1.60
Earnings per share – diluted	**$ 0.15**	$ 1.02	$ 1.57
Earnings per share – adjusted[(1)]	**$ 0.80**	$ 1.44	$ 1.57
Share price – December 31	**$ 14.01**	$ 21.31	$ 28.39
Other Information			
Net capital expenditures[(1)]	**$ 65.6**	$ 69.4	$ 119.4
Acquisitions	**$ 176.8**	$ 28.6	$ 15.7

(1) Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP and Additional GAAP Terms".
(2) Prior to this MD&A, Mullen Group used the term "operating income", which has been replaced by the additional GAAP term "operating income before depreciation and amortization" or "OIBDA".







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

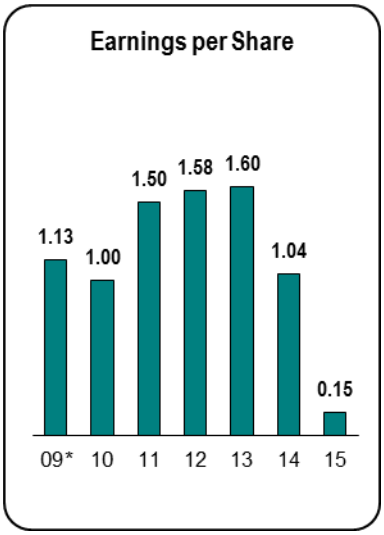
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP and Additional GAAP Terms".

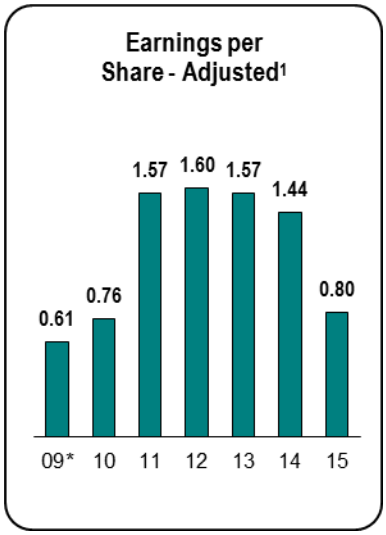
POSITION:

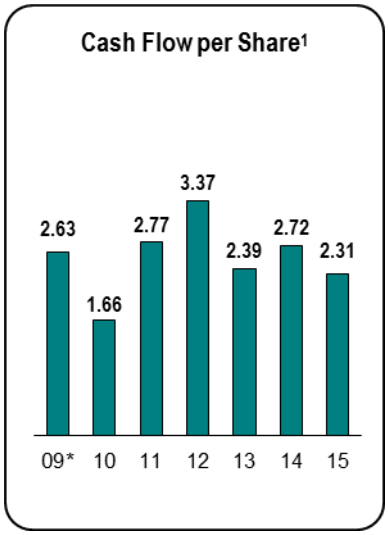
- Working capital: $187.1 million (includes $147.2 million of cash and cash equivalents and a current liability of $70.0 million related to the Series C Notes, which mature on June 30, 2016)
- Net debt[1]: $522.0 million (long-term debt plus the debt component of Debentures less working capital; excludes $39.9 million of derivative financial instruments that converts U.S. $229.0 million of debt into Canadian currency)
- Net debt[1] to operating income before depreciation and amortization[1]: 2.28:1
- Access to additional funding of $75.0 million from our undrawn Bank Credit Facility

PROGRESS:

- Continued to diversify by closing the acquisitions of Gardewine Group Limited Partnership and Courtesy Freight Systems Ltd. for total cash consideration of $183.6 million (includes the repayment of debt and loans)
- The Trucking/Logistics segment generated record revenue and operating income before depreciation and amortization[1] of $714.8 million and $117.9 million, respectively
- Expanded and developed our real estate portfolio by investing $30.8 million to purchase real property being used in the operations of Jay's Transportation Group Ltd. and to develop the new rail transload facility in Edmonton, Alberta
- Maintained the annual dividend of $1.20 per Common Share ($0.10 per share declared and paid monthly)
- 2016 capital budget set at $25.0 million with the majority to be allocated towards the Trucking/Logistics segment and adjusted the annual dividend for 2016 to $0.96 per Common Share ($0.08 per share to be paid monthly subject to Board approval)







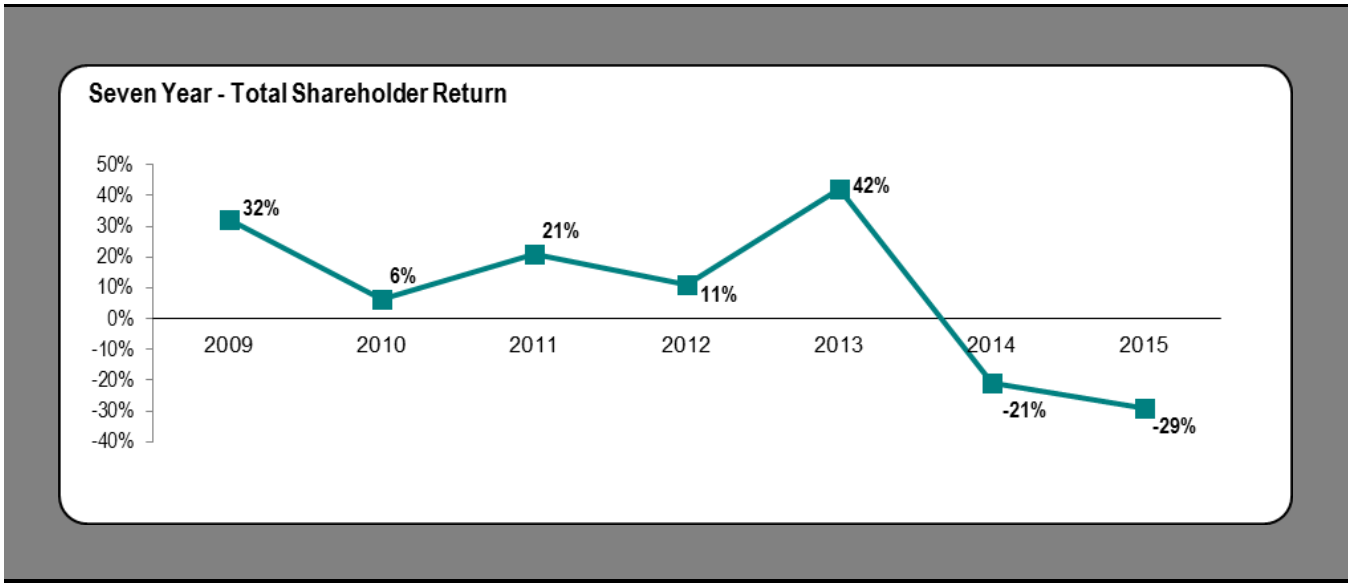
*Prepared in accordance with Canadian GAAP prior to the adoption of IFRS.

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

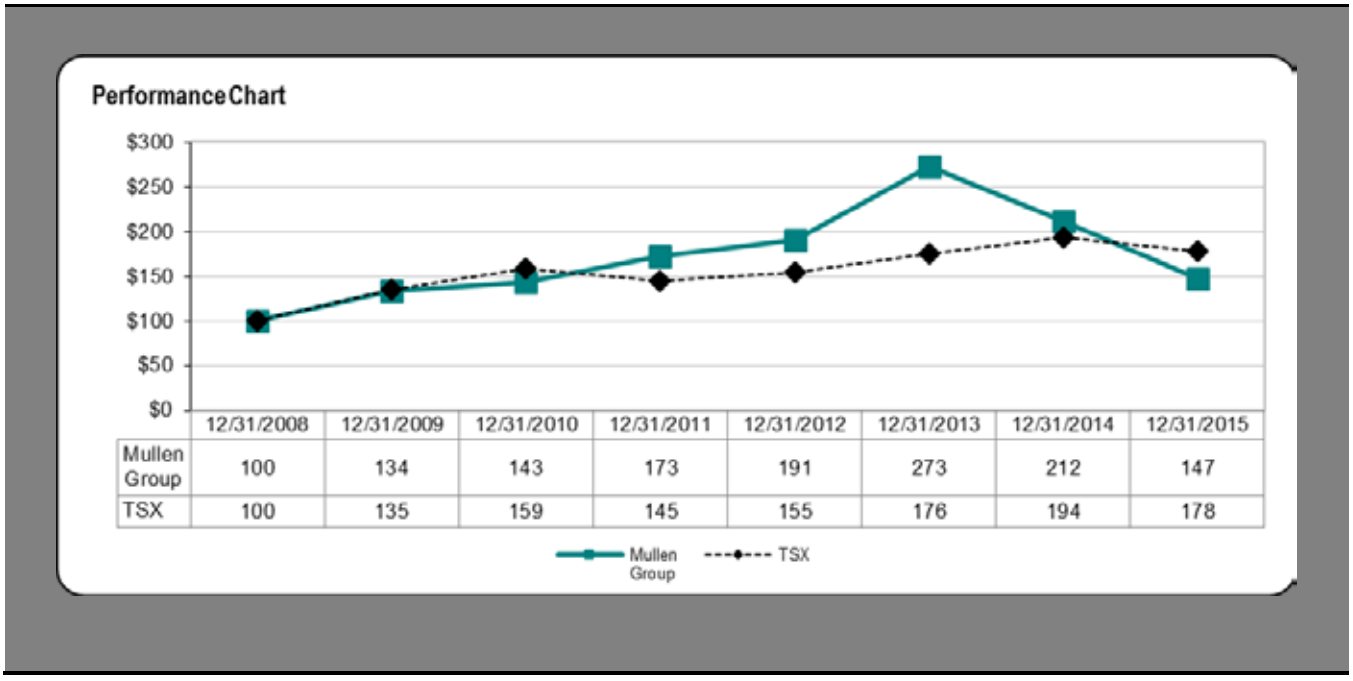
SHAREHOLDER INFORMATION

*Mullen Group's shares are listed on the Toronto Stock Exchange ("**TSX**") under the trading symbol MTL.*

Mullen Group's Total Shareholder Return consists of a combination of its annual dividend and the variance of its share price on an ongoing basis.



The following table and graph illustrate the cumulative return of our Common Shares at the end of each financial year, assuming an initial investment of $100 on December 31, 2008, compared to the S&P/TSX Composite Total Return Index, assuming the reinvestment of all declared dividends and distributions where applicable.



	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Mullen Group	100	134	143	173	191	273	212	147
TSX	100	135	159	145	155	176	194	178

SEVEN YEAR SELECTED FINANCIAL DATA

Consolidated

Years ended December 31 *($ thousands)* *(unaudited)*	2015 $	2014 $	2013 $	2012 $	2011 $	2010 $	2009* $
Revenue	**1,214,372**	1,427,851	1,437,166	1,427,640	1,387,293	1,039,119	978,046
Expenses							
Direct operating expenses	**844,025**	985,163	983,382	983,535	951,825	709,443	662,522
Selling and administrative expenses	**140,928**	157,947	153,101	150,298	147,493	128,526	123,906
Operating income before depreciation and amortization[1]	**229,419**	284,741	300,683	293,807	287,975	201,150	191,618
Depreciation and amortization	**94,247**	85,161	86,242	83,669	80,818	76,474	80,184
Finance costs	**35,815**	47,370[2]	26,305	32,897	36,279	38,413	36,163
Net unrealized foreign exchange loss (gain)	**39,701**	15,570	16,144	(5,194)	6,345	(14,100)	(39,950)
Other (income) expense	**19,289**	4,897	(20,710)	5,668	5,335	(5,282)	3,553
Impairment of goodwill	**—**	—	—	3,000	—	—	—
Gain on contingent consideration	**(3,000)**	—	—	(2,000)	—	—	—
Income before income taxes	**43,367**	131,743	192,702	175,767	159,198	105,645	111,668
Income tax expense	**30,001**	37,110	49,407	44,858	39,765	26,340	20,858
Net income	**13,366**	94,633	143,295	130,909	119,433	79,305	90,810

* *Prepared in accordance with Canadian GAAP prior to the adoption of IFRS. Certain comparative amounts have been reclassified to conform with the current year's presentation.*

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

(2) *Includes a one-time $20.0 million prepayment expense, which resulted from Mullen Group's decision to repay its Series A and Series B Notes prior to maturity.*

Segmented Information

Years ended December 31 *($ thousands)* *(unaudited)*	2015 $	2014 $	2013 $	2012 $	2011 $	2010 $	2009* $
Trucking/Logistics Segment							
Revenue	**714,844**	570,892	553,940	535,562	489,304	392,056	372,120
Direct operating expenses	**510,779**	414,078	400,972	381,027	352,521	284,348	272,220
Selling and administrative expenses	**86,126**	64,410	60,128	56,089	49,391	41,513	38,337
Operating income before depreciation and amortization[1]	**117,939**	92,404	92,840	98,446	87,392	66,195	61,563
Operating margin[2]	**16.5%**	16.2%	16.8%	18.4%	17.9%	16.9%	16.5%
Oilfield Services Segment							
Revenue	**501,054**	858,893	886,296	897,274	903,768	650,671	612,599
Direct operating expenses	**337,843**	578,236	590,964	613,214	610,509	431,886	399,758
Selling and administrative expenses	**61,977**	84,248	83,026	83,910	86,809	73,557	73,409
Operating income before depreciation and amortization[1]	**101,234**	196,409	212,306	200,150	206,450	145,228	139,432
Operating margin[2]	**20.2%**	22.9%	24.0%	22.3%	22.8%	22.3%	22.8%

* *Prepared in accordance with Canadian GAAP prior to the adoption of IFRS. Certain comparative amounts have been reclassified to conform with the current year's presentation.*

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

(2) *Operating margin was calculated by dividing operating income before depreciation and amortization by revenue.*

Years ended December 31 *($ thousands)* *(unaudited)*	2015	2014	2013	2012	2011	2010*	2009**
Ratios – Operating							
Return on equity[1]	**1.6%**	10.5%	16.6%	17.1%	17.8%	12.6%	8.0%
Gross margin – percentage of revenue[2]	**30.5%**	31.0%	31.6%	31.1%	31.4%	31.7%	32.3%
Selling and administrative expenses – percentage of revenue	**11.6%**	11.1%	10.7%	10.5%	10.6%	12.4%	12.7%
Operating margin[3]	**18.9%**	19.9%	20.9%	20.6%	20.8%	19.4%	19.7%
Operating ratio[4]	**90.4%**	86.4%	83.7%	85.7%	85.5%	87.5%	89.0%
Financial Position							
Acid test[5]	**1.85:1**	4.16:1	2.37:1	2.30:1	2.02:1	2.75:1	2.47:1
Property, plant and equipment	**$992,206**	$911,699	$903,256	$843,318	$798,362	$727,128	$613,281
Total assets	**$1,817,035**	$1,862,137	$1,587,609	$1,555,904	$1,527,137	$1,403,837	$1,926,887
Long-term debt (including current portion)	**$780,901**	$704,992	$425,556	$434,058	$507,482	$517,096	$528,803
Equity	**$806,644**	$900,943	$900,112	$827,125	$704,299	$634,815	$1,167,231
Debt-to-equity ratio[6]	**0.97:1**	0.78:1	0.47:1	0.52:1	0.72:1	0.81:1	0.45:1
Funds from operations[7]	**—**	—	—	—	—	—	$120,983
Net cash from operating activities	**$211,572**	$248,585	$214,401	$279,854	$221,410	$131,857	—
Share Data							
Funds from operations per share[8]	**—**	—	—	—	—	—	$1.50
Net cash from operating activities per share	**$2.31**	$2.72	$2.39	$3.37	$2.77	$1.66	—
Book value per share[9]	**$8.80**	$9.83	$9.93	$9.43	$8.71	$8.06	$14.48
Earnings per share (basic)[10]	**$0.15**	$1.04	$1.60	$1.58	$1.50	$1.00	$1.13
Price/earnings ratio[11]	**93.4**	20.5	17.7	13.2	13.1	16.9	14.5
Weighted number of shares outstanding (thousands)	**91,653**	91,377	89,764	82,961	79,885	79,411	80,605
Total shares outstanding (thousands)	**91,661**	91,611	90,662	87,668	80,838	78,718	80,605

* In preparing its opening IFRS consolidated statement of financial position as at January 1, 2010, Mullen Group recognized a $545.5 million reduction in retained earnings. This $545.5 million reduction resulted from a $640.3 million impairment of goodwill (net of tax) less a $94.8 million deemed fair value cost adjustment to land (net of tax).

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

NOTES:

(1) Return on equity was calculated by dividing net income by average shareholders' equity.
(2) Gross margin was calculated by dividing revenue less direct operating costs by revenue.
(3) Operating margin was calculated by dividing operating income before depreciation and amortization by revenue.
(4) Operating ratio was calculated by dividing the total cost before taxes, interest, earnings from equity investments and net unrealized gains and losses on foreign exchange, as a percentage of revenue.
(5) Acid test ratio was calculated by dividing cash plus receivables by current liabilities.
(6) Debt-to-equity ratio was calculated by dividing total debt by shareholders' equity.
(7) Funds from operations was calculated as funds from operations before the effect of changes in non-cash working capital items from operating activities.
(8) Funds from operations per share was calculated by dividing funds from operations by the weighted average number of shares outstanding.
(9) Book value per share was calculated by dividing shareholders' equity by the number of shares outstanding.
(10) Earnings per share was calculated by dividing net income by the weighted average number of shares outstanding.
(11) Price/earnings ratio was calculated by dividing the year-end closing price by earnings per share.

EXECUTIVE SUMMARY

For the three month period ended December 31, 2015, Mullen Group generated revenue of $287.7 million, operating income before depreciation and amortization ("**OIBDA**")[1] (as hereafter defined on page 20) of $52.7 million and net cash from operations of $64.8 million. During the quarter Mullen Group paid dividends of $27.5 million, paid semi-annual interest obligations of $13.6 million and invested a total of $19.4 million predominately within the Trucking/Logistics segment consisting of net capital expenditures[1] and an acquisition to complement the January 2015 acquisition of Gardewine Group Limited Partnership ("**Gardewine**"). Mullen Group also continued to further develop its new transload facility in Edmonton, Alberta.

Consolidated revenue in the fourth quarter of 2015 decreased by $57.5 million or 16.7 percent as compared to $345.2 million in 2014, due to an $89.9 million decline in revenue in the Oilfield Services segment offset by a $31.4 million increase in the Trucking/Logistics segment. The steep and rapid decline in commodity prices negatively impacted industry cash flows reducing capital investment and drilling activity in western Canada. As a result virtually all Business Units within this segment experienced revenue decreases. Segment revenue declined during the quarter by 45.0 percent to $109.7 million as compared to $199.6 million last year. Specifically, the decrease was due to a reduction in revenue generated by those Business Units involved in the transportation of fluids and servicing of wells and from lower revenue generated by those Business Units most directly tied to oil and natural gas drilling activity in western Canada due to low customer demand, intense competition and pricing pressures. Revenue also decreased due to a reduction in demand for services related to dewatering and heavy haul freight services. These decreases were somewhat offset by greater demand for pipeline hauling associated with large diameter pipeline construction projects. Conversely, revenue in the Trucking/Logistics segment increased by $31.4 million or 21.5 percent to $177.5 million as compared to $146.1 million last year. This increase in segment revenue is attributable to incremental revenue generated by the acquisition of Gardewine and Courtesy Freight Systems Ltd. ("**Courtesy**"), offset by a reduction in demand for most freight services particularly within Alberta, coupled with the loss of revenue associated with the disposition of Mill Creek Motor Freight L.P. ("**Mill Creek**").

OIBDA[1] for the fourth quarter was $52.7 million, a decrease of $12.2 million or 18.8 percent over the same period in 2014. The decrease was attributable to the Oilfield Services segment that experienced a $20.3 million decrease in OIBDA[1], primarily due to the negative impact of low commodity prices on customer demand for the services offered by those Business Units involved in the transportation of fluids and servicing of wells, from those Business Units most directly tied to oil and natural gas drilling activity in western Canada and from dewatering services. The declines in the Oilfield Services segment were somewhat offset by gains of $5.6 million in the Trucking/Logistics segment, which mainly resulted from the acquisition of Gardewine being somewhat offset by lower demand for most freight services in Alberta and the disposition of Mill Creek. OIBDA[1] in the Trucking/Logistics segment increased by 23.1 percent to $29.8 million as compared to $24.2 million last year. Corporate costs decreased by $2.5 million on a year over year basis, which was mainly attributable to a $3.4 million foreign exchange gain recorded in 2015. As a percentage of consolidated revenue, OIBDA[1] decreased to 18.3 percent as compared to 18.8 percent in 2014. This 0.5 percent decrease in operating margin was mainly due to a reduction in operating margin in the Oilfield Services segment due to the loss of revenue and a generally more competitive environment. This decrease was somewhat offset by the foreign exchange gain in Corporate and slightly improved operating margin within the Trucking/Logistics segment, which benefitted from lower direct operating expenses being somewhat offset by the acquisition of Gardewine that generated an operating margin below the segment average.

In the fourth quarter of 2015, Mullen Group generated net income of $2.4 million or $0.03 per share, a decrease of $19.8 million compared to $22.2 million or $0.25 per share in 2014. The $19.8 million decrease in net income was mainly attributable to a $12.2 million decrease in OIBDA[1], a $10.8 million decrease in gain on sale of property, plant and equipment, a $10.8 million gain on sale of Mill Creek recorded in 2014 and a $6.0 million negative variance in net unrealized foreign exchange. These decreases were somewhat offset by a $14.5 million positive variance in the fair value of investments, a $4.2 million decrease in income tax expense and a $3.0 million gain on contingent consideration recorded in 2015. Mullen Group's net income – adjusted[1] and earnings per share – adjusted[1] eliminates the impact of the one-time expense in 2014 related to the prepayment of the Series A and Series B Notes, the net unrealized foreign exchange gains and losses, the gain on sale of Mill Creek in 2014, the gain on contingent consideration in 2015 and the change in fair value of investments resulted in net income – adjusted[1] of $13.4 million

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

and earnings per share – adjusted[1] of $0.15, as compared to $32.4 million and $0.36 per share in 2014, respectively. These adjustments more clearly reflect earnings from an operating perspective.

The oil and gas sector is quite simply a mess. Commodity prices have been decimated by the continued over supply situation, lack of demand and now ruthless financial markets, which always look to take advantage of any opportunity. The results are both evident and devastating to anyone involved in the oil and gas sector. Producers' cash flows have declined significantly, negatively impacting capital investment projects, drilling activity and overall industry demand levels for all services. In addition, the prolonged downturn has stretched industry balance sheets, another drag on investment and spending levels by the producers. Here at Mullen Group we have not been spared from the industry slowdown. Revenue and profitability have been negatively impacted, particularly in those Business Units in our Oilfield Services segment. Even our Business Units in our Trucking/Logistics segment leveraged to the Alberta and Saskatchewan markets are negatively impacted by the slowing economy. In spite of all of these challenges our 27 Business Units in 2015 still managed to generate nearly $290.0 million in revenue in the fourth quarter, positive earnings and cash flow, allowing Mullen Group to pay the annual dividend of $1.20 per share to shareholders.

For the year ended December 31, 2015, Mullen Group generated revenue of $1,214.4 million, a decrease of $213.5 million or 15.0 percent as compared to $1,427.9 million in 2014. The decrease in revenue was due to a significant decline in revenue generated by the Oilfield Services segment being partially offset by a rise in revenue generated by the Trucking/Logistics segment. Revenue decreased by $74.8 million, $28.6 million, $52.6 million and $57.5 million in the first, second, third and fourth quarters, respectively. Revenue in the Oilfield Services segment decreased by $357.8 million, or 41.7 percent, to $501.1 million as compared to $858.9 million in 2014. This decrease was primarily due to lower demand for oilfield services in western Canada due to the steep and rapid decline in crude oil and natural gas pricing, which began in the last half of 2014, that negatively impacted industry cash flows resulting in significant reductions in drilling activity and investments into capital projects including core drilling in the oil sands. Revenue in the Trucking/Logistics segment increased by $143.9 million, or 25.2 percent, to $714.8 million from $570.9 million in 2014. This $143.9 million increase was largely due to incremental revenue resulting from the acquisition of Gardewine, Courtesy and Bernard Transport Ltd. ("**Bernard**"). This increase was partially offset by the loss of revenue associated with the disposition of Mill Creek and a reduction in demand for most freight services, particularly in western Canada. On a consolidated basis, fuel surcharge revenue also decreased by $17.4 million as compared to 2014, which resulted from lower diesel fuel prices.

In 2015 Mullen Group generated OIBDA[1] of $229.4 million, a decrease of $55.3 million or 19.4 percent from the $284.7 million generated in 2014. The decrease of $55.3 million was mainly due to the Oilfield Services segment that experienced a $95.2 million decrease in OIBDA[1]. This was somewhat offset by the Trucking/Logistics segment that experienced a $25.5 million increase in OIBDA[1]. In addition, Corporate costs declined by $14.4 million on a year over year basis primarily due to a $15.8 million foreign exchange gain. As a percentage of revenue, OIBDA[1] decreased to 18.9 percent as compared to 19.9 percent in 2014. This 1.0 percent decrease in operating margin was largely due to a generally more competitive environment in the Oilfield Services segment. Adjusted for the $15.8 million foreign exchange gain, OIBDA[1] would have been $213.6 million or 17.6 percent of consolidated revenue.

In 2015 Mullen Group generated net income of $13.4 million, or $0.15 per share, a decrease of $81.2 million as compared to the $94.6 million or $1.04 per share in 2014. The decrease of $81.2 million was mainly attributable to a $55.3 million decrease in OIBDA[1], a $24.2 million negative variance in unrealized foreign exchange, a $10.8 million gain on sale of Mill Creek recorded in 2014, a $6.8 million decrease in gain on sale of property, plant and equipment and a $6.0 million increase in depreciation of property, plant and equipment. These decreases were somewhat offset by a $20.0 million one-time expense in 2014 related to the prepayment of the Series A and Series B Notes, a $7.1 million decrease in income tax expense and a $3.0 million gain on contingent consideration recorded in 2015. Mullen Group's net income – adjusted[1] and earnings per share – adjusted[1] in 2015 were $73.6 million and $0.80 per share, a decrease of $57.5 million or $0.64 per share compared to the $131.1 million and $1.44 per share generated in 2014, respectively.

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

From a balance sheet perspective, at December 31, 2015, Mullen Group had $187.1 million of working capital, which included $147.2 million of cash and cash equivalents and a current liability of $70.0 million related to the Series C Notes, which mature on June 30, 2016. Mullen Group had $522.0 million of net debt[1] at December 31, 2015. Mullen Group also has access to additional funding of $75.0 million from its Bank Credit Facility (as hereafter defined on page 37), which continues to remain undrawn. The long-term debt consists mainly of its Private Placement Debt (as hereafter defined on page 21) of U.S. $314.0 million and Canadian $331.0 million. The weighted average interest rate on our U.S. dollar debt and our 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. At December 31, 2015, the carrying value of these Cross-Currency Swaps (as hereafter defined on page 15) was $39.9 million and is recorded within derivative financial instruments on Mullen Group's balance sheet. The net book value of property, plant and equipment was $992.2 million, the majority of which consists of $465.2 million of real property (carrying cost of $511.5 million) and $422.3 million of trucks and trailers.

2015 was a very interesting year for Mullen Group. Firstly, it was a challenging year, a fact clearly reflected in our financial performance last year. The type of cyclical downturn the oil and gas sector is experiencing spares no one. And of course the real tragedy of downturns like this is the toll it takes on people and families. Jobs are lost. Salaries and benefits for the survivors are cut, quite significantly in many instances. Many people are struggling to cope with the downturn. But there will be a recovery, jobs will once again be in demand and the industry will be stronger. Unfortunately the cure is often preceded by much pain. Secondly, it was a year in which our diversified business model and conservative nature were validated, as evidenced by our balance sheet and cash position. We always take a long term view, looking for opportunities to build sustainable competitive advantage. A perfect example of this strategy is related to the regional less-than-truckload ("**LTL**") business in Canada. Our latest acquisitions have now positioned Mullen Group with the largest terminal networks in Canada, serving customers and communities alike. From this perspective we are quite proud of the steps and initiatives undertook over the course of the last couple of years. We prepared for a cyclical downturn in the oil and gas industry and undertook initiatives to grow for the future.

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

OUTLOOK

While our results for the fourth quarter and full year in 2015 were down from prior year levels they were generally in line with our expectations and consistent with prior correspondence to shareholders. The relentless and continued pressure on both crude oil and natural gas pricing has disrupted the entire oil and gas industry, a significant drag on virtually all of our 15 Business Units in the Oilfield Services segment. In addition, the western Canadian economies, most notably Alberta, have also been negatively impacted as a result of the steep declines in capital investment and drilling activity within the energy sector. At Mullen Group we adapted to these changing and challenging market forces with a well thought plan, which included reducing capital expenditures, cost management throughout the organization including temporary and permanent layoffs, and the parking of equipment when pricing was unrealistic. These steps were necessary to mitigate the damages to our organization and shareholders. In addition, we continued our strategy of diversification with the acquisition of businesses leveraged to the general economy, strengthening and growing our Trucking/Logistics segment.

For 2016 shareholders should expect another challenging year quite simply due to the fact that the macro environment is very uncertain. Crude oil and natural gas prices remain under duress. In fact the current volatility has forced the oil and gas producers to reduce capital expenditure and drilling budgets even beyond previous reduced budgets, a clear indication that the demand for oilfield services will be negatively impacted from 2015 levels. And while our view is that the current situation is unsustainable the reality is we are not sure when commodity pricing will recover. In addition, there is growing uncertainty in terms of the economic outlook for North America. The prolonged downturn in commodity prices is now negatively impacting other markets and the potential exists for overall economic activity to slow. Generally speaking we are of the view that the consumer driven component of the economy, which represents the vast majority of the economy, remains fairly strong. The consumer is the primary driver of our regional less-than-truckload business and as such we remain optimistic this part of our business will remain above the trend line in 2016. The more challenging part of the economic outlook relates to business investment and capital spending. It appears, at least today, that reduced investment will negatively impact economic activity and demand. The offset to this is the recent infrastructure investment announcements by various governments. We are watching these events closely and will adjust our business accordingly.

Within the context outlined above it is very difficult to grow our business at this time. Our focus will be towards controlling all costs and managing the business appropriately. In terms of our balance sheet, we maintain a very healthy positive working capital of $187.1 million, including $147.2 million of cash. Typically our intentions would be to deploy these funds towards acquisitions. However, given the current stress in the markets we believe it is prudent to maintain as much balance sheet flexibility as possible. This is our first priority. Our business model is diversified with limited capital requirements at this time. As such, we will still generate significant cash flow allowing Mullen Group to pay our shareholders a healthy dividend. In December we announced a reduction in the annual dividend to $0.96 per Common Share as a prudent step given the challenges in the markets we serve. The Board will carefully monitor events to ensure the 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 "**Business Units**"), Mullen Group is one of the leading suppliers of trucking and logistics services in Canada and provides a wide range of specialized transportation and related services to the oil and natural gas industry in western Canada – two sectors of the economy in which strong business relationships and industry leadership have been developed.

Objective – Maximize Shareholder Value

Mullen Group strives to maximize the overall returns to shareholders by focusing on the following strategies:

- *Focused Growth*
- *Return Free Cash to Shareholders*
- *Maintain a Well-Structured Balance Sheet*
- *Strive for Operational Excellence*
- *Operate a Decentralized Business Model*

Focused Growth

Mullen Group's approach to achieving the maximum overall returns to shareholders is based upon the following strategic components:

- Deploy capital to expand business over the long term.
- Invest in sectors of the economy where Mullen Group believes future growth opportunities exist.
- Invest in accretive acquisitions – acquire competing, complementary or new business lines that can accelerate growth.
- Diversify – continue to grow and invest where opportunities exist in the two segments of the economy where Mullen Group has strong market penetration and customer relationships, namely, the transportation and distribution of freight within North America and the oil and natural gas services industry.

Since going public in 1993, Mullen Group, and its predecessors the Mullen Group Income Fund and Mullen Transportation Inc., have grown annual revenues from $72.6 million in 1993 to approximately $1.2 billion in 2015. During this period over 51 acquisitions have been completed.

Return Free Cash to Shareholders

Mullen Group's business generates cash in excess of its operating and financing requirements, funds that are being returned to shareholders through dividends or reinvested to grow the business, subject to Board approval.

During 2015 Mullen Group paid annual dividends of $1.20 ($0.10 paid per month) per Common Share, which is consistent with the $1.20 per Common Share paid ($0.10 paid per month) in 2014. On December 16, 2015, the Board announced its intention to pay annual dividends of $0.96 per Common Share over the course of 2016, such dividends to be paid on a monthly basis subject to Board approval. In making its decision the Board considered various alternatives for the anticipated free cash flow and determined that given the collapse in the oil and natural gas industry, the prudent move was to adjust the dividend to protect the balance sheet.

Maintain a Well-Structured Balance Sheet

Mullen Group maintains a strong balance sheet structured in such a manner to ensure that it will have sufficient liquidity to meet its liabilities and corporate objectives under both normal and stressed conditions. In terms of liabilities, Mullen Group maintains sufficient liquidity to not only meet its obligations when due, but to avoid incurring unacceptable losses or risking damage to Mullen Group's reputation. Furthermore, Mullen Group balances its capital structure with long-term Private Placement Debt (as hereafter defined on page 21), the majority of which matures in 2024 and 2026, and Debentures (as hereafter defined on page 21).

In 2015 Mullen Group generated $211.6 million in net cash from operating activities (2014 – $248.6 million). At December 31, 2015, Mullen Group had $187.1 million of working capital (2014 – $460.5 million), including $147.2 million of cash and cash equivalents (2014 – $325.4 million), a debt-to-equity ratio of 0.97:1 (2014 – 0.78:1) and a total debt to operating cash flow (as hereafter described on page 38) of 3.33:1 (2014 – 2.42:1). 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 for acquisitions. Mullen Group has not included the trailing twelve months of operating cash flows from the acquisition of Courtesy.

Strive for Operational Excellence

The business of Mullen Group is managed upon the principles of generating superior profitability, striving for excellence in safety and committing to the process of continuous improvement. Operating in a team environment, Mullen Group challenges its employees to make decisions on all aspects relating to the operations of the business, improve customer service, enhance business processes, maintain cost controls, obtain excellence in safety and generate superior profitability. Mullen Group evaluates operational excellence by benchmarking the financial performance, safety statistics and return on invested capital of each Business Unit.

Operate a Decentralized Business Model

Mullen Group has two operating segments and operates a decentralized business model that is non-hierarchical in nature. Each Business Unit is held accountable for its own performance and results. The management and employees of the Business Units are remunerated based upon the performance of their respective business. Corporate Office (as defined on page 13) provides overall support to the Business Units by coordinating business strategies, monitoring financial and business performance and providing shared services on an as-needed basis. In addition, the Corporate Office has invested significantly in real estate holdings and operating facilities, mainly for use by the Business Units. The carrying costs of such holdings at December 31, 2015, was $511.5 million.

Mullen Group believes this model generally results in superior customer service, lower costs and provides greater operational flexibility as compared to a fully-integrated business model. Giving responsibility and the necessary authority to the Business Unit encourages greater entrepreneurship and innovation as the teams are empowered and rewarded for their actions.

Business

The business of Mullen Group is operated through its Business Units, which are divided into two distinct operating segments for reporting purposes – Trucking/Logistics and Oilfield Services. The segments are differentiated by the type of service provided, equipment requirements and customer needs. Mullen Group provides the capital and financial expertise, legal support, technology and systems support, shared services and strategic planning (the "**Corporate Office**") for the Business Units. 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 Business Units. Such properties are leased by MT to the Business Units on commercially reasonable terms. The day to day management of the Business Units is conducted at the subsidiary level.

At December 31, 2015, the Trucking/Logistics segment consisted of 12 Business Units, offering a diversified range of truckload and 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:

		Number of Units		
Business Unit	**Primary Service Provided**	**Power Units**	**Trailers**	**Other***
Bernard Transport Ltd. [1]	Regional Scheduled LTL - Northern Alberta	22	56	13
Cascade Carriers L.P.	Dry Bulk Freight	96	529	12
Courtesy Freight Systems Ltd.[2]	Regional Scheduled LTL - Northern Ontario	66	48	16
Gardewine Group Limited Partnership[3]	Regional Scheduled LTL - Manitoba and Ontario & Specialized Transportation	808	1,519	109
Grimshaw Trucking L.P.	Regional Scheduled LTL - Northern Alberta	158	405	60
Hi-Way 9 Group of Companies	Regional Scheduled LTL - Southern Alberta	228	446	77
Jay's Transportation Group Ltd.[4]	Regional Scheduled LTL - Saskatchewan	229	427	92
Kleysen Group L.P.	Irregular Route Truckload & Multi-Modal	269	859	834
Mullen Trucking L.P.	Irregular Route Truckload & Specialized Transportation	101	367	22
Payne Transportation L.P.	Irregular Route Truckload & Specialized Transportation	162	255	10
Smook Contractors Ltd.	Civil Construction	23	63	120
Tenold Transportation Limited Partnership	Irregular Route Truckload	104	121	74

* *Other includes miscellaneous equipment such as: pick-ups, earthmoving equipment, yard equipment, rail cars and containers.*
[1] *Acquired October 1, 2014*
[2] *Acquired October 1, 2015*
[3] *Acquired January 9, 2015*
[4] *On October 31, 2014, Jay's Moving & Storage Ltd. changed its name to Jay's Transportation Group Ltd.*

At December 31, 2015, the Oilfield Services segment consisted of 15 Business Units 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:

		Number of Units		
Business Unit	**Primary Service Provided**	**Power Units**	**Trailers**	**Other***
Production Services				
Cascade Energy Services L.P.[1]	Fluid Transportation - British Columbia & Alberta	262	386	81
E-Can Oilfield Services L.P.	Fluid Transportation - Heavy Oil Regions of Alberta	190	145	47
Heavy Crude Hauling L.P.	Fluid Transportation - Heavy Oil Regions of Alberta	119	129	16
R. E. Line Trucking (Coleville) Ltd.	Fluid Transportation - Saskatchewan	55	105	10
Spearing Service L.P.[2]	Fluid Transportation - Saskatchewan	282	668	63
Specialized Services				
Canadian Dewatering L.P.	Water Management Services	3	32	1,509
Premay Equipment L.P.	Specialized Heavy Haul	70	325	59
Premay Pipeline Hauling L.P.	Large Diameter Pipe Transportation	70	197	56
Recon Utility Search L.P.[3]	Hydrovac Excavation Services	17	6	13
Drilling Services				
OK Drilling Services L.P.	Conductor Pipe Setting	13	19	27
TREO Drilling Services L.P.	Core Drilling	25	77	37
Drilling Related Services				
Formula Powell L.P.	Mud / Fluid Transportation & Warehousing	207	954	147
Mullen Oilfield Services L.P.	Rig Relocation Services	167	435	64
Pe Ben Oilfield Services L.P.	Drill Pipe Transportation & Warehousing	90	204	95
Withers L.P.	Drill Pipe Transportation & Warehousing	77	181	55

* *Other includes miscellaneous equipment such as: pick-ups, mounted dri-prime diesel pumps, submersible pumps, earthmoving equipment, yard equipment and containers.*

[1] *On June 1, 2015, the operations of Majestic Oilfield Services Inc. were combined with Cascade Energy Services L.P.*

[2] *On January 1, 2015, the operations of Brady Oilfield Services L.P. were combined with Spearing Service L.P.*

[3] *Acquired the business of Recon Utility Search N.A. Inc. on November 5, 2014 and now operates as Recon Utility Search L.P.*

A more detailed description of the Business Units is set forth in the Annual Information Form, which is dated February 10, 2016, 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.

Human Resources

As at December 31, 2015, approximately 6,200 people were employed or engaged by the Business Units and at Corporate Office. These people include owner operators and dedicated subcontractors engaged by the Business Units. This compares to approximately 5,500 people in 2014. This increase is mainly due to the acquisition of Gardewine, which was somewhat offset by a reduction in the number of employees within the Oilfield Services segment.

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 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]**
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]**

[1] Interest is payable semi-annually
[2] Weighted average interest rate calculation
[3] Principal amount swapped at maturity at $1.1047 for a total of CDN. $129.2 million
[4] Principal amount swapped at maturity 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 21). 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 prepaying the Series A and Series B Notes on October 24, 2014, Mullen Group was required to make a one-time $20.0 million payment to the Series A and Series B noteholders. This one-time $20.0 million payment was a direct result of Mullen Group's decision to prepay the Series A and Series B Notes prior to maturity and consists of the net present value of the future interest payments on such notes that would have otherwise been paid to the noteholders. The $20.0 million one-time prepayment expense was recognized within finance costs in the statement of comprehensive income during 2014.

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 38) 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. Mullen Group recorded $166.0 million of cash used to acquire Gardewine on its condensed consolidated statement of cash flows, which consists of $171.8 million of total cash consideration net of $3.8 million of cash acquired and $2.0 million allocated to the repayment of shareholder loans. 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 800 trucks and 1,500 trailers through a network of 22 owned and 11 leased terminals, employing over 1,500 employees and 140 contract owner operators. In addition, Gardewine owned $38.4 million of real property and facilities that were transferred to MT subsequent to their acquisition. In 2015, since being acquired by Mullen Group, Gardewine generated $207.0 million of revenue and $12.3 million of earnings before tax. 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.

Courtesy Freight Systems Ltd. – On October 1, 2015, Mullen Group acquired all of the issued and outstanding shares of Courtesy. The total cash consideration was $11.8 million, including real property. Mullen Group recorded $10.8 million of cash used to acquire Courtesy on its condensed consolidated statement of cash flows, which consists of $11.8 million of total cash consideration net of $1.0 million of cash acquired. Concurrent to the closing of this transaction, Mullen Group entered into an agreement to acquire the majority of the facilities being used in the operations of Courtesy, subject to satisfactory environmental reports. In December 2015, Mullen Group acquired three of these facilities for $1.0 million. Courtesy is headquartered in Thunder Bay, Ontario and provides regional scheduled LTL services primarily in northwestern Ontario and southern Manitoba. Mullen Group acquired Courtesy as part of its strategy to invest in the transportation sector in these regions. The results from Courtesy's operations are included in the Trucking/Logistics segment.

Equity Investments – During 2015 Mullen Group invested $10.9 million (including $4.3 million of debentures) to acquire a minority equity interest in three companies; Envolve Energy Services Corp. ("**Envolve**"), a waste disposal company operating in the Grande Prairie, Alberta region; Cordova Oilfield Services Ltd. ("**Cordova**"), a general oilfield hauling company specializing in the storage, handling and transportation of pipe located in Fort St. John, British Columbia; and Butler Ridge Energy Services (2011) Ltd. ("**Butler Ridge**"), a fracturing fluid containment, logistics and storage management company based in Hudson's Hope, British Columbia. These investments are part of our strategy to invest alongside high quality entrepreneurs in companies that have growth potential.

2014

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 regional 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.

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 could receive cash consideration of up to $3.0 million for achieving certain financial targets in the 2015, 2016 and 2017 fiscal years. Mullen Group initially estimated the fair value of this contingent consideration to be $3.0 million. Recon did not achieve its financial target in 2015. Management has also revised its estimate of Recon's pro forma operating results for the 2016 and 2017 fiscal years. As such, management now estimates the fair value of the contingent consideration to be nil and has recognized a gain of $3.0 million in the consolidated statement of comprehensive income in 2015 within other (income) expense. The funds to settle this liability continue to be set aside in an escrow account, which have been presented within cash and cash equivalents. Recon is headquartered in Hardisty, Alberta and provides specialized vacuum and hydrovac services mainly to the oil and natural 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.

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. In 2015 Kriska Transportation continued its growth strategy by closing two acquisitions consisting of Transpro Freight Systems Ltd. based in Milton, Ontario and JMF Transport (1992) Ltée based in Valcourt, Quebec. Inclusive of these acquisitions, Kriska Transportation now operates a fleet of 645 tractors, 1,950 trailers and employs approximately 900 people, including owner operators. 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 Annual Financial Statements from the date of acquisition.

Capital Expenditures

In 2015 gross capital expenditures on a consolidated basis were $73.3 million as compared to $125.7 million in 2014. These capital expenditures were comprised of $28.0 million in the Trucking/Logistics segment (2014 – $20.5 million), $13.0 million in the Oilfield Services segment (2014 – $66.2 million) and $32.3 million in the Corporate Office (2014 – $39.1 million). The $52.4 million decrease in gross capital expenditures was due to a significant reduction in the amount of capital invested within the Oilfield Services segment. This decrease was somewhat offset by a greater amount of capital invested in the Trucking/Logistics segment. Gross dispositions on a consolidated basis were $7.7 million in 2015 as compared to $56.3 million in 2014. These gross dispositions were comprised of $2.5 million in the Trucking/Logistics segment (2014 – $2.7 million), $5.3 million in the Oilfield Services segment (2014 – $23.0 million) and nil in the Corporate Office (2014 – $30.7 million). In 2014 Mullen Group monetized a large amount of non-core assets within the Oilfield Services segment through the sale of older equipment.

In 2015 the Corporate Office purchased $31.8 million (2014 – $38.5 million) of real property and facilities through its subsidiary MT to expand and develop its network of real estate holdings. Specifically, 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. The purchase of these properties has reduced Mullen Group's operating lease costs by $1.5 million per annum. MT also invested $5.7 million to develop its new rail transload facility in Edmonton, Alberta. In 2014 the Corporate Office purchased and developed $38.5 million of real property and facilities to develop its network of real estate holdings, most notably in Fort McMurray and Edmonton, Alberta. MT constructed two new shop and office complexes, including a wash bay in Fort McMurray, which were completed in December 2014. These two new facilities replaced some third party operating leases, which has reduced the Corporation's rental costs. MT also purchased approximately $18.2 million of real property used in the operations of Kriska Holdings and has entered into long-term leases with Kriska Holdings related to these properties. The Corporate Office sold $30.7 million of non-core real estate located in Edmonton, Alberta in December 2014 and recorded a gain of $10.1 million on the sale of this property. At December 31, 2015, Mullen Group had carrying costs of $511.5 million of real property included within property, plant and equipment.

On December 16, 2015, Mullen Group's Board approved a $25.0 million capital expenditure budget for 2016, with the majority allocated towards purchasing trucks, trailers and specialized equipment to support operations for the Trucking/Logistics segment. The capital required for acquisitions and other special projects is not included in this $25.0 million budget and will be considered by the Board throughout the year as the need arises.

2015 CONSOLIDATED FINANCIAL RESULTS

Revenue

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

Consolidated Revenue by Segment **Years ended December 31** ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Trucking/Logistics	**714.8**	**58.8**	570.9	39.9	143.9	25.2
Oilfield Services	**501.1**	**41.2**	858.9	60.1	(357.8)	(41.7)
Corporate and intersegment eliminations	**(1.5)**	**—**	(1.9)	—	0.4	—
Total	**1,214.4**	**100.0**	1,427.9	100.0	(213.5)	(15.0)

**as a percentage of pre-consolidated revenue*

Mullen Group's consolidated revenue in 2015 decreased by $213.5 million, or 15.0 percent, to $1,214.4 million as compared to $1,427.9 million in 2014. This decrease in revenue was due to a significant decline in revenue generated by the Oilfield Services segment being partially offset by a rise in revenue generated by the Trucking/Logistics segment. Revenue decreased by $74.8 million, $28.6 million and $52.6 million in the first, second and third quarters, respectively.

Revenue in the Oilfield Services segment decreased by $357.8 million, or 41.7 percent, to $501.1 million as compared to $858.9 million in the same period one year earlier. This decrease was primarily due to a decrease in demand for oilfield services in western Canada due to the steep and rapid decline in crude oil and natural gas pricing, which began in the last half of 2014, that negatively impacted industry cash flows resulting in significant reductions in drilling activity and investments into capital projects including core drilling in the oil sands.

Revenue in the Trucking/Logistics segment increased by $143.9 million, or 25.2 percent, to $714.8 million from $570.9 million in 2014. This $143.9 million increase was largely due to incremental revenue due to the net effect of the acquisitions of Gardewine and Courtesy and the disposition of Mill Creek (collectively, the "**T/L Acquisitions**"[1]) and the acquisition of Bernard[1]. This increase was partially offset by an $18.5 million decrease in fuel surcharge revenue as well as decreased demand for transportation services within Alberta.

Consolidated Revenue **Years ended December 31** ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**821.6**	**67.7**	855.1	59.9	(33.5)	(3.9)
Contractors	**387.1**	**31.9**	567.1	39.7	(180.0)	(31.7)
Other	**5.7**	**0.4**	5.7	0.4	—	—
Total	**1,214.4**	**100.0**	1,427.9	100.0	(213.5)	(15.0)

Revenue related to Company Equipment decreased by $33.5 million, or 3.9 percent, to $821.6 million as compared to $855.1 million in 2014. Revenue related to Company Equipment represented 67.7 percent of consolidated revenue in the current period as compared to 59.9 percent in 2014. Revenue related to Contractors decreased by $180.0 million, or 31.7 percent, to $387.1 million as compared to $567.1 million in 2014, and represented 31.9 percent of consolidated revenue in the current period as compared to 39.7 percent in 2014.

[1] Bernard was acquired on October 1, 2014, Gardewine was acquired on January 9, 2015, Courtesy was acquired on October 1, 2015 and Mill Creek was disposed of on December 1, 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.*

Consolidated Direct Operating Expenses **Years ended December 31** ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**222.1**	**27.0**	228.0	26.7	(5.9)	(2.6)
Fuel	**70.4**	**8.6**	83.9	9.8	(13.5)	(16.1)
Repairs and maintenance	**116.2**	**14.1**	129.1	15.1	(12.9)	(10.0)
Operating supplies	**54.9**	**6.7**	78.0	9.1	(23.1)	(29.6)
Other	**91.7**	**11.2**	36.7	4.3	55.0	149.9
	555.3	**67.6**	555.7	65.0	(0.4)	(0.1)
Contractors	**288.7**	**74.6**	429.4	75.7	(140.7)	(32.8)
Total	**844.0**	**69.5**	985.1	69.0	(141.1)	(14.3)

**as a percentage of respective Consolidated revenue*

DOE were $844.0 million in 2015 as compared to $985.1 million in 2014. The decrease of $141.1 million, or 14.3 percent, was directly related to the $213.5 million decrease in consolidated revenue. As a percentage of revenue these expenses increased by 0.5 percent to 69.5 percent as compared to 69.0 percent in 2014 as a result of the acquisition of Gardewine.

In 2015 DOE associated with Company Equipment was essentially unchanged at $555.3 million as compared to $555.7 million in 2014. The decrease of $0.4 million, or 0.1 percent, was due to the $138.7 million decrease in DOE within the Oilfield Services segment being almost entirely offset by increased DOE within the Trucking/Logistics segment as a result of the T/L Acquisitions and the acquisition of Bernard. As a percentage of Company revenue these expenses increased to 67.6 percent as compared to 65.0 percent in 2014, primarily due to the acquisition of Gardewine. Company expenses as a percentage of Company revenue increased by 2.6 percent primarily due to a combination of a generally more competitive environment in the Oilfield Services segment and increased Company expenses related to the T/L Acquisitions and the acquisition of Bernard.

Contractors expense in 2015 decreased by $140.7 million to $288.7 million, as compared to $429.4 million in 2014 due to the $180.0 million decrease in Contractors revenue primarily due to reductions experienced by the Oilfield Services segment. As a percentage of Contractors revenue, Contractors expense decreased by 1.1 percent to 74.6 percent as compared to 75.7 percent in 2014 due to the greater availability of Contractors in the markets we serve.

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 Business Units.*

Consolidated Selling and Administrative Expenses **Years ended December 31** ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**92.7**	**7.6**	83.9	5.9	8.8	10.5
Communications, utilities and general supplies	**40.9**	**3.4**	42.7	3.0	(1.8)	(4.2)
Profit share	**12.2**	**1.0**	20.3	1.4	(8.1)	(39.9)
Foreign exchange	**(17.6)**	**(1.4)**	(3.4)	(0.2)	(14.2)	417.6
Stock-based compensation	**1.5**	**0.1**	1.6	0.1	(0.1)	(6.3)
Rent and other	**11.3**	**0.9**	13.0	0.9	(1.7)	(13.1)
Total	**141.0**	**11.6**	158.1	11.1	(17.1)	(10.8)

**as a percentage of total Consolidated revenue*

S&A expenses decreased by $17.1 million to $141.0 million in 2015 as compared to $158.1 million in 2014. This was attributable to a $20.5 million reduction in S&A expenses due to cost cutting measures, a $14.2 million positive variance in foreign exchange and the $8.1 million reduction in profit share that was partially offset by $25.7 million of incremental costs associated with the T/L Acquisitions and the acquisitions of Bernard and Recon. S&A expenses as a percentage of consolidated revenue increased by 0.5 percent to 11.6 percent in comparison to 11.1 percent in 2014.

Operating Income Before Depreciation and Amortization

*Operating income before depreciation and amortization[1] ("**OIBDA**")[1] 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.*

Consolidated Operating Income Before Depreciation and Amortization[(1)] **Years ended December 31** ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Trucking/Logistics	**117.9**	**51.4**	92.4	32.5	25.5	27.6
Oilfield Services	**101.2**	**44.1**	196.4	69.0	(95.2)	(48.5)
Corporate	**10.3**	**4.5**	(4.1)	(1.5)	14.4	(351.2)
Total	**229.4**	**100.0**	284.7	100.0	(55.3)	(19.4)

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

OIBDA[1] for 2015 decreased to $229.4 million, or 19.4 percent, as compared to $284.7 million generated in 2014. The decrease of $55.3 million was primarily due to the Oilfield Services segment that experienced a $95.2 million decrease in OIBDA[1]. This was somewhat offset by the Trucking/Logistics segment that experienced a $25.5 million increase in OIBDA[1]. In addition, Corporate costs declined by $14.4 million on a year over year basis primarily due to a $15.8 million foreign exchange gain. As a percentage of revenue, OIBDA[1] decreased to 18.9 percent as compared to 19.9 percent in 2014. This 1.0 percent decrease in operating margin largely was due to a generally more competitive environment in the Oilfield Services segment. Adjusted for the $15.8 million foreign exchange gain, OIBDA[1] would have been $213.6 million or 17.6 percent of consolidated revenue.

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

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $75.3 million in 2015 as compared to $69.3 million in 2014. This increase of $6.0 million was attributable to a greater amount of depreciation being recorded in the Trucking/Logistics segment and the Corporate Office. Depreciation in the Trucking/Logistics segment increased by $4.0 million due to the additional depreciation expense resulting from the T/L Acquisitions and the acquisition of Bernard. Depreciation in the Corporate Office increased on a year over year basis primarily as a result of capital expenditures related to facilities. Depreciation in the Oilfield Services segment increased by $0.2 million due to the capital expenditures made by Canadian Dewatering L.P. and from the acquisition of Recon, which was somewhat offset by a reduction in depreciation from the sale of older assets by certain Business Units 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. Amortization of intangible assets was $19.0 million in 2015 as compared to $15.9 million in 2014. The increase of $3.1 million mainly resulted from the additional amortization associated with the acquisitions of Gardewine, Bernard, Courtesy and Recon being somewhat offset by the reduction in amortization recorded on certain Business Units' 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 $35.8 million in 2015 as compared to $47.4 million in 2014. The decrease of $11.6 million was mainly attributable to a $20.0 million one-time expense related to the prepayment of the Series A and Series B Notes in 2014 and from lower interest expense being recorded in 2015 from repaying the Series A and Series B Notes. For more information regarding the $20.0 million one-time prepayment expense, refer to the Private Placement and Capital Allocations section beginning on page 15. These decreases were somewhat offset by the additional interest expense 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 relative to the U.S. dollar.

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.

Net unrealized foreign exchange loss was $39.7 million in 2015 as compared to $15.5 million in 2014. The increase of $24.2 million was mainly attributable to the change in the value of the Canadian dollar relative to the U.S. dollar. The $30.6 million unrealized foreign exchange gain on Cross-Currency Swaps does not offset the $70.3 million unrealized foreign exchange loss on U.S. dollar debt for two reasons. First, the $85.0 million of Series E Notes remains unhedged resulting in a $19.0 million net unrealized foreign exchange loss. Second, the fair value of the Cross-Currency Swaps is recorded at net present value, whereas the corresponding debt that it relates to is recorded at the U.S. exchange rate as at December 31, 2015. The details of the net unrealized foreign exchange loss were as follows:

	Years ended December 31	
	CDN. $ Equivalent	
($ millions)	**2015**	**2014**
Unrealized foreign exchange loss on U.S. debt	**70.3**	24.9
Unrealized foreign exchange gain on Cross-Currency Swaps	**(30.6)**	(9.4)
Net unrealized foreign exchange loss	**39.7**	15.5

Unrealized Foreign Exchange Loss on U.S. Debt

Mullen Group recorded an unrealized foreign exchange loss of $70.3 million related to the Corporation's U.S. dollar denominated debt due to the $0.22 weakening of the Canadian dollar relative to the U.S. dollar during 2015. In 2014 Mullen Group recorded an unrealized foreign exchange loss of $24.9 million due to the change in the value of the Canadian dollar relative to the U.S. dollar. The details of the unrealized foreign exchange loss on U.S. debt is summarized in the table below:

	Years ended December 31					
	2015			2014		
($ millions, except exchange rate amounts)	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**
Beginning – January 1	**314.0**	**1.1601**	**364.3**	235.0	1.0636	250.0
Add: Series G and Series H Notes			**—**	229.0	1.1262	257.9
Less: Repayment of Series A and Series B Notes			**—**	(150.0)	1.1233	(168.5)
Subtotal	**314.0**		**364.3**	314.0		339.4
Ending – December 31	**314.0**	**1.3840**	**434.6**	314.0	1.1601	364.3
Unrealized foreign exchange loss on U.S. debt			**70.3**			24.9

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.

Mullen Group recorded an unrealized foreign exchange gain on Cross-Currency Swaps of $30.6 million in 2015. This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below:

	Years ended December 31			
	2015		2014	
($ millions)	**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**	**(16.5)**	117.0	(5.1)
Cross-Currency Swap maturing October 22, 2026	**112.0**	**(14.1)**	112.0	(4.3)
Unrealized foreign exchange gain on Cross-Currency Swaps		**(30.6)**		(9.4)

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, earnings from equity investments and the gain on contingent consideration. Other expense in 2015 was $16.2 million, an $11.3 million negative variance as compared to the $4.9 million of other expense recorded in 2014. The $11.3 million negative variance was due to the factors set forth below:

Change in Fair Value of Investments (positive variance of $1.3 million). Mullen Group periodically invests in certain private and public corporations. In 2015 Mullen Group recorded a decrease in the fair value of investments of $19.4 million as compared to a $20.7 million decrease in 2014. Mullen Group did not purchase or sell any investments in 2015 (2014 – purchased $3.5 million).

Gain or Loss on Sale of Property, Plant and Equipment (negative variance of $6.8 million). Mullen Group recognized a loss of $2.3 million in 2015 on sale of property, plant and equipment on total consolidated proceeds on sale of $7.7 million as compared to a $4.5 million gain on sale of property, plant and equipment on total consolidated proceeds on sale of $56.3 million in 2014. The $2.3 million loss on sale of property, plant and equipment in 2015 mainly resulted from the sale of older assets by Business Units within the Trucking/Logistics segment and the Oilfield Services segment. The $4.5 million gain on sale of property, plant and equipment in 2014 mainly resulted from recording a $10.1 million gain on sale of non-core real property located in Edmonton, Alberta. This gain was somewhat offset by a $5.5 million loss on sale of older assets by Business Units within the Oilfield Services segment. A significant amount of this equipment would have been too costly to repair or certify.

Gain on Sale of Mill Creek (negative variance of $10.8 million). On December 1, 2014, Mullen Group entered into a share transfer agreement whereby it contributed its 100.0 percent interest in Mill Creek in exchange for a 30.0 percent equity interest in Kriska Transportation. When control of a Business Unit is lost, Mullen Group re-measures the Business Unit to its fair value and recognizes a gain or loss within the statement of comprehensive income. As such, Mullen Group recognized a gain of $10.8 million on the contribution of Mill Creek to Kriska Transportation as the fair value of the consideration received exceeded the corresponding book value.

Earnings from Equity Investments (positive variance of $2.0 million). Mullen Group recognized $2.5 million of earnings from equity investments in 2015 as compared to earnings of $0.5 million in 2014. Mullen Group uses the equity method to account for investments and recognizes earnings from these equity investments from the date in which it obtains significant influence or joint control. Mullen Group purchased $6.6 million of equity investments in 2015 (2014 – nil). The following table details Mullen Group's equity investments and the date from which it commenced recording earnings from them.

Equity Investment	Date of Significant Influence or Joint Control Obtained
Canol Oilfield Services Inc.	January 1, 2013
Kriska Transportation Group Limited	December 1, 2014
Envolve Energy Services Corp.	April 10, 2015
Cordova Oilfield Services Ltd.	April 17, 2015
Butler Ridge Energy Services (2011) Ltd.	July 1, 2015

Gain on Contingent Consideration (positive variance of $3.0 million). On November 5, 2014, Mullen Group acquired the business of Recon Utility Search N.A. Inc. for net cash consideration of $21.7 million, including $3.0 million of contingent consideration. Pursuant to the purchase and sale agreement, the vendor could receive cash consideration of up to $3.0 million for achieving certain financial targets in the 2015, 2016 and 2017 fiscal years. On November 5, 2014, Mullen Group estimated the fair value of this contingent consideration to be $3.0 million, which was based upon management's best estimate of Recon's operating results for the 2015 fiscal year. Recon did not achieve its financial target in 2015. Management also revised its estimate of Recon's pro forma operating results for the 2016 and 2017 fiscal years. As such, management now estimates the fair value of the contingent consideration to be nil and has recognized a gain of $3.0 million in the consolidated statement of comprehensive income in 2015.

Income Taxes

	Years ended December 31	
($ millions)	**2015**	**2014**
Income before income taxes	**$ 43.4**	$ 131.7
Combined statutory tax rate	**26%**	26%
Expected income tax	**11.3**	34.3
Add (deduct):		
Non-deductible portion of net unrealized foreign exchange loss	**5.2**	1.9
Non-deductible portion of the change in fair value of investments	**2.6**	2.6
Increase in income tax due to changes in income tax rates	**5.8**	—
Stock-based compensation expense	**0.4**	0.4
Other	**4.7**	(2.1)
Income tax expense	**$ 30.0**	$ 37.1

Income tax expense was $30.0 million in 2015 as compared to $37.1 million in 2014. The decrease of $7.1 million was attributable to the lower amount of income generated in 2015 as compared to 2014. This decrease was somewhat offset by the effect of the Government of Alberta's decision to raise its corporate income tax rate by 2.0 percent effective July 1, 2015.

Net Income

	Years ended December 31		
($ millions, except share and per share amounts)	**2015**	**2014**	**% Change**
Net income	**$ 13.4**	$ 94.6	(85.8)
Weighted average number of Common Shares outstanding	**91,652,785**	91,377,065	0.3
Earnings per share – basic	**$ 0.15**	$ 1.04	(85.6)

Net income decreased to $13.4 million in 2015 as compared to $94.6 million in 2014. The factors contributing to the decrease in net income include:

- a $55.3 million decrease in OIBDA[1];
- a $24.2 million negative variance in net unrealized foreign exchange;
- the $10.8 million gain on sale of Mill Creek recognized in 2014;
- a $6.8 million increase in loss on sale of property, plant and equipment;
- a $6.0 million increase in depreciation of property, plant and equipment; and
- a $3.1 million increase in amortization of intangibles.

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

- an $11.6 million decrease in finance costs;
- a $7.1 million decrease in income tax expense;
- a $3.0 million gain on contingent consideration;
- a $2.0 million increase in earnings from equity investments; and
- a $1.3 million positive variance in the fair value of investments.

Basic earnings per share decreased to $0.15 in 2015 as compared to $1.04 in 2014. This decrease resulted from the combined effect of the $81.2 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 by 275,720 from 91,377,065 to 91,652,785 due to the exercise of stock options.

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

Net Income – Adjusted and Earnings per Share – Adjusted

The following table illustrates net income and basic earnings per share before considering the impact of the net unrealized foreign exchange gains or losses, the change in fair value of investments, the gain on contingent consideration, the one-time expense in 2014 related to the prepayment of the Series A and Series B Notes and the gain on sale of Mill Creek. Net income and basic earnings per share have been adjusted to reflect earnings from a strictly operating perspective.

	Years ended December 31	
($ millions, except share and per share amounts)	**2015**	**2014**
Income before income taxes	**$ 43.4**	$ 131.7
Add (deduct):		
Net unrealized foreign exchange loss	**39.7**	15.5
Change in fair value of investments	**19.4**	20.7
Gain on contingent consideration	**(3.0)**	—
Finance costs – adjustment (Series A and Series B Notes)	**—**	20.0
Gain on sale of Mill Creek	**—**	(10.8)
Income before income taxes – adjusted	**99.5**	177.1
Income tax rate	**26%**	26%
Computed expected income tax expense	**(25.9)**	(46.0)
Net income – adjusted[1]	**73.6**	131.1
Weighted average number of Common Shares outstanding – basic	**91,652,785**	91,377,065
Earnings per share – adjusted[1]	**$ 0.80**	$ 1.44

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

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2015 SEGMENTED INFORMATION

Year ended December 31, 2015 *($ millions)*	Trucking /Logistics	Oilfield Services	Corporate and intersegment eliminations	Total
	$	$	$	$
Revenue	**714.8**	**501.1**	**(1.5)**	**1,214.4**
Direct operating expenses	**510.8**	**337.9**	**(4.7)**	**844.0**
Selling and administrative expenses	**86.1**	**62.0**	**(7.1)**	**141.0**
Operating income before depreciation and amortization[1]	**117.9**	**101.2**	**10.3**	**229.4**

Year ended December 31, 2014 *($ millions)*	Trucking /Logistics	Oilfield Services	Corporate and intersegment eliminations	Total
	$	$	$	$
Revenue	570.9	858.9	(1.9)	1,427.9
Direct operating expenses	414.0	578.3	(7.2)	985.1
Selling and administrative expenses	64.5	84.2	9.4	158.1
Operating income before depreciation and amortization[1]	92.4	196.4	(4.1)	284.7

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP and Additional 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 December 31, 2015, the Trucking/Logistics segment was comprised of 12 Business Units that utilize both Company Equipment and Contractors.

Service Offerings	*Key Drivers and Considerations*
· *Long-Haul Trucking (T/L)*	· *Tied to general economy (i.e., GDP)*
· *Less-Than-Truckload Trucking (LTL)*	· *North American network*
· *Logistics, Intermodal and Transload Services*	· *Requires less maintenance capital*
· *Bulk Hauling*	· *Industry capacity is shrinking*

Revenue

Revenue – Trucking/Logistics Years ended December 31 *($ millions)*	2015		2014		Change	
	$	%	$	%	$	%
Company	**472.6**	**66.1**	283.2	49.6	189.4	66.9
Contractors	**241.6**	**33.8**	287.0	50.3	(45.4)	(15.8)
Other	**0.6**	**0.1**	0.7	0.1	(0.1)	(14.3)
Total	**714.8**	**100.0**	570.9	100.0	143.9	25.2

The Trucking/Logistics segment generated 58.8 percent of pre-consolidated revenue in 2015 as compared to 39.9 percent in 2014. Revenue in this segment increased by $143.9 million, or 25.2 percent, to $714.8 million as compared to $570.9 million in 2014 primarily due to the T/L Acquisitions and the acquisition of Bernard. This

increase was partially offset by decreased fuel surcharge revenue and decreased demand for most freight services in western Canada and Alberta in particular. Fuel surcharge revenue, net of the effect of the T/L Acquisitions and the acquisition of Bernard, decreased by $18.5 million to $36.8 million from $55.3 million in 2014. Revenue excluding the T/L Acquisitions, the acquisition of Bernard and the change in fuel surcharge decreased by $21.9 million or approximately 4.5 percent.

Direct Operating Expenses

Direct Operating Expenses – Trucking/Logistics **Years ended December 31** ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**127.0**	**26.9**	78.6	27.8	48.4	61.6
Fuel	**46.6**	**9.9**	35.1	12.4	11.5	32.8
Repairs and maintenance	**58.8**	**12.4**	39.5	13.9	19.3	48.9
Operating supplies	**21.3**	**4.5**	21.8	7.7	(0.5)	(2.3)
Other	**77.6**	**16.4**	21.8	7.7	55.8	256.0
	331.3	**70.1**	196.8	69.5	134.5	68.3
Contractors	**179.5**	**74.3**	217.2	75.7	(37.7)	(17.4)
Total	**510.8**	**71.5**	414.0	72.5	96.8	23.4

**as a percentage of respective Trucking/Logistics revenue*

DOE in 2015 were $510.8 million as compared to $414.0 million in 2014. The increase of $96.8 million, or 23.4 percent, was generally in line with the increase in revenue. Overall as a percentage of revenue these expenses decreased by 1.0 percent to 71.5 percent as compared to 72.5 percent in 2014 due to a larger portion of revenue being generated by Company assets and the decline in Contractors expense as a percentage of revenue.

DOE related to Company Equipment increased by $134.5 million to $331.3 million from $196.8 million, primarily due to incremental DOE as a result of the T/L Acquisitions and the acquisition of Bernard. In terms of a percentage of revenue, Company expenses increased to 70.1 percent as compared to 69.5 percent in 2014. This 0.6 percent increase as a percentage of Company revenue was due to the combined effect of the following:

- the acquisition of Gardewine and, in particular, the rise in Other expenses that increased by 8.7 percent of Company revenue to 16.4 percent, or $77.6 million, as compared to 7.7 percent or $21.8 million in 2014 as a result of Gardewine's use of purchased transportation from third parties to generate Company revenue;

- fuel expenses that decreased by 2.5 percent of Company revenue to 9.9 percent, or $46.6 million, as compared to 12.4 percent or $35.1 million in 2014 largely due to the year over year decrease in diesel prices; and

- continued focus on cost control.

Contractors expense in 2015 decreased by $37.7 million to $179.5 million, as compared to $217.2 million in 2014 due to the $45.4 million decline in Contractors revenue. As a percentage of Contractors revenue, Contractors expense decreased to 74.3 percent as compared to 75.7 percent in 2014 due to the greater availability of subcontractors in western Canada.

Selling and Administrative Expenses

Selling and Administrative Expenses – Trucking/Logistics Years ended December 31 *($ millions)*	2015		2014		Change	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**52.7**	**7.4**	37.3	6.5	15.4	41.3
Communications, utilities and general supplies	**22.1**	**3.1**	16.7	2.9	5.4	32.3
Profit share	**8.5**	**1.2**	7.5	1.3	1.0	13.3
Foreign exchange	**(1.8)**	**(0.3)**	(1.3)	(0.2)	(0.5)	38.5
Rent and other	**4.6**	**0.6**	4.3	0.8	0.3	7.0
Total	**86.1**	**12.0**	64.5	11.3	21.6	33.5

**as a percentage of total Trucking/Logistics revenue*

S&A expenses were $86.1 million in 2015 as compared to $64.5 million in 2014. The increase of $21.6 million was primarily due to the T/L Acquisitions and the acquisition of Bernard that incurred $25.2 million of incremental S&A expenses. S&A expenses as a percentage of segment revenue increased by 0.7 percent to 12.0 percent in comparison to 11.3 percent in 2014 due to the effect of the T/L Acquisitions and the acquisition of Bernard.

Operating Income Before Depreciation and Amortization

OIBDA[1] in 2015 increased by $25.5 million to $117.9 million, or 27.6 percent, as compared to $92.4 million generated in the same period last year. As a percentage of segment revenue, OIBDA[1] increased to 16.5 percent as compared to 16.2 percent in 2014. This 0.3 percent increase in operating margin was primarily due to the lower DOE being somewhat offset by the acquisition of Gardewine, which currently has an operating margin below the segment average. Gardewine's lower margin negatively impacted segment operating margin by 166 basis points.

Capital Expenditures

Net capital expenditures[1] were $25.5 million in 2015, an increase of $7.7 million as compared to $17.8 million in 2014. The Trucking/Logistics segment had gross capital expenditures of $28.0 million and dispositions of $2.5 million for net capital expenditures[1] of $25.5 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 $20.5 million and dispositions were $2.7 million for net capital expenditures[1] of $17.8 million.

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

OILFIELD SERVICES SEGMENT

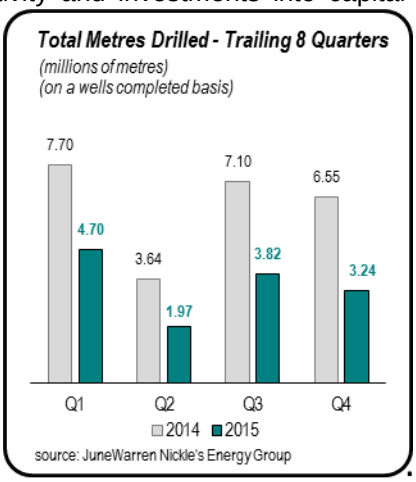
Mullen Group provides the energy sector in northern and western Canada with a wide range of services related to the drilling for oil and natural gas, oil and natural gas production, oil sands infrastructure development and capital projects. At December 31, 2015, the Oilfield Services segment was comprised of 15 Business Units, that utilize both Company Equipment and Contractors.

Service Offerings	*Key Drivers and Considerations*
· *Production Services*	· *Commodity prices (i.e., oil and natural gas)*
· *Specialized Services*	· *Drilling trends and evolving technologies*
- oil sands, dewatering and infrastructure	· *Take-away / Pipeline Capacity*
· *Drilling and Drilling Related*	

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 per well 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 2015 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 continued and intensified, negatively impacted industry cash flows resulting in significant reductions in drilling activity and investments into capital projects. Oil prices sank to seven year lows in December 2015. Recent price declines reflect concerns about lower economic growth in emerging markets, expectations of higher oil exports from Iran and an expected growth in global inventories. As such, drilling activity has been severely negatively impacted.



Drilling activity in the western Canada sedimentary basin ("**WCSB**"), as reported in terms of active rig count, total wells drilled and length of metres drilled within such wells, declined significantly in 2015 as compared to the prior year. Industry statistics indicate that the average active rig count was 184 rigs during 2015 as compared to 370 active rigs in 2014, a decrease of 186 rigs or 50.3 percent. In addition, total wells drilled in 2015 decreased by 51.6 percent to 5,413 wells drilled in the period as compared to 11,194 wells drilled in 2014. The length of metres drilled within such wells decreased by 45.1 percent during the current period to 13.73 million metres as compared to 24.99 million metres in 2014.

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

	Years ended December 31			
	2015	**2014**	**# Change**	**% Change**
British Columbia	**536**	692	(156)	(22.5)
Alberta	**2,855**	6,476	(3,621)	(55.9)
Saskatchewan	**1,819**	3,559	(1,740)	(48.9)
Manitoba	**203**	464	(261)	(56.3)
Northwest Territories	**—**	3	(3)	(100.0)
Total	**5,413**	11,194	(5,781)	(51.6)

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

Revenue

Revenue – Oilfield Services Years ended December 31 *($ millions)*	2015		2014		Change	
	$	%	$	%	$	%
Company	**349.1**	**69.7**	571.9	66.6	(222.8)	(39.0)
Contractors	**149.9**	**29.9**	283.2	33.0	(133.3)	(47.1)
Other	**2.1**	**0.4**	3.8	0.4	(1.7)	(44.7)
Total	**501.1**	**100.0**	858.9	100.0	(357.8)	(41.7)

The Oilfield Services segment generated 41.2 percent of pre-consolidated revenue in 2015 as compared to 60.1 percent in 2014. Revenue in this segment decreased by $357.8 million, or 41.7 percent, to $501.1 million as compared to $858.9 million in 2014 due to significant reductions in drilling activity and investments into capital projects as well as intense competition. Revenue decreased by $114.4 million, $64.7 million and $88.8 million in the first, second and third quarters, respectively. Specific factors affecting the Oilfield Services segment's year to date revenue were:

- a $191.3 million decrease in revenue generated by those Business Units involved in the transportation of fluids and servicing of wells;
- a $106.7 million decrease in revenue generated by those Business Units most directly tied to oil and natural gas drilling activity;
- a $30.2 million decrease in revenue generated by those Business Units providing specialized services to pipeline construction and the oil sands industries being somewhat offset by an increase in demand for services associated with large diameter pipeline construction projects and $5.1 million of incremental revenue due to the acquisition of Recon; and
- a $30.1 million decrease in revenue generated by those Business Units providing drilling services including core drilling for the oil sands.

Direct Operating Expenses

Direct Operating Expenses – Oilfield Services Years ended December 31 *($ millions)*	2015		2014		Change	
	$	%*	$	%*	$	%
Company						
Wages and benefits	**95.1**	**27.2**	149.4	26.1	(54.3)	(36.3)
Fuel	**23.8**	**6.8**	48.9	8.6	(25.1)	(51.3)
Repairs and maintenance	**57.4**	**16.4**	89.7	15.7	(32.3)	(36.0)
Operating supplies	**33.6**	**9.6**	56.2	9.8	(22.6)	(40.2)
Other	**14.4**	**4.3**	18.8	3.3	(4.4)	(23.4)
	224.3	**64.3**	363.0	63.5	(138.7)	(38.2)
Contractors	**113.6**	**75.8**	215.3	76.0	(101.7)	(47.2)
Total	**337.9**	**67.4**	578.3	67.3	(240.4)	(41.6)

**as a percentage of respective Oilfield Services revenue*

DOE were $337.9 million in 2015 as compared to $578.3 million in 2014. The decrease of $240.4 million, or 41.6 percent, was directly related to the $357.8 million decline in segment revenue. As a percentage of revenue these expenses increased by 0.1 percent to 67.4 percent compared to 67.3 percent in 2014.

In 2015 DOE associated with Company Equipment decreased by $138.7 million, or 38.2 percent, to $224.3 million from $363.0 million in 2014. This $138.7 million decrease was directly related to the $222.8 million decrease in Company revenue. As a percentage of Company revenue these expenses increased by 0.8 percent to 64.3 percent as compared to 63.5 percent in 2014, primarily due to a generally more competitive operating environment experienced by those Business Units involved in the transportation of fluids and servicing of wells.

Contractors expense in 2015 decreased to $113.6 million, as compared to $215.3 million in 2014. This $101.7 million decrease was directly related to the $133.3 million decrease in Contractors revenue. As a percentage of Contractors revenue, Contractors expense decreased slightly to 75.8 percent as compared to 76.0 percent.

Selling and Administrative Expenses

Selling and Administrative Expenses – Oilfield Services **Years ended December 31** ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**35.9**	**7.2**	42.1	4.9	(6.2)	(14.7)
Communications, utilities and general supplies	**16.7**	**3.3**	22.9	2.7	(6.2)	(27.1)
Profit share	**3.7**	**0.7**	12.8	1.5	(9.1)	(71.1)
Rent and other	**5.7**	**1.2**	6.4	0.7	(0.7)	(10.9)
Total	**62.0**	**12.4**	84.2	9.8	(22.2)	(26.4)

**as a percentage of total Oilfield Services revenue*

S&A expenses in 2015 decreased by $22.2 million to $62.0 million as compared to $84.2 million in 2014, primarily due to the combined $15.3 million decrease in profit share and wages and benefits expenses as well as various cost control initiatives. S&A expenses as a percentage of segment revenue increased by 2.6 percent to 12.4 percent due to the overall fixed nature of these expenses relative to the $357.8 million decline in segment revenue.

Operating Income Before Depreciation and Amortization

OIBDA[1] in 2015 decreased by 48.5 percent to $101.2 million. The $95.2 million year over year decrease can be attributed to the following:

- a $42.1 million decrease in those Business Units involved in the transportation of fluids and servicing of wells;
- a $26.6 million decrease from Business Units tied to drilling related activity;
- a $15.0 million decrease relating to those Business Units leveraged to the oil sands and pipeline construction projects; and
- an $11.3 million decrease from Business Units providing drilling services.

OIBDA[1] represented as a percentage of segment revenue, decreased to 20.2 percent in 2015 from 22.9 percent in 2014. The 2.7 percent decrease in operating margin was largely due to the increase in S&A expenses as a percentage of segment revenue.

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

Capital Expenditures

Net capital expenditures[1] were $7.7 million in 2015, a decrease of $35.5 million as compared to $43.2 million in 2014. The Oilfield Services segment had gross capital expenditures of $13.0 million and dispositions of $5.3 million for net capital expenditures[1] of $7.7 million in 2015. Gross capital expenditures mainly consisted of additional equipment being purchased by those Business Units involved in the transportation of fluids and servicing of wells, a significant portion of which had been ordered in the prior year. The majority of the dispositions related to the sale of older trucks and trailers. In 2014 gross capital expenditures were $66.2 million and dispositions were $23.0 million.

CORPORATE

The Corporate Office provides support to the Corporation's Business Units including coordinating business strategies, monitoring financial and business performance and providing shared services such as payroll services, human resource support, information technology support , legal 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 Business Units. 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 OIBDA [1] of $10.3 million in 2015 as compared to an operating loss of $4.1 million in 2014. The $14.4 million increase in OIBDA[1] was mainly attributable to a $13.8 million positive variance in foreign exchange, incremental income from investment properties as well as decreases in various administrative expenses due to cost control measures. These increases to OIBDA[1] were somewhat offset by a reduction in costs recovered from the Business Units.

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

CAPITAL RESOURCES AND LIQUIDITY

Consolidated Cash Flow Summary

	Years ended December 31	
($ millions)	**2015**	**2014**
Net cash from operating activities	**$ 211.6**	$ 248.6
Net cash (used in) from financing activities	**(148.5)**	114.0
Net cash used in investing activities	**(258.0)**	(98.0)
Change in cash and cash equivalents	**(194.9)**	264.6
Effect of exchange rate fluctuations on cash held	**16.7**	2.6
Cash and cash equivalents, beginning of period	**325.4**	58.2
Cash and cash equivalents, end of period	**$ 147.2**	$ 325.4

Annual Sources and Uses of Cash

Net cash from operating activities decreased to $211.6 million as compared to $248.6 million in 2014. The decrease of $37.0 million, or 14.9 percent, was mainly due to a $55.3 million reduction in OIBDA[1]. This item was somewhat offset by a $13.8 million change in non-cash working capital items from operating activities in 2015 as compared to 2014 and a $19.2 million reduction in the amount of income taxes paid in 2015.

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

	Years ended December 31		
($ millions)	**2015**	**2014**	**Variance**
	$	**$**	**$**
Sources (uses) of cash			
Trade and other receivables	**77.8**	23.0	54.8
Inventory	**—**	(4.1)	4.1
Prepaid expenses	**1.7**	0.8	0.9
Accounts payable and accrued liabilities	**(43.5)**	2.5	(46.0)
Total sources (uses) of cash from non-cash working capital items	**36.0**	22.2	13.8

Operating Activities

In 2015 Mullen Group generated $36.0 million of cash from changes in non-cash working capital items from operating activities as compared to generating $22.2 million of cash in 2014. This $13.8 million variance was mainly due to the factors listed below.

- An additional $54.8 million of cash was generated from trade and other receivables that resulted from the combined effect of a $77.8 million source of cash in 2015 as compared to a $23.0 million source of cash in 2014.

- An additional $4.1 million of cash was generated in inventory that resulted from the combined effect of no cash being used in 2015 as compared to a $4.1 million use of cash in 2014.

- An additional $0.9 million of cash was generated from prepaid expenses that resulted from the combined effect of a $1.7 million source of cash in 2015 as compared to a $0.8 million source of cash in 2014.

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

Somewhat offsetting these items was the following:

- An additional $46.0 million of cash was used in accounts payable and accrued liabilities that resulted from the combined effect of a $43.5 million use of cash in 2015 as compared to a $2.5 million source of cash in 2014.

Financing Activities

Net cash used in financing activities increased to $148.5 million in 2015 as compared to net cash of $114.0 million being generated from financing activities in 2014. This $262.5 million negative variance was mainly due to the factors set forth below.

- An additional $426.4 million of cash was generated from issuing the 2014 Notes ($171.0 million and U.S. $229.0 million), the proceeds of which were drawn on October 22, 2014. For more information on the 2014 Notes, refer to the Private Placement and Capital Allocations section beginning on page 15.

- A $184.1 million decrease in the repayment of long-term debt and loans in 2015 as compared to 2014. The decrease of $184.1 million was mainly due to using a portion of the proceeds of the Series G and Series H Notes to repay the holders of the Series A (U.S. $100.0 million) and Series B (U.S. $50.0 million) Notes, including the $20.0 million one-time repayment expense in 2014. The majority of the debt repaid in 2015 consisted of repaying $2.0 million of shareholder loans assumed in the acquisition of Gardewine.

- A reduction of $9.2 million of cash received from the exercise of stock options.

- A $10.8 million increase in interest paid, which was mainly due to the issuance of the 2014 Notes being somewhat offset by the repayment of the Series A and Series B Notes.

- A $0.4 million increase in dividends paid to shareholders in 2015 as compared to 2014 due to an increase in the number of Common Shares outstanding, which resulted from the exercise of stock options.

Investing Activities

Net cash used in investing activities increased to $258.0 million in 2015 as compared to $98.0 million in 2014. This $160.0 million increase was mainly due to the factors set forth below.

- A $148.2 million increase in cash used to acquire Gardewine and Courtesy in 2015, as compared to acquiring Bernard and Recon in 2014.

- A $3.8 million decrease in net capital expenditures[1], which was mainly due to a reduction in purchases of property, plant and equipment being somewhat offset by a greater amount of proceeds on sale of equipment in 2014. In 2014 Mullen Group disposed of $56.3 million of property, plant and equipment consisting mainly of non-core real property as well as some equipment within the Oilfield Services segment.

- A $3.1 million increase in the purchase of investments from acquiring minority equity interests in Butler Ridge, Cordova and Envolve.

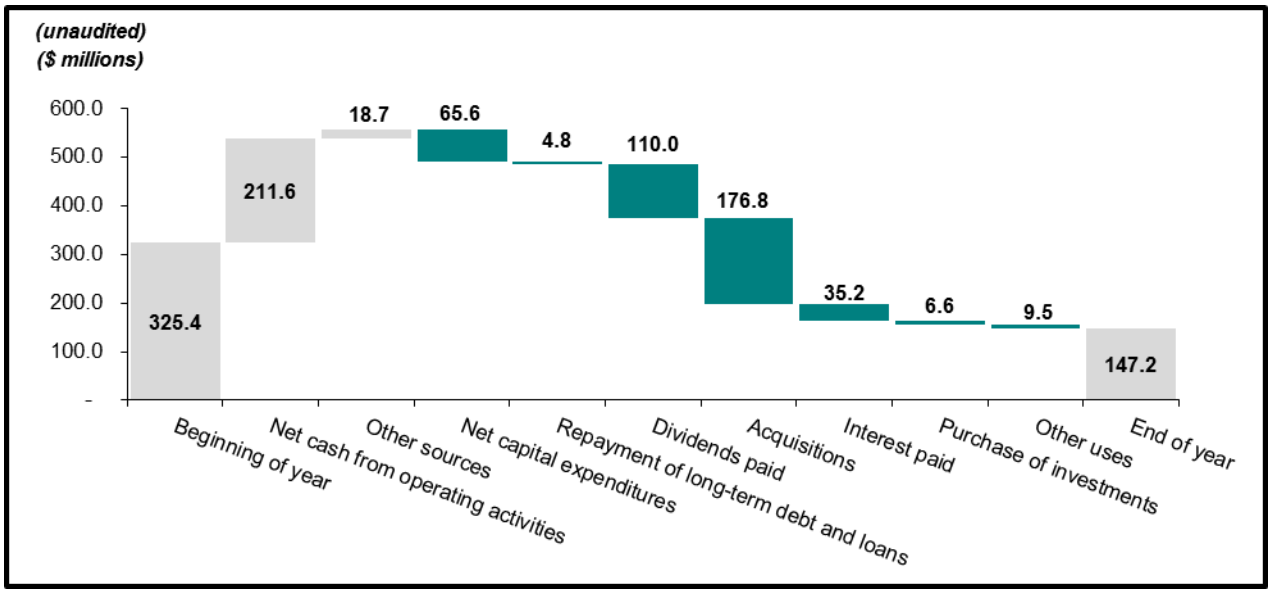
- A $5.2 million increase in other assets that was mainly due to issuing $4.3 million of debentures to Envolve.

- A $2.6 million decrease in cash due to contributing $2.6 million of cash to Kriska Transportation in 2014 by virtue of the cash held within Mill Creek at the time the transaction closed.

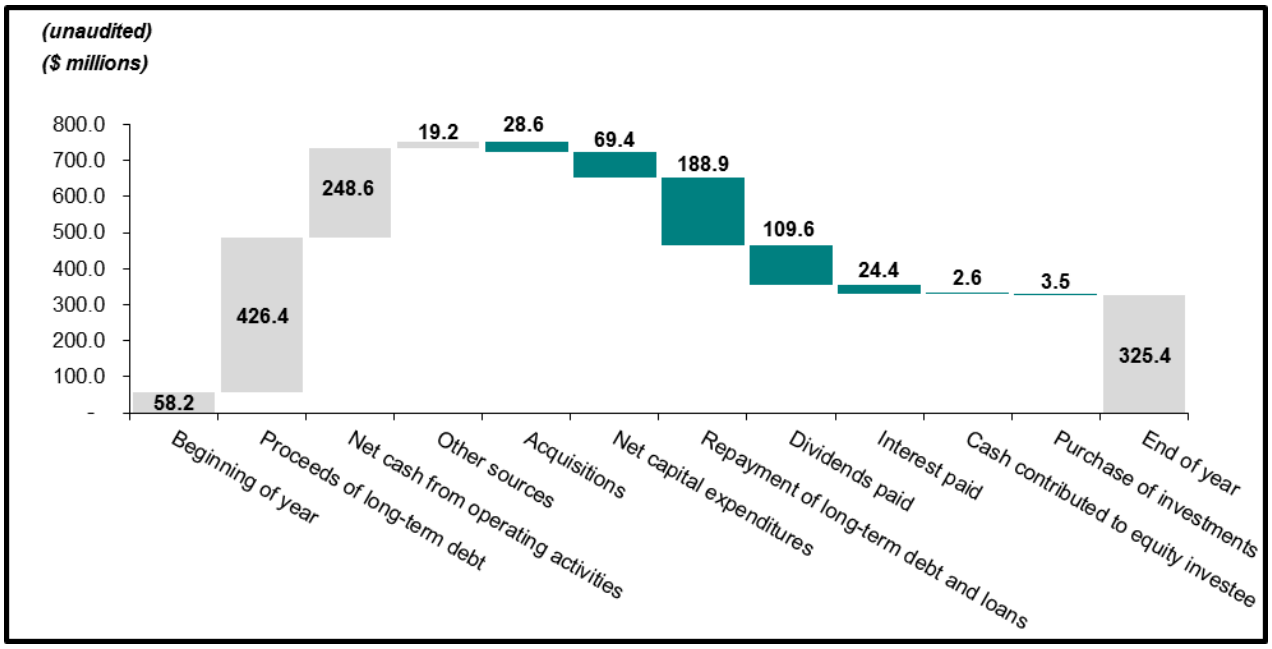
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP and Additional GAAP Terms".

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

Year ended December 31, 2015



Year ended December 31, 2014



In addition to the $211.6 million (2014 – $248.6 million) of net cash from operating activities, Mullen Group also received $18.7 million (2014 – $19.2 million) of cash from other sources, which mainly consisted of the effect of exchange rate fluctuations on U.S. dollar 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 $176.8 million (2014 – $28.6 million), repay long-term debt and loans of $4.8 million (2014 – $188.9 million), pay dividends totalling $110.0 million (2014 – $109.6 million), incur net capital expenditures[1] of $65.6 million (2014 – $69.4 million), pay interest obligations of $35.2 million (2014 – $24.4 million) and purchase investments of $6.6 million (2014 – $3.5 million). In 2014 Mullen Group generated $426.4 million of cash from issuing the 2014 Notes.

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

Working Capital

At December 31, 2015, Mullen Group had $187.1 million (December 31, 2014 – $460.5 million) of working capital, which included $147.2 million (December 31, 2014 – $325.4 million) of cash and cash equivalents. The majority of the decline in working capital was related to the $176.8 million of cash used to acquire Gardewine and Courtesy and the reclassification of $70.0 million of long-term debt to a current liability. 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 2016 are available to repay the $70.0 million current portion of long-term debt, finance Mullen Group's ongoing working capital requirements, dividends declared by the Board, its 2016 capital expenditure budget, as well as various special projects and acquisition opportunities.

Dividends

In 2015 Mullen Group declared monthly dividends of $0.10 per Common Share totalling $1.20 per Common Share (2014 – $1.20 per Common Share). At December 31, 2015, Mullen Group had 91,661,066 Common Shares outstanding and a dividend payable of $9.2 million (December 31, 2014 – $9.2 million), which was paid on January 15, 2016.

On December 16, 2015, Mullen Group's Board announced its intention to pay annual dividends of $0.96 per Common Share ($0.08 per Common Share on a monthly basis) for 2016. On January 19, 2016, the Board declared a monthly dividend of $0.08 per Common Share to be paid on February 15, 2016 to the holders of record at the close of business on January 31, 2016. The Board will continue to consider the amount of and the record date for the monthly dividend.

Capital Expenditures

On December 16, 2015, the Board approved a $25.0 million capital expenditure budget for 2016, with the majority allocated towards purchasing trucks, trailers and specialized equipment to support operations for the Trucking/Logistics segment. The 2016 capital expenditure budget is significantly less than the gross capital expenditures of $73.3 million in 2015, $125.7 million in 2014 and $133.7 million in 2013. Over the past several years, the Corporation has made significant investments in updating its fleet of trucks and trailers and expanding its real estate portfolio. The reduction in capital expenditures for 2016 mainly resulted from the severe cyclical downturn in the oil and natural gas industry. Generally, over the course of an economic cycle, Mullen Group's maintenance capital expenditure approximates its annual depreciation on property, plant and equipment, which was $75.3 million and $69.3 million in 2015 and 2014, respectively. Mullen Group's diverse business model, and its wide range of operations, provides the Corporation with the ability to redeploy certain assets over different regions for greater utilization. It also provides the Corporation with considerable flexibility in the amount of maintenance capital expenditure requirements in any given fiscal period.

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Debt

As at December 31, 2015, Mullen Group had net debt[1] outstanding of $522.0 million, (December 31, 2014 – $244.5 million), which consisted of total debt of $780.9 million (December 31, 2014 – $705.0 million) less working capital (excluding the current portion of long-term debt) of $258.9 million (December 31, 2014 – $460.5 million). The weakening of the Canadian dollar relative to the U.S. dollar is the primary reason for the increase in the carrying value of the long-term debt. Total debt is comprised of the Private Placement Debt, Debentures and Various Financing Loans. The following table summarizes Mullen Group's total and net debt[1] as at December 31, 2015, and December 31, 2014:

		December 31, 2015		December 31, 2014		
($ millions)	**Interest Rate**	**U.S. Dollar**	**CDN. Dollar Equivalent**	**U.S. Dollar**	**CDN. Dollar Equivalent**	**Change in 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**	**117.6**	85.0	98.6	**19.0**
Series F - matures September 27, 2017	5.47%	**—**	**20.0**	—	20.0	**—**
Series G - matures October 22, 2024	3.84%	**117.0**	**161.9**	117.0	135.7	**26.2**
Series H - matures October 22, 2026	3.94%	**112.0**	**155.0**	112.0	129.9	**25.1**
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	2.85% - 7.68%	**—**	**5.2**	—	—	**5.2**
Less:						
Unamortized debt issuance costs		**—**	**(2.0)**	—	(2.3)	**0.3**
Long-term debt (including the current portion)		**314.0**	**768.7**	314.0	692.9	**75.8**
Debentures - debt component	10.0%	**—**	**12.2**	—	12.1	**0.1**
Total debt		**$ 314.0**	**$ 780.9**	$ 314.0	$ 705.0	**$ 75.9**
Less:						
Working capital (excluding the current portion of long-term debt)			**258.9**		460.5	
Net debt[(2)]			**$ 522.0**		$ 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 and Additional 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. Although permitted, Mullen

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

Group has not included any operating cash flows generated by Courtesy prior to its acquisition in this financial covenant calculation.

Total debt to operating cash flow was calculated as follows:

Total debt to operating cash flow		December 31 2015		December 31 2014
Total debt	$	770.3	$	694.5
Operating cash flow	$	231.3	$	287.4
Total debt to operating cash flow		3.33:1		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	December 31 2015	December 31 2014
Private Placement Debt Covenants			
(a) Total debt to operating cash flow cannot exceed	3.50:1	3.33:1	2.42:1
(b) Total earnings available for fixed charges to total fixed charges cannot be less than	1.75:1	5.48:1	5.30:1

Mullen Group's total debt to operating cash flow covenant was 3.33:1 at December 31, 2015, which is approaching the financial covenant threshold of 3.50:1. Assuming the $770.3 million of total debt remains constant, Mullen Group would need to generate approximately $220.1 million of operating cash flow on a trailing twelve month basis to remain in compliance with this financial covenant. Mullen Group's net debt[1] (December 31, 2015 – $522.0 million) to operating cash flow would result in a financial covenant calculation of 2.26:1. Mullen Group has $147.2 million of cash as at December 31, 2015, a portion of which could be used to prepay some of its existing debt, including but not limited to the $70.0 million of Series C Notes that mature on June 30, 2016. All or a portion of the $147.2 million of cash could also be used to acquire businesses. When a business is acquired, the trailing twelve months of operating cash flows generated by the newly acquired business may be added to Mullen Group's trailing twelve month operating cash flows from the date of acquisition for financial covenant calculation purposes. The carrying value of the Cross-Currency Swaps was $39.9 million at December 31, 2015, and is not included in the financial covenant calculation. Mullen Group could monetize the Cross-Currency Swaps at any time and at its own discretion.

Mullen Group's debt-to-equity ratio was 0.97:1 at December 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 $75.9 million increase in long-term debt (including the current portion) and a $94.3 million decrease in equity as compared to December 31, 2014. The $75.9 million increase in long-term debt was mainly due to the effect of the $70.3 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 $94.3 million decrease in equity mainly resulted from the $110.0 million of dividends declared to shareholders in 2015. This item was somewhat offset by the $13.4 million of net income recognized in 2015 and $0.9 million from the exercise of stock options.

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

Contractual Obligations

The following table summarizes the contractual maturities of financial liabilities, excluding interest payments.

	Maximum Payments				
	Total	**1 year**	**2 – 3 years**	**4 – 5 years**	**5 years and thereafter**
($ millions)	**$**	**$**	**$**	**$**	**$**
Long-term debt	768.7	71.9	210.7	—	486.1
Debentures	12.2	—	12.2	—	—
Total long-term debt	780.9	71.9	222.9	—	486.1
Purchase obligations	2.9	2.9	—	—	—
Operating leases	35.0	10.3	15.1	6.7	2.9
Total Contractual Obligations	818.8	85.1	238.0	6.7	489.0

Mullen Group ended 2015 with long-term debt (including the current portion thereof) of $768.7 million, an increase of $75.8 million as compared to the $692.9 million of long-term debt at the beginning of the year. This increase was due to the effect of the $70.3 million unrealized foreign exchange loss on the Corporation's U.S. dollar denominated debt resulting from the weakening of the Canadian dollar relative to the U.S. dollar. Long-term debt also increased due to the $7.9 million of debt assumed on the Gardewine and Courtesy acquisitions. The majority of Mullen Group's long-term debt consists of the Private Placement Debt, which matures in 2016, 2017, 2018, 2024 and 2026.

Mullen Group ended 2015 with a carrying amount of Debentures of $12.2 million, a $0.1 million increase from the $12.1 million of Debentures at the beginning of the year. This slight increase was due to recording accretion expense in 2015.

As at December 31, 2015, Mullen Group was committed to capital expenditure purchase obligations totalling $2.9 million. The majority of these purchase obligations relate to the acquisition of trucks and trailers given that certain manufacturers require purchase obligations in advance so that manufacturing can commence and expected delivery times can be met.

The operating lease commitments of $35.0 million consist mostly of land, building and operating equipment commitments made by Mullen Group's Business Units. This is $10.7 million greater than the $24.3 million committed to in 2014. This increase in operating lease commitments is mainly due to the operating leases assumed by virtue of the acquisition of Gardewine. There was also some existing leases that were renewed. These increases were somewhat offset by the reduction in the amount outstanding on existing leases as they come closer to expiration.

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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	50,357		1.1
Balance at December 31, 2015	**91,661,066**	**$**	**778.4**

At December 31, 2015, Mullen Group had 91,661,066 Common Shares outstanding representing $778.4 million in share capital, an increase of $1.1 million as compared to $777.3 million at December 31, 2014. This increase was due to an additional $1.1 million recorded on the issuance of 50,357 Common Shares in relation to the exercise of stock options during the period. As at January 31, 2016, the Common Shares issued and outstanding remained at 91,661,066.

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)		**December 31, 2015**				**December 31, 2014**			
Year of Maturity	**Nominal Interest Rate**		**Face Value**		**Carrying Amount**		**Face Value**		**Carrying Amount**
2018	10%	**$**	**12.4**	**$**	**12.2**	$	12.4	$	12.1

As at December 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 at January 31, 2016, there were 12,445 Debentures outstanding. 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
Granted	1,090,000	20.77
Exercised	(50,357)	(16.89)
Forfeited	(106,666)	(21.19)
Outstanding – December 31, 2015	**2,354,744**	**$ 20.94**
Exercisable – December 31, 2015	**899,744**	**$ 19.41**

The total number of options available to be issued under the stock option plan cannot exceed 4,000,000. On May 4, 2015, Mullen Group issued 1,090,000 stock options under its stock option plan at an exercise price of $20.77 with a vesting date of May 4, 2018. In 2015 there were 50,357 stock options exercised and 106,666 stock options forfeited. As at December 31, 2015, Mullen Group had 2,354,744 stock options outstanding under the stock option plan. As at January 31, 2016, there were 2,332,500 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

	TTM[1]	2015				2014			
(unaudited)		**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	Q3	Q2	Q1
($ millions, except per share amounts)	**$**	**$**	**$**	**$**	**$**	**$**	$	$	$
Revenue	**1,214.4**	**287.7**	**304.7**	**284.8**	**337.2**	**345.2**	357.3	313.4	412.0
Operating income before depreciation and amortization[2]	**229.4**	**52.7**	**65.5**	**46.4**	**64.8**	**64.9**	76.6	52.0	91.2
Net income	**13.4**	**2.4**	**7.3**	**0.9**	**2.8**	**22.2**	10.5	25.6	36.3
Earnings per share									
Basic	**0.15**	**0.03**	**0.08**	**0.01**	**0.03**	**0.25**	0.11	0.28	0.40
Diluted	**0.15**	**0.03**	**0.08**	**0.01**	**0.03**	**0.24**	0.11	0.28	0.39
Other Information									
Net unrealized foreign exchange loss (gain)	**39.7**	**10.6**	**10.2**	**1.2**	**17.7**	**4.6**	10.1	(9.0)	9.8
Decrease (increase) in fair value of investments	**19.4**	**3.5**	**7.4**	**4.2**	**4.3**	**18.0**	2.8	(3.0)	2.9

(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 and Additional GAAP Terms".

Consolidated revenue in the fourth quarter of 2015 decreased by $57.5 million, or 16.7 percent, to $287.7 million as compared to $345.2 million in 2014. The decrease of $57.5 million was attributable to a reduction in revenue experienced in the Oilfield Services segment being somewhat offset by an increase in revenue experienced by the Trucking/Logistics segment. Revenue in the Oilfield Services segment decreased by $89.9 million and was due to the continuation of low commodity prices, which resulted in lower drilling activity levels and reduced capital investments in western Canada. This led to revenue declines in almost all of our Business Units within this segment. Revenue declines were most notable in those Business Units involved in the transportation of fluids and servicing of wells, from those Business Units most directly tied to oil and natural gas drilling activity and from lower demand for dewatering services. These decreases were somewhat offset by greater demand for services related to large diameter pipeline construction projects. The Trucking/Logistics segment experienced a $31.4 million increase in revenue due to the incremental revenue generated from the T/L Acquisitions. Net income in the fourth quarter of 2015 was $2.4 million, a decrease of $19.8 million as compared to the $22.2 million generated in 2014. The $19.8 million decrease in net income was mainly attributable to a $12.2 million decrease in OIBDA[1], a $10.8 million increase in loss on sale of property, plant and equipment, a $10.8 million gain on sale of Mill Creek recorded in 2014 and a $6.0 million negative variance in net unrealized foreign exchange. These decreases were somewhat offset by a $14.5 million positive variance in the fair value of investments and a $4.2 million reduction in income tax

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

expense. As a result, basic earnings per share in the fourth quarter of 2015 was $0.03, a decrease of $0.22, from the $0.25 generated in 2014.

Consolidated revenue in the third quarter of 2015 decreased by $52.6 million, or 14.7 percent, to $304.7 million as compared to $357.3 million in 2014. The decrease of $52.6 million was attributable to a reduction in revenue experienced in the Oilfield Services segment being somewhat offset by an increase in revenue experienced by the Trucking/Logistics segment. Revenue in the Oilfield Services segment decreased by $88.8 million and was due to the continuation of low commodity prices, which resulted in lower drilling activity levels and reduced capital investments in western Canada. This led to revenue declines in almost all of our Business Units within this segment. Revenue declines were most notable in those Business Units involved in the transportation of fluids and servicing of wells, from those Business Units most directly tied to oil and natural gas drilling activity and from lower demand for dewatering services. These decreases were somewhat offset by greater demand for services related to large diameter pipeline construction projects and from the incremental revenue generated from the acquisition of Recon. The Trucking/Logistics segment experienced a $36.4 million increase in revenue due to the incremental revenue generated from the T/L Acquisitions and the acquisition of Bernard. Net income in the third quarter of 2015 was $7.3 million, a decrease of $3.2 million from the $10.5 million generated in 2014. The $3.2 million decrease in net income was mainly attributable to an $11.1 million decrease in OIBDA[1], and a $4.6 million negative variance in the fair value of investments. These decreases were somewhat offset by a $19.0 million one-time expense recorded in 2014 related to the prepayment of the Series A and Series B Notes. As a result, basic earnings per share in the third quarter of 2015 was $0.08, a decrease of $0.03, from the $0.11 generated in 2014.

Consolidated revenue in the second quarter of 2015 decreased by $28.6 million, or 9.1 percent, to $284.8 million as compared to $313.4 million in 2014. The decrease of $28.6 million was attributable to a reduction in revenue experienced in the Oilfield Services segment being somewhat offset by a rise in revenue experienced by the Trucking/Logistics segment. Revenue in the Oilfield Services segment decreased by $64.7 million and was due to lower drilling activity levels and reduced capital investments in western Canada, which led to revenue declines in almost all of our Business Units within this segment. Revenue declines were most notable in those Business Units involved in the transportation of fluids and servicing of wells, from those Business Units most directly tied to oil and natural gas drilling activity and from lower demand for dewatering services. These decreases were somewhat offset by greater demand for services related to large diameter pipeline construction projects and from the incremental revenue generated from the acquisition of Recon. The Trucking/Logistics segment experienced a $36.2 million increase in revenue due to the incremental revenue generated from the T/L Acquisitions and the acquisition of Bernard. Net income in the second quarter of 2015 was $0.9 million, a decrease of $24.7 million from the $25.6 million generated in 2014. The $24.7 million decrease in net income was mainly attributable to a $5.6 million decrease in OIBDA[1], a $7.2 million negative variance in the fair value of investments, a $10.2 million negative variance in net unrealized foreign exchange and a $2.3 million increase in finance costs. These decreases were partially offset by a $4.8 million decrease in loss on sale of property, plant and equipment and a $0.4 million increase in earnings from equity investments. As a result, basic earnings per share in the second quarter of 2015 was $0.01, a decrease of $0.27, from the $0.28 generated in 2014.

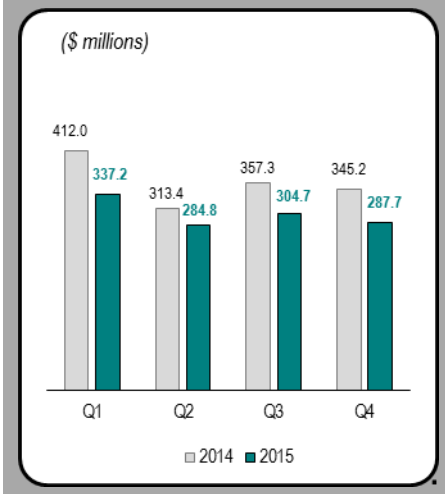
Consolidated revenue in the first quarter of 2015 decreased by $74.8 million, or 18.2 percent, to $337.2 million as compared to $412.0 million in 2014. The decrease of $74.8 million was attributable to a reduction in revenue experienced in the Oilfield Services segment. Revenue in the Oilfield Services segment decreased by $114.4 million and was due to a decrease in revenue generated by those Business Units 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 Business Units 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 and the acquisition of Bernard. 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 OIBDA[1], 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 and Additional GAAP Terms".

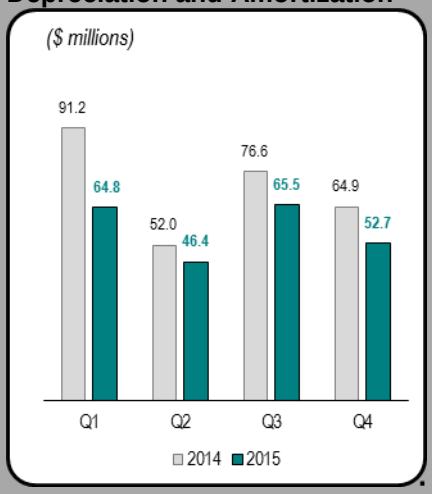
FOURTH QUARTER 2015 – CONSOLIDATED FINANCIAL RESULTS

Summary – Trailing Eight Quarters

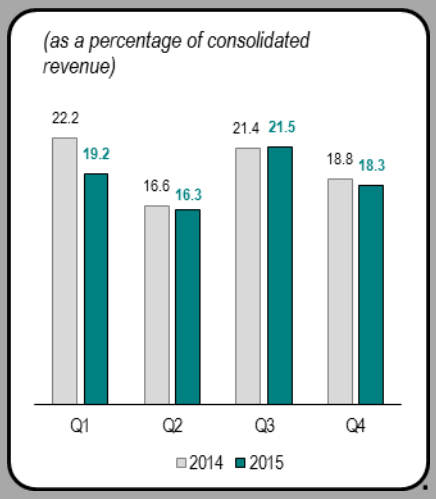
Consolidated Revenue



Operating Income Before Depreciation and Amortization



Operating Margin



Consolidated fourth quarter financial results were below the prior year levels due to the under performance of the Oilfield Services segment, which continued to experience very challenging market conditions, including limited demand for services, intense competition and pricing pressure across virtually all Business Units in the segment. Lower crude oil and natural gas prices has significantly reduced the profitability and cash flow for oil and natural gas producers. As a result capital spending and investment in new projects, including drilling activity, has been reduced significantly in western Canada. In contrast our Trucking/Logistics segment generated record fourth quarter results attributable to acquisitions, most notably the Gardewine transaction.

Revenue

Consolidated Revenue by Segment
Three month periods ended December 31
(unaudited)

($ millions)	**2015**		**2014**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Trucking/Logistics	**177.5**	**61.8**	146.1	42.3	31.4	21.5
Oilfield Services	**109.7**	**38.2**	199.6	57.7	(89.9)	(45.0)
Corporate and intersegment eliminations	**0.5**	**—**	(0.5)	—	1.0	—
Total	**287.7**	**100.0**	345.2	100.0	(57.5)	(16.7)

**as a percentage of pre-consolidated revenue*

Consolidated revenue in the fourth quarter decreased by $57.5 million, or 16.7 percent, to $287.7 million as compared to $345.2 million in 2014. This decrease in revenue was directly attributable to the Oilfield Services segment, which decreased by $89.9 million, or 45.0 percent, to $109.7 million as compared to $199.6 million in the same period one year earlier. The decrease in segment revenue was due to revenue declines in every Business Unit within this segment with the exception of Premay Pipeline Hauling L.P., as significantly lower commodity prices negatively impacted industry cash flows and significantly reduced capital investment and drilling activity in western Canada. Conversely, revenue in the Trucking/Logistics segment increased by $31.4 million, or 21.5 percent, to $177.5 million from $146.1 million primarily due to the net effect of the T/L Acquisitions.

Q4 Consolidated Revenue Three month periods ended December 31 *(unaudited)* *($ millions)*	2015		2014		Change	
	$	%	$	%	$	%
Company	**201.6**	**70.1**	202.3	58.6	(0.7)	(0.3)
Contractors	**84.3**	**29.3**	141.4	41.0	(57.1)	(40.4)
Other	**1.8**	**0.6**	1.5	0.4	0.3	20.0
Total	**287.7**	**100.0**	345.2	100.0	(57.5)	(16.7)

Revenue related to Company Equipment decreased by $0.7 million, or 0.3 percent, to $201.6 million as compared to $202.3 million in 2014 and represented 70.1 percent of consolidated revenue in the current period compared to 58.6 percent in 2014. Revenue related to Contractors decreased by $57.1 million, or 40.4 percent, to $84.3 million as compared to $141.4 million in 2014 and represented 29.3 percent of consolidated revenue in the current period as compared to 41.0 percent in 2014.

Direct Operating Expenses

Q4 Consolidated Direct Operating Expenses Three month periods ended December 31 *(unaudited)* *($ millions)*	2015		2014		Change	
	$	%*	$	%*	$	%
Company						
Wages and benefits	**53.5**	**26.5**	53.4	26.4	0.1	0.2
Fuel	**16.9**	**8.4**	19.4	9.6	(2.5)	(12.9)
Repairs and maintenance	**29.9**	**14.8**	31.7	15.7	(1.8)	(5.7)
Operating supplies	**15.5**	**7.7**	20.4	10.1	(4.9)	(24.0)
Other	**22.3**	**11.1**	9.4	4.6	12.9	137.2
	138.1	**68.5**	134.3	66.4	3.8	2.8
Contractors	**62.2**	**73.8**	107.2	75.8	(45.0)	(42.0)
Total	**200.3**	**69.6**	241.5	70.0	(41.2)	(17.1)

**as a percentage of respective Consolidated revenue*

DOE were $200.3 million in the fourth quarter as compared to $241.5 million in 2014. The decrease of $41.2 million, or 17.1 percent, was directly related to the $57.5 million decrease in consolidated revenue. As a percentage of revenue these expenses decreased by 0.4 percent to 69.6 percent as compared to 70.0 percent in 2014.

DOE associated with Company Equipment increased to $138.1 million from $134.3 million in 2014. The increase of $3.8 million, or 2.8 percent, was generally in line with the change in Company revenue that occurred during the quarter. As a percentage of Company revenue these expenses increased by 2.1 percent to 68.5 percent as compared to 66.4 percent in 2014, primarily due by the rise in Other expenses related to the acquisition of Gardewine and its use of purchased transportation from third parties to generate Company revenue. This increase was somewhat offset by lower fuel costs and various cost cutting measures.

Contractors expense in the fourth quarter decreased to $62.2 million, as compared to $107.2 million in 2014. This $45.0 million decrease was directly related to the decrease in Contractors revenue. The majority of the decrease in DOE, specifically $31.0 million, was due to the Oilfield Services segment. As a percentage of Contractors revenue, Contractors expense decreased by 2.0 percent to 73.8 percent as compared to 75.8 percent in 2014 due to the greater availability of Contractors.

Selling and Administrative Expenses

Q4 Consolidated Selling and Administrative Expenses Three month periods ended December 31 *(unaudited)* *($ millions)*	2015		2014		Change	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**22.2**	**7.7**	20.9	6.1	1.3	6.2
Communications, utilities and general supplies	**10.4**	**3.6**	11.5	3.3	(1.1)	(9.6)
Profit share	**2.7**	**0.9**	4.2	1.2	(1.5)	(35.7)
Foreign exchange	**(3.7)**	**(1.3)**	(2.4)	(0.7)	(1.3)	54.2
Stock-based compensation	**0.4**	**0.1**	0.2	0.1	0.2	100.0
Rent and other	**2.7**	**1.1**	4.4	1.2	(1.7)	(38.6)
Total	**34.7**	**12.1**	38.8	11.2	(4.1)	(10.6)

**as a percentage of total Consolidated revenue*

S&A expenses decreased by $4.1 million to $34.7 million in the fourth quarter as compared to $38.8 million in 2014. This was attributable to a $1.5 million reduction in profit share, a $1.3 million positive variance in foreign exchange and continued cost cutting initiatives that was partially offset by $6.6 million of incremental costs associated with the T/L Acquisitions and Recon. S&A expenses as a percentage of consolidated revenue increased by 0.9 percent to 12.1 percent in comparison to 11.2 percent in 2014.

Operating Income Before Depreciation and Amortization

OIBDA[1] for the fourth quarter decreased to $52.7 million, or 18.8 percent, compared to $64.9 million in 2014. The decrease of $12.2 million was due to the combination of a $20.3 million decrease in the Oilfield Services segment, a $5.6 million increase in the Trucking/Logistics segment as well as a $1.6 million positive variance in foreign exchange recognized within the Corporate Office. As a percentage of consolidated revenue, OIBDA[1] decreased to 18.3 percent as compared to 18.8 percent in 2014 due to the reduction in margin experienced by the Oilfield Services segment being somewhat offset by the foreign exchange gain. Adjusted for the $3.4 million foreign exchange gain within the Corporate Office, OIBDA[1] would have been $49.3 million or 17.1 percent of consolidated revenue.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $19.6 million in the fourth quarter as compared to $17.9 million in 2014. This increase of $1.7 million was attributable to a greater amount of depreciation being recorded in the Trucking/Logistics segment as well as in the Corporate Office. Depreciation in the Trucking/Logistics segment increased by $1.2 million due to the additional depreciation expense resulting from the T/L Acquisitions. Depreciation in the Corporate Office increased on a year over year basis primarily as a result of capital expenditures related to facilities. Depreciation in the Oilfield Services segment remained consistent on a year over year basis.

Amortization of Intangible Assets

Amortization of intangible assets was $4.8 million in the fourth quarter as compared to $4.3 million in 2014. The increase of $0.5 million resulted from additional amortization recorded on the intangible assets associated with the acquisitions of Gardewine and Courtesy. This increase was partially offset by the reduction in amortization recorded on certain Business Units' intangible assets that have become fully amortized.

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

Finance Costs

Finance costs were $9.0 million in the fourth quarter as compared to $8.7 million in 2014. The increase of $0.3 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 relative to the U.S. dollar. These increases were somewhat offset by a $1.0 million expense recorded in 2014 related to the one-time repayment of the Series A and Series B Notes on October 24, 2014. Interest expense was also lower due to repaying the Series A and Series B Notes.

Net Unrealized Foreign Exchange Loss

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

	Three month periods ended December 31	
	CDN. $ Equivalent	
(unaudited) ***($ millions)***	**2015**	**2014**
Unrealized foreign exchange loss on U.S. debt	**15.5**	11.7
Unrealized foreign exchange gain on Cross-Currency Swaps	**(4.9)**	(7.1)
Net unrealized foreign exchange loss	**10.6**	4.6

Unrealized Foreign Exchange Loss on U.S. Debt

Mullen Group recorded an unrealized foreign exchange loss of $15.5 million related to the Corporation's U.S. dollar denominated debt due to the $0.05 weakening of the Canadian dollar relative to the U.S. dollar during the fourth quarter. For the same period in 2014, Mullen Group recorded an unrealized foreign exchange loss of $11.7 million due to the change in value of the Canadian dollar relative to the U.S. dollar. The details of the unrealized foreign exchange loss on U.S. debt is summarized in the table below:

	Three month periods ended December 31					
	2015			2014		
(unaudited) ***($ millions, except exchange rate amounts)***	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**
Beginning – September 30	**314.0**	**1.3345**	**419.1**	235.0	1.1200	263.2
Add: Series G and Series H Notes			**—**	229.0	1.1262	257.9
Less: Repayment of Series A and Series B Notes			**—**	(150.0)	1.1233	(168.5)
Subtotal	**314.0**		**419.1**	314.0		352.6
Ending – December 31	**314.0**	**1.3840**	**434.6**	314.0	1.1601	364.3
Unrealized foreign exchange loss on U.S. debt			**15.5**			11.7

Unrealized Foreign Exchange Gain on Cross-Currency Swaps

Mullen Group recorded an unrealized foreign exchange gain on Cross-Currency Swaps of $4.9 million in the fourth quarter. This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below:

	Three month periods ended December 31			
	2015		2014	
(unaudited) ***($ millions)***	**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**	**(2.5)**	117.0	(3.5)
Cross-Currency Swap maturing October 22, 2026	**112.0**	**(2.4)**	112.0	(3.6)
Unrealized foreign exchange gain on Cross-Currency Swaps		**(4.9)**		(7.1)

Other (Income) Expense

Other expense was $1.7 million in the fourth quarter of 2015 as compared to $1.6 million of other income in 2014. The $3.3 million negative variance was due to the factors set forth below:

Change in Fair Value of Investments (positive variance of $14.5 million). Mullen Group recorded a decrease in the fair value of investments of $3.5 million in the fourth quarter as compared to a $18.0 million decrease in 2014. There were no investments purchased or sold in either the fourth quarter of 2015 or 2014.

Gain or loss on Sale of Property, Plant and Equipment (negative variance of $10.8 million). Mullen Group recognized a loss of $2.0 million on sale of property, plant and equipment on total consolidated proceeds on sale of $2.6 million in the fourth quarter as compared to an $8.8 million gain on sale of property, plant and equipment on total consolidated proceeds on sale of $35.5 million in 2014. The $2.0 million loss on sale of property, plant and equipment in 2015 mainly resulted from the sale of older assets by Business Units within the Oilfield Services segment. The $8.8 million gain on sale of property, plant and equipment in 2014, which mainly resulted from the sale of non-core real property located in Edmonton, Alberta.

Gain on Sale of Mill Creek (negative variance of $10.8 million). On December 1, 2014, Mullen Group entered into a share transfer agreement whereby it contributed its 100.0 percent interest in Mill Creek in exchange for a 30.0 percent equity interest in Kriska Transportation. As such, Mullen Group recognized a gain of $10.8 million on the contribution of Mill Creek to Kriska Transportation as the fair value of Mill Creek exceeded the corresponding book value.

Earnings from Equity Investments (positive variance of $0.8 million). Mullen Group recognized $0.8 million of earnings from equity investments in the fourth quarter as compared to a $5,000 loss in 2014.

Gain on Contingent Consideration (positive variance of $3.0 million). Mullen Group recognized a $3.0 million gain on contingent consideration in the fourth quarter of 2015. On November 5, 2014, Mullen Group acquired the business of Recon Utility Search N.A. Inc. for net cash consideration of $21.7 million, including $3.0 million of contingent consideration. Pursuant to the purchase and sale agreement, the vendor could receive cash consideration of up to $3.0 million for achieving certain financial targets in the 2015, 2016 and 2017 fiscal years. On November 5, 2014, Mullen Group estimated the fair value of this contingent consideration to be $3.0 million, which was based upon management's best estimate of Recon's operating results for the 2015 fiscal year. Recon did not achieve its financial target in 2015. Management also revised its estimate of Recon's pro forma operating results for the 2016 and 2017 fiscal years. As such, management now estimates the fair value of the contingent consideration to be nil and has recognized a gain of $3.0 million in the consolidated statement of comprehensive income.

Income Taxes

(unaudited) *($ millions)*	Three month periods ended December 31	
	2015	**2014**
Income before income taxes	**$ 7.0**	$ 31.0
Combined statutory tax rate	**26%**	26%
Expected income tax	**1.8**	8.1
Add (deduct):		
Non-deductible portion of net unrealized foreign exchange loss	**1.4**	0.5
Non-deductible portion of the change in fair value of investments	**0.5**	2.3
Stock-based compensation expense	**0.1**	0.1
Other	**0.8**	(2.2)
Income tax expense	**$ 4.6**	$ 8.8

Income tax expense decreased to $4.6 million in the fourth quarter as compared to $8.8 million in 2014. This decrease of $4.2 million was mainly attributable to the lower amount of income generated in 2015 as compared to 2014.

Net Income

(unaudited) *($ millions, except share and per share amounts)*	Three month periods ended December 31		
	2015	**2014**	**% Change**
Net income	**$ 2.4**	$ 22.2	(89.2)
Weighted average number of Common Shares outstanding	**91,661,066**	91,608,111	0.1
Earnings per share – basic	**$ 0.03**	$ 0.25	(88.0)

Net income decreased to $2.4 million in the fourth quarter as compared to $22.2 million in 2014. The factors contributing to the decrease in net income include:

- a $12.2 million decrease in OIBDA[1];
- the $10.8 million gain on sale of Mill Creek recognized in 2014;
- a $10.8 million decrease in gain on sale of property, plant and equipment;
- a $6.0 million negative variance in net unrealized foreign exchange;
- a $1.7 million increase in depreciation of property, plant and equipment;
- a $0.5 million increase in amortization of intangibles; and
- a $0.3 million increase in finance costs.

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

- a $14.5 million positive variance in the fair value of investments;
- a $4.2 million decrease in income tax expense;
- a $3.0 million gain on contingent consideration; and
- a $0.8 million increase in earnings from equity investments.

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

Basic earnings per share decreased to $0.03 in the fourth quarter as compared to $0.25 in 2014. This decrease resulted from the combined effect of the $19.8 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 by 52,955 from 91,608,111 to 91,661,066 due to the issuance of Common Shares 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 net unrealized foreign exchange gain or loss, the change in fair value of investments, the gain on contingent consideration, the impact of the one-time expense related to the prepayment of the Series A and Series B Notes and the gain on sale of Mill Creek. Net income and basic earnings per share have been adjusted to reflect earnings from a strictly operating perspective.

(unaudited)	**Three month periods ended December 31**	
($ millions, except share and per share amounts)	**2015**	**2014**
Income before income taxes	**$ 7.0**	$ 31.0
Add (deduct):		
Net unrealized foreign exchange loss	**10.6**	4.6
Change in fair value of investments	**3.5**	18.0
Gain on contingent consideration	**(3.0)**	—
Finance costs – adjustment (Series A and Series B Notes)	**—**	1.0
Gain on sale of Mill Creek	**—**	(10.8)
Income before income taxes – adjusted	**18.1**	43.8
Income tax rate	**26%**	26%
Computed expected income tax expense	**(4.7)**	(11.4)
Net income – adjusted[1]	**13.4**	32.4
Weighted average number of Common Shares outstanding – basic	**91,661,066**	91,608,111
Earnings per share – adjusted[1]	**$ 0.15**	$ 0.36

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

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FOURTH QUARTER 2015 – SEGMENTED INFORMATION

Three month period ended December 31, 2015 *(unaudited)* *($ millions)*	Trucking /Logistics	Oilfield Services	Corporate and Intersegment eliminations	Total
	$	$	$	$
Revenue	**177.5**	**109.7**	**0.5**	**287.7**
Direct operating expenses	**125.8**	**75.0**	**(0.5)**	**200.3**
Selling and administrative expenses	**21.9**	**13.9**	**(1.1)**	**34.7**
Operating income before depreciation and amortization [(1)]	**29.8**	**20.8**	**2.1**	**52.7**

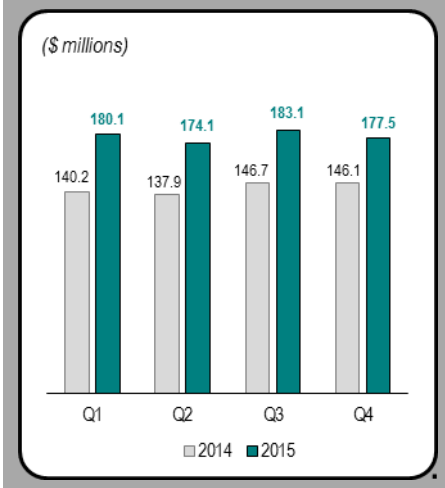
Three month period ended December 31, 2014 *(unaudited)* *($ millions)*	Trucking /Logistics	Oilfield Services	Corporate and Intersegment eliminations	Total
	$	$	$	$
Revenue	146.1	199.6	(0.5)	345.2
Direct operating expenses	105.9	137.2	(1.6)	241.5
Selling and administrative expenses	16.0	21.3	1.5	38.8
Operating income before depreciation and amortization [(1)]	24.2	41.1	(0.4)	64.9

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

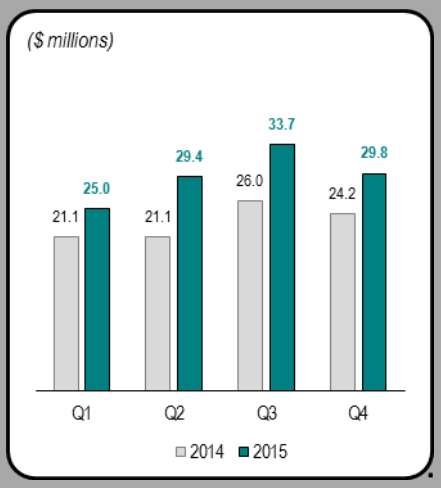
TRUCKING/LOGISTICS SEGMENT

Summary – Trailing Eight Quarters

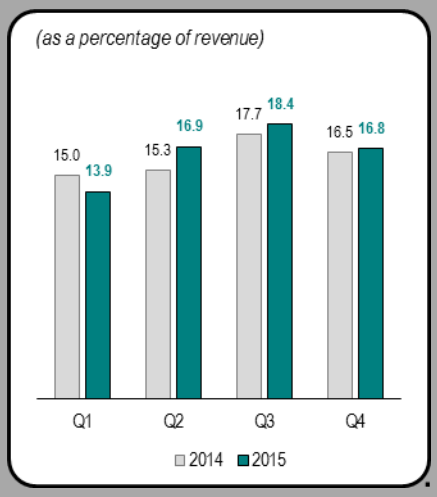
Consolidated Revenue



Operating Income Before Depreciation and Amortization



Operating Margin



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 Canada's real gross domestic product was unchanged in October after experiencing modest growth in the third quarter. There continues to be a substantive decline in energy related investment and the resource sector affecting economic growth in western Canada. The economy in the rest of Canada appears to be expanding, albeit at a very modest pace. It is further estimated that the U.S. economy expanded by 0.7 percent in the fourth quarter, after expanding by 2.0 percent in the third quarter. These factors have led to a modest increase in North American demand for freight services.

Revenue

Q4 Revenue – Trucking/Logistics Three month periods ended December 31 *(unaudited)* *($ millions)*	2015		2014		Change	
	$	%	$	%	$	%
Company	**122.5**	**69.0**	73.7	50.4	48.8	66.2
Contractors	**54.8**	**30.9**	72.2	49.4	(17.4)	(24.1)
Other	**0.2**	**0.1**	0.2	0.2	—	—
Total	**177.5**	**100.0**	146.1	100.0	31.4	21.5

The Trucking/Logistics segment experienced record results both in terms of revenue and OIBDA[1]. The Trucking/Logistics segment generated 61.8 percent of pre-consolidated revenue for the fourth quarter as compared to 42.3 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 $31.4 million, or 21.5 percent, to $177.5 million as compared to $146.1 million in 2014 primarily due to the T/L Acquisitions. This is the highest level of quarterly revenue ever attained by this segment. Fuel surcharge revenue, net of the effect of the T/L Acquisitions, declined by $5.1 million to $8.3 million as compared to $13.4 million in 2014. Revenue excluding the T/L Acquisitions and the change in fuel surcharge decreased by $13.4 million or approximately 10.5 percent primarily due to a decline in demand for transportation services within Alberta.

Revenue related to Company Equipment increased by $48.8 million, or 66.2 percent, to $122.5 million as compared to $73.7 million in 2014 and represented 69.0 percent of segment revenue in the current period compared to 50.4 percent in 2014. Revenue related to Contractors decreased by $17.4 million, or 24.1 percent, to $54.8 million as compared to $72.2 million in 2014 and represented 30.9 percent of segment revenue in the current period as compared to 49.4 percent in 2014.

Direct Operating Expenses

Q4 Direct Operating Expenses – Trucking/Logistics Three month periods ended December 31 *(unaudited)* *($ millions)*	2015		2014		Change	
	$	%*	$	%*	$	%
Company						
Wages and benefits	**32.3**	**26.4**	20.1	27.3	12.2	60.7
Fuel	**11.3**	**9.2**	8.4	11.4	2.9	34.5
Repairs and maintenance	**15.3**	**12.5**	9.8	13.3	5.5	56.1
Operating supplies	**7.7**	**6.3**	7.6	10.3	0.1	1.3
Other	**19.0**	**15.5**	5.4	7.3	13.6	251.9
	85.6	**69.9**	51.3	69.6	34.3	66.9
Contractors	**40.2**	**73.4**	54.6	75.6	(14.4)	(26.4)
Total	**125.8**	**70.9**	105.9	72.5	19.9	18.8

**as a percentage of respective Trucking/Logistics revenue*

DOE were $125.8 million in the fourth quarter as compared to $105.9 million in 2014. The increase of $19.9 million, or 18.8 percent, was directly related to the 21.5 percent increase in segment revenue. Overall as a percentage of revenue these expenses decreased by 1.6 percent to 70.9 percent as compared to 72.5 percent in 2014 due to a larger portion of revenue being generated by Company assets and the decline in Contractors expense as a percentage of revenue.

DOE related to Company Equipment increased by $34.3 million to $85.6 million from $51.3 million in 2014, due to the $48.8 million increase in Company revenue. In terms of a percentage of revenue, Company expenses increased

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

by 0.3 percent to 69.9 percent as compared to 69.6 percent in 2014. This 0.3 percent increase as a percentage of Company revenue was due to the combined effect of the following:

- the acquisition of Gardewine and, in particular, the rise in Other expenses that increased by 8.2 percent of Company revenue to 15.5 percent, or $19.0 million, as compared to 7.3 percent or $5.4 million in 2014 as a result of Gardewine's use of purchased transportation from third parties to generate Company revenue; and

- fuel expenses that decreased by 2.2 percent of Company revenue to 9.2 percent, or $11.3 million, as compared to 11.4 percent or $8.4 million in 2014 largely due to the year over year decrease in diesel prices.

Contractors expense in the fourth quarter decreased by $14.4 million to $40.2 million as compared to $54.6 million in 2014. This decrease was generally in line with the decrease in Contractors revenue. As a percentage of Contractors revenue, Contractors expense decreased to 73.4 percent as compared to 75.6 percent in 2014 due to the greater availability of subcontractors in western Canada.

Selling and Administrative Expenses

Q4 Selling and Administrative Expenses – Trucking/Logistics
Three month periods ended December 31

(unaudited) ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**12.9**	**7.3**	9.2	6.3	3.7	40.2
Communications, utilities and general supplies	**5.8**	**3.3**	4.4	3.0	1.4	31.8
Profit share	**2.1**	**1.2**	1.9	1.3	0.2	10.5
Foreign exchange	**(0.4)**	**(0.2)**	(0.6)	(0.4)	0.2	(33.3)
Rent and other	**1.5**	**0.7**	1.1	0.8	0.4	36.4
Total	**21.9**	**12.3**	16.0	11.0	5.9	36.9

**as a percentage of total Trucking/Logistics revenue*

S&A expenses were $21.9 million in the fourth quarter as compared to $16.0 million in 2014. The increase of $5.9 million was primarily due to the incremental costs associated with the T/L Acquisitions being somewhat offset by cost control initiatives. S&A expenses as a percentage of segment revenue increased modestly to 12.3 percent as compared to 11.0 percent in 2014 due to the T/L Acquisitions.

Operating Income Before Depreciation and Amortization

OIBDA[1] for the fourth quarter increased to $29.8 million, or 23.1 percent, compared to $24.2 million generated in the same period last year. This is the highest level of fourth quarter OIBDA[1] ever attained by this segment. The increase of $5.6 million resulted primarily from the T/L Acquisitions. As a percentage of segment revenue, OIBDA[1] increased to 16.8 percent as compared to 16.5 percent in 2014. This 0.3 percent increase in operating margin was primarily due to the lower DOE somewhat offset by the acquisition of Gardewine, which currently has an operating margin below the segment average. Gardewine's lower margin negatively impacted segment operating margin by 142 basis points.

Capital Expenditures

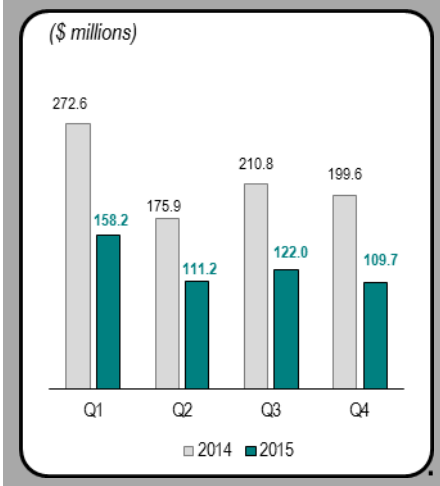
Net capital expenditures[1] were $4.2 million in the fourth quarter, an increase of $2.5 million as compared to $1.7 million in 2014. The Trucking/Logistics segment had gross capital expenditures of $5.1 million and dispositions of $0.9 million for net capital expenditures[1] of $4.2 million in 2015. 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 $2.6 million and dispositions were $0.9 million for net capital expenditures[1] of $1.7 million.

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

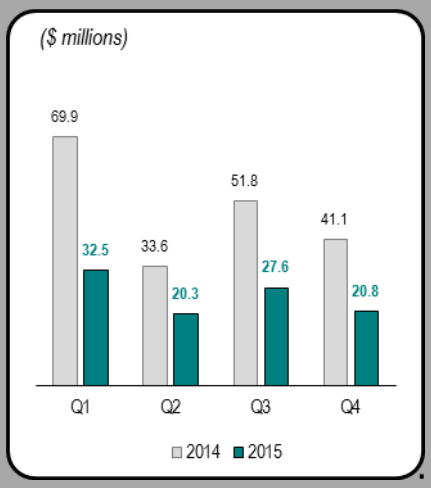
OILFIELD SERVICES SEGMENT

Summary – Trailing Eight Quarters

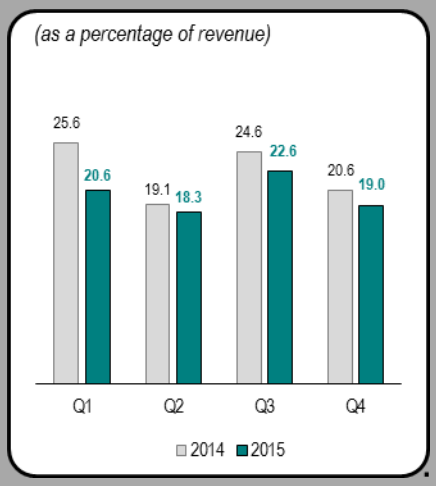
Consolidated Revenue



Operating Income Before Depreciation and Amortization



Operating Margin



Industry Statistics

Drilling industry statistics indicate that the average active rig count in the WCSB was 168 rigs during the quarter as compared to 384 active rigs in 2014, a decrease of 216 rigs or 56.3 percent. Total wells drilled decreased by 57.8 percent to 1,297 wells drilled as compared to 3,070 wells drilled in 2014. The length of metres drilled within such wells decreased by 50.5 percent to 3.24 million metres as compared to 6.55 million metres in 2014.

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

	Three month periods ended December 31			
	2015	**2014**	**# Change**	**% Change**
British Columbia	**135**	176	(41)	(23.3)
Alberta	**651**	1,723	(1,072)	(62.2)
Saskatchewan	**484**	1,005	(521)	(51.8)
Manitoba	**27**	166	(139)	(83.7)
Northwest Territories	**—**	—	—	—
Total	**1,297**	3,070	(1,773)	(57.8)

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

Revenue

Q4 Revenue – Oilfield Services
Three month periods ended December 31
(unaudited)

($ millions)	**2015**		**2014**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**79.2**	**72.2**	128.6	64.4	(49.4)	(38.4)
Contractors	**29.9**	**27.3**	70.1	35.1	(40.2)	(57.3)
Other	**0.6**	**0.5**	0.9	0.5	(0.3)	(33.3)
Total	**109.7**	**100.0**	199.6	100.0	(89.9)	(45.0)

The Oilfield Services segment generated 38.2 percent of pre-consolidated revenue for the fourth quarter as compared to 57.7 percent in 2014. Revenue decreased by $89.9 million, or 45.0 percent, to $109.7 million as

compared to $199.6 million in 2014, primarily due to lower drilling activity and intense competition. Specifically, the decrease in segment revenue was due to the net effect of the following:

- a $54.4 million decrease in revenue generated by those Business Units involved in the transportation of fluids and servicing of wells;
- a $32.0 million decrease in revenue generated by those Business Units most directly tied to oil and natural gas drilling activity;
- a $2.1 million decrease in revenue generated by those Business Units providing specialized services, primarily due to a decrease in demand for water management services being somewhat offset by an increase in demand for services associated with large diameter pipeline construction projects and incremental revenue due to the acquisition of Recon; and
- a $1.6 million decrease in revenue generated by those Business Units providing drilling services due to lower industry activity.

Revenue related to Company Equipment decreased by $49.4 million, or 38.4 percent, to $79.2 million as compared to $128.6 million in 2014 and represented 72.2 percent of segment revenue in the current period compared to 64.4 percent in 2014. Revenue related to Contractors decreased by $40.2 million, or 57.3 percent, to $29.9 million as compared to $70.1 million in 2014 and represented 27.3 percent of segment revenue in the current period as compared to 35.1 percent in 2014.

Direct Operating Expenses

Q4 Direct Operating Expenses – Oilfield Services
Three month periods ended December 31

(unaudited) ***($ millions)***	**2015**		**2014**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**21.2**	**26.8**	33.3	25.9	(12.1)	(36.3)
Fuel	**5.6**	**7.1**	11.1	8.6	(5.5)	(49.5)
Repairs and maintenance	**14.6**	**18.4**	21.9	17.0	(7.3)	(33.3)
Operating supplies	**7.8**	**9.8**	12.9	10.0	(5.1)	(39.5)
Other	**3.4**	**4.3**	4.6	3.7	(1.2)	(26.1)
	52.6	**66.4**	83.8	65.2	(31.2)	(37.2)
Contractors	**22.4**	**74.9**	53.4	76.2	(31.0)	(58.1)
Total	**75.0**	**68.4**	137.2	68.7	(62.2)	(45.3)

**as a percentage of respective Oilfield Services revenue*

DOE were $75.0 million in the fourth quarter as compared to $137.2 million in 2014. The decrease of $62.2 million, or 45.3 percent, was directly related to the $89.9 million, or 45.0 percent, decrease in segment revenue during the quarter. As a percentage of revenue these expenses decreased by 0.3 percent to 68.4 percent compared to 68.7 percent in 2014.

DOE associated with Company Equipment in the fourth quarter decreased to $52.6 million as compared to $83.8 million in 2014. The decrease of $31.2 million, or 37.2 percent, was directly related to the $49.4 million, or 38.4 percent, decrease in Company revenue. As a percentage of Company revenue these expenses increased by 1.2 percent to 66.4 percent as compared to 65.2 percent in 2014, primarily due to rate discounting and higher repairs and maintenance costs as a result of inflation.

Contractors expense in the fourth quarter decreased by $31.0 million to $22.4 million as compared to $53.4 million in 2014. This decrease was generally in line with the decrease in Contractors revenue. As a percentage of Contractors revenue, Contractors expense was 74.9 percent as compared to 76.2 percent in 2014.

Selling and Administrative Expenses

Q4 Selling and Administrative Expenses – Oilfield Services Three month periods ended December 31 *(unaudited)* *($ millions)*	2015		2014		Change	
	$	%*	$	%*	$	%
Wages and benefits	**8.2**	**7.5**	10.4	5.2	(2.2)	(21.2)
Communications, utilities and general supplies	**4.1**	**3.7**	6.3	3.2	(2.2)	(34.9)
Profit share	**0.6**	**0.5**	2.3	1.2	(1.7)	(73.9)
Rent and other	**1.0**	**1.0**	2.3	1.1	(1.3)	(56.5)
Total	**13.9**	**12.7**	21.3	10.7	(7.4)	(34.7)

**as a percentage of total Oilfield Services revenue*

S&A expenses were $13.9 million in the fourth quarter as compared to $21.3 million in 2014. This $7.4 million decrease was mainly attributable to the combined $3.9 million decline in wages and profit share expense as well as other cost cutting initiatives. S&A expenses as a percentage of segment revenue increased by 2.0 percent to 12.7 percent in comparison to 10.7 percent in 2014 due to the overall fixed nature of these expenses relative to the $89.9 million decrease in revenue.

Operating Income Before Depreciation and Amortization

OIBDA[1] in the fourth quarter decreased 49.4 percent to $20.8 million. The $20.3 million year over year decrease can be attributed to the $89.9 million decline in revenue. Specifically, OIBDA[1] decreased due to the net effect of the following:

- a $13.3 million decrease in those Business Units involved in the transportation of fluids and servicing of wells;
- a $7.2 million decrease in those Business Units tied to drilling related activity;
- a $0.4 million decrease relating to those Business Units leveraged to the oil sands and pipeline construction projects; and
- a $0.6 million increase relating to those Business Units involved in drilling services including core drilling.

OIBDA[1] represented as a percentage of segment revenue decreased to 19.0 percent in the fourth quarter from 20.6 percent in 2014, primarily due to the 2.0 percent increase in S&A expenses as a percentage of revenue.

Capital Expenditures

Net capital expenditures[1] were $(0.5) million in the fourth quarter, a decrease of $18.3 million as compared to $17.8 million in 2014. The Oilfield Services segment had gross capital expenditures of $1.3 million and dispositions of $1.8 million for net capital expenditures[1] of $(0.5) million in 2015. Gross capital expenditures mainly consisted of purchasing some equipment for Premay Pipeline Hauling L.P. The majority of the dispositions related to the sale of older trucks and trailers. In 2014 gross capital expenditures were $21.7 million and dispositions were $3.9 million for net capital expenditures[1] of $17.8 million.

CORPORATE

The Corporate Office generated OIBDA[1] of $2.1 million in the fourth quarter as compared to an operating loss of $0.4 million in 2014. The $2.5 million increase in OIBDA[1] was mainly attributable to a year over year positive variance in foreign exchange as well as a decrease in various administrative expenses including salaries due to cost control measures. These increases to OIBDA[1] were somewhat offset by a reduction in costs recovered from the Business Units.

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

TRANSACTIONS WITH RELATED PARTIES

Key Management Personnel Compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the business activities of Mullen Group, including all its directors along with certain executives. Directors are remunerated for services rendered in their capacity as directors by way of a combination of retainer fees and meeting attendance fees. The overall compensation program for executives is comprised of base salary and benefits, annual profit share and stock-based compensation. Executives of Mullen Group do not have formal employment contracts. Similar to the employment processes established for all Mullen Group employees, each executive's personnel file contains a memorandum outlining the basic terms of an executive's employment relationship with Mullen Group. Mullen Group has no agreement or arrangement with any executive for the payment of compensation in the case of resignation, retirement, or termination of employment, a change of control of Mullen Group or its Business Units or a change in an executive's responsibilities following a change of control. Key management personnel do not participate in a defined benefit or actuarial pension plan, however, key management personnel do participate in the Stock Option Plan. Total remuneration to key management personnel including directors' fees, salaries and benefits, annual profit share, and the value attributable to stock-based compensation expense was as follows:

($ millions)	**Years Ended December 31**			
Category		**2015**		**2014**
Salaries and benefits (including profit share)	**$**	**1.3**	$	3.5
Share-based payments		**0.1**		0.1
Total	**$**	**1.4**	$	3.6

Mullen Group had no outstanding amounts owing to or amounts receivable from directors and officers as at December 31, 2015 and 2014, with respect to the overall compensation program for the executives. As at December 31, 2015, directors and officers of Mullen Group collectively held 3,536,591 Common Shares (2014 – 3,562,207) representing 3.9 percent (2014 – 3.9 percent) of all Common Shares of the Corporation.

Related Party Transactions

During the year, Mullen Group generated revenue of $0.1 million (2014 – $0.2 million) and purchased nil (2014 – $28,000) of property, plant and equipment with entities that are related by virtue of a certain Board member having control or joint control over the other entities. There were no accounts receivable amounts due from these related parties as at December 31, 2015.

In 2014 Mullen Group incurred interest expense of $46,000 in relation to Debentures that were held by Mullen Group's Chairman, Chief Executive Officer and President, Murray K. Mullen along with his spouse and children. During 2014, these Debentures were converted into 237,293 Common Shares of the Corporation.

During the year, Mullen Group generated revenue of $2.4 million (2014 – $4.7 million), incurred expenses of $0.8 million (2014 – $0.1 million) and sold $0.1 million (2014 – $0.1 million) of property, plant and equipment with its equity investees, which are accounted for by the equity method of accounting. As at December 31, 2015, there was $0.1 million (2014 – $5,000) of accounts receivable amounts due from its equity investees and there was $4,000 (2014 – $82,000) of accounts payable amounts due to these related party transactions.

All related party transactions were provided in the normal course of business materially under the same commercial terms and conditions as transactions with unrelated companies and recorded at the exchange amount.

PRINCIPAL RISKS AND UNCERTAINTIES

The operational complexities inherent in our business, together with the highly regulated and competitive environment of the industries in which we operate, leave Mullen Group exposed to a number of risks and uncertainties ("**risks**"). Many of these risks, for example, the cyclical and volatile nature of the oil and natural gas industry, may be mitigated to a certain degree but still remain outside of our control. Management believes that the risks described below are the ones that could have the most significant impact on Mullen Group. Readers are cautioned that the list of risks is not exhaustive and new information, future events or changing circumstances could affect our operations and financial results, which may reduce or restrict our ability to pay a dividend to our shareholders and may materially affect the market price of our securities.

The transportation business and other activities of Mullen Group are directly affected by fluctuations in the general economy, including the amount of trade between Canada and the United States and the value of the Canadian dollar as compared to the U.S. dollar. Our Oilfield Services segment is directly affected by fluctuations in the levels of oil and natural gas drilling activity, oil sands development and production activity carried on by its customers, which in turn is dictated by numerous factors, including but not limited to world energy prices and government policies.

Mullen Group has a risk management review process to assist in mitigating risk. The risk management review process highlights the significant risks which then leads to mitigation plans through, among other things, the establishment of standards and other controls. Mullen Group has established and enforces a corporate wide code of conduct and ethics through its Behaviour Guide and has instituted an anonymous Whistleblower protocol. The inability to identify, assess and respond to risks through the risk management review process could lead to, among other things, an inability to capture opportunities, recognize threats, inefficiencies and non-compliance with laws and regulations.

The most significant risks identified by management are categorized and described as follows:

Strategic

- Oil and Natural Gas Drilling Activity
- Oil Sands and Heavy Oil Activity
- Economic Conditions
- Failure to Identify and Realize Anticipated Benefits of Acquisitions and Dispositions
- Competition
- Climate Change Regulations and Carbon Pricing/Taxes
- Changes in Legislation
- Alternatives to and Changing Demand For Petroleum Products

Financial

- Foreign Exchange
- Investments
- Access to Financing
- Reliance on Major Customers
- Interest Rates
- Credit Risk

Operational

- Employees and Labour Relations
- Cost Escalation
- Potential Operating Risks and Insurance
- Digital Infrastructure
- Environmental Liability Risks
- Weather and Seasonality
- Business Continuity, Disaster Recovery and Crisis Management
- Access to Parts, Development of New Technology and Relationships with Key Suppliers
- Regulation

STRATEGIC RISKS:

Oil and Natural Gas Drilling Activity

A portion of Mullen Group's revenue and OIBDA[1] is directly related to oil and natural gas drilling activity in western Canada, an area known to contain these hydrocarbons. As a service provider to the oil and natural gas industry we are reliant on the levels of capital expenditures made by oil and natural gas producers. The level of drilling activity by exploration and production companies is based on several factors including, but not limited to, hydrocarbon prices, production levels and access to capital. Oil and natural gas development is also influenced by the long-term takeaway pipeline capacity to transport these products out of western Canada. There can be no certainty that investments will be made, or that approvals by regulators will be forthcoming, to provide this capacity. As a service provider to the oil and natural gas industry, Mullen Group is highly reliant on the levels of capital allocated by oil and natural gas producers to drilling activity in western Canada. In recent years, natural gas prices have been volatile, nearing ten year lows, thereby reducing the level of natural gas drilling activity. Oil and natural gas drilling and production activity in western Canada has declined significantly in recent years and may remain volatile.

A sudden significant or prolonged decline of oil and/or natural gas prices may have a negative impact on drilling activity that would negatively affect the operations in our Oilfield Services segment as well as our overall financial condition. Conversely, a resurgence of oil and/or natural gas prices may have a positive impact on the operations in our Oilfield Services segment as well as our overall financial condition.

Mullen Group recognizes the cyclical and volatile nature of drilling activity and mitigates the risks associated with this volatility through the combination of a disciplined capital allocation process and a focus on maintaining long-term relationships with large-cap oil and gas companies. We also continually assess the requirements for further investments in our Oilfield Services segment and have diversified our operations to further mitigate this risk.

Oil Sands and Heavy Oil Activity

A portion of Mullen Group's operations are related to the continued development and extraction of oil sands and heavy oil deposits in western Canada. As a service provider to this sector, Mullen Group is reliant on the level of capital and operational expenditures made by oil sands operators and heavy oil producers, who typically base their capital expenditures on several factors including, but not limited to, oil prices, oil price differentials, available heavy oil refinery capacity, takeaway capacity including pipeline and rail infrastructure, access to capital and environmental regulations. These operators and producers tend to examine long-term fundamentals affecting the foregoing factors before they adjust their capital budgets to reflect these assessments. In terms of the effect of environmental regulations, oil sands operations emit greenhouse gases ("**GHG**") and have been the focus of various environmental groups and legislators. As production rises there is a risk that oil sands and heavy oil development may not meet societal expectations and, therefore, may become subject to new environmental regulations, which could negatively affect their future capital expenditures (see ***Climate Change Regulations and Carbon Pricing/Taxes*** on page 62). In addition to GHG emissions regulations, oil sands producers are subject to tailings management regulations, which may become more stringent and require additional capital in order to satisfy. To date, regulations relating to tailings management, such as the Alberta Government's Directive 74, have had no demonstrable or quantifiable negative effect on Mullen Group's business. However, our wholly-owned subsidiary Canadian Dewatering L.P., benefited from those regulations due to the nature of the services they provide. Oil sands and heavy oil development is influenced by the long-term takeaway pipeline capacity to transport these oils out of western Canada. There can be no certainty that investments will be made, or that approvals by regulators will be forthcoming, to provide this capacity. Finally, oil sands development requires significant capital. As such, significant disruptions or volatility in the capital markets may increase oil sands developers' cost of borrowing or affect their ability to access credit and equity capital markets thereby impacting oil sands and heavy oil producers' and developers' operations, which would in turn affect Mullen Group. A significant or prolonged decline in oil prices, new or more stringent environmental regulations, insufficient takeaway capacity or diminished access to capital on the part of oil sands and heavy oil producers, may have a material adverse effect on oil sands and heavy oil producers and, therefore, negatively affect the results of operations of our Oilfield Services segment as well as our overall financial condition.

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

In consideration of this risk and potential uncertainty Mullen Group endeavours to ensure that its costs and pricing are appropriate for the anticipated level of oil sands and heavy oil activity. In addition, we continually assess the requirements for further investments in our Oilfield Services segment and have diversified our operations to further mitigate this risk.

Economic Conditions

Mullen Group is a provider of trucking and logistics services to customers throughout North America. Our results are affected by the state of the economy, both in North America and globally, and the associated demand for freight transportation and logistics services. Similarly, commodity prices, to which the demand for our Oilfield Services segment is tied, can be affected by the state of those economies. A decline or uncertainty with regard to the health of the North American economy could have a material adverse effect on the operations of our Trucking/Logistics segment and, to a lesser degree, our Oilfield Services segment (to the extent that the economy affects commodity pricing with respect to oil and natural gas, in particular), and our overall financial condition.

In consideration of this risk, Mullen Group services an extensive customer base from diverse industries covering a broad geographic area. In addition, we use what we consider to be an appropriate mix of Company Equipment and Contractors to service our customers. During periods of peak demand, Mullen Group tends to use a higher volume of Contractors, which yield lower margins, but protects us from the downside risk and fixed costs associated with a larger Company Equipment fleet during periods of lower demand. These diversification and operating strategies ensure, as much as possible, that Mullen Group is not overly exposed to any single economic trend.

Failure to Identify and Realize Anticipated Benefits of Acquisitions and Dispositions

Mullen Group acquires and disposes of businesses and assets in the ordinary course of business. Our acquisition strategy has been, and will remain, focused primarily on the two segments of the economy where we have strong market penetration and customer relationships, namely, the transportation and distribution of freight within North America and the oil and natural gas services industry. Accordingly, Mullen Group faces competition from both peer group and non-peer group firms for acquisition opportunities. This external competition may hinder our ability to identify and/or consummate future acquisitions successfully. If the prices sought by sellers of these potential acquisitions were to rise or otherwise be deemed unacceptable, Mullen Group may find fewer suitable acquisition opportunities. Furthermore, entities that are acquired may not increase our OIBDA[1] or yield other anticipated benefits. If any one, or a combination, of the above contingencies results in our failure to execute our acquisition strategy successfully in the future, it could limit our ability to continue to grow in terms of revenue, OIBDA[1] and cash flow. In addition, there is a risk of impairment of acquired intangible assets. This risk of impairment exists because the assumptions used in the initial valuation of such intangible assets, such as interest rate or forecasted cash flows, may change when testing for impairment is required.

Achieving the benefits of acquisitions depends, in part, on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner. Such integration may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters; one such matter being dispositions. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets will be periodically disposed of so that Mullen Group can focus its efforts and resources more efficiently. Depending on the state of the market such non-core assets, if disposed of, could be expected to realize less than their carrying value on our consolidated financial statements.

In consideration of the risk relating to identifying and realizing the benefits of acquisitions and disposals, Mullen Group endeavours to create a balanced and diverse portfolio in its Trucking/Logistics and Oilfield Services segments by using its considerable experience and financial modeling to assess potential targets for, among other things, potential synergies, financial returns, cultural fit and integration.

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

Competition

The various business segments in which Mullen Group participates are highly competitive. We compete with several large companies in the transportation and energy services industry that may have greater financial and other resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of services that compete with those of Mullen Group or that new competitors will not enter our various markets.

In certain aspects of its business, Mullen Group has competitive advantages such as lower overhead costs and specialized regional strengths. We endeavour to use technological change and innovation to remain competitive in our various businesses. Furthermore, the diversity of our Business Units and our decentralized business model may diminish the effect that new competitive forces might have on Mullen Group as a whole.

Climate Change Regulations and Carbon Pricing/Taxes

A change in this regulatory regime may impact our customers and our operations. Climate change regulations and carbon taxes may lead to project delays and additional costs to producers affecting both their profitability and their investments in oil and natural gas. Given the evolving nature of the debate related to climate change, it is not currently possible to predict the nature of, or the impact on, Mullen Group and its operations and financial condition.

Changes in Legislation

The operations of Mullen Group are subject to a variety of federal, provincial and local laws, regulations and guidelines. There can be no assurance that such laws, regulations and guidelines, including income tax laws and the status of government programs relating to the oil and natural gas industry, the energy services industry and the transportation industry, and environmental and otherwise applicable operating legislation will not be changed in a manner that adversely affects Mullen Group. Any such change could have a material adverse effect on our business, results of operations and financial condition. Our customers are similarly subject to federal, provincial and local laws, regulations and guidelines and there can be no assurance that the laws, regulations or rules governing our customers will not be changed in a manner that adversely affects them and, thereby, Mullen Group. During 2007 such occurred by virtue of the Alberta Government's decision to change the royalty regime governing the oil and natural gas industry in Alberta. This decision adversely affected drilling activity and consequently the demand for Mullen Group's services and its financial results from operating activities.

The diversity of our Business Units and our decentralized business model may diminish the effect that a change in legislation could have on Mullen Group as a whole. This diversification strategy has resulted in Mullen Group investing in several sectors of the economy, most notably in transportation and logistics and oilfield services, as well as in many geographic regions. Mullen Group monitors proposed legislative changes and participates with various industry associations in advocating for reasonable and non-disruptive regulatory changes.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. Mullen Group cannot predict the impact of changing demand for oil and natural gas products, and any major changes could have a material adverse effect on our business, results of operations and financial condition.

FINANCIAL RISKS

Foreign Exchange

Mullen Group has foreign exchange risk. A stronger Canadian dollar is beneficial as it results in an unrealized foreign exchange gain on Mullen Group's U.S. denominated debt, as well as an equivalent reduction in the carrying value of such debt on the balance sheet. However, a stronger Canadian dollar also has the potential to reduce the level of Canadian exports thereby potentially negatively affecting the results of operations in the Trucking/Logistics segment. Conversely, a weakening Canadian dollar results in an unrealized foreign exchange loss and an equivalent increase in the carrying value related to the U.S. denominated debt. In addition, a weaker Canadian dollar has the potential to increase the level of Canadian exports and thereby potentially positively affect the results of operations in the Trucking/Logistics segment.

At the end of each reporting period Mullen Group recognizes unrealized foreign exchange gains or losses as they relate to financial contracts, assets and liabilities held in foreign currencies. This risk mainly arises from its U.S. $314.0 million of Senior Guaranteed Unsecured Notes ("**U.S. Notes**"). Specifically, Mullen Group's U.S. Notes are comprised of its Series E (U.S. $85.0 million), Series G (U.S. $117.0 million) and Series H (U.S. $112.0 million) Notes that mature in 2017, 2024 and 2026, respectively. Mullen Group has mitigated some of its foreign exchange risk by entering into the Cross-Currency Swaps to convert 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 Series E notes that mature in September 2017 remain unhedged. At December 31, 2015, Mullen Group had U.S. dollar cash of $74.9 million, U.S. dollar trade receivables of $4.0 million and U.S. dollar trade payables and accrued liabilities of $3.3 million, which mitigates a portion of this foreign exchange risk. Mullen Group is also exposed to foreign exchange risk related to approximately U.S. $13.9 million of annual interest payable on its U.S. Notes. This risk is partially offset by the fact that Mullen Group generates surplus U.S. funds in its operations, predominately within its Trucking/Logistics segment. This surplus U.S. dollar cash being generated from operations acts as a natural hedge as it is used to repay our annual interest obligation on the U.S. Notes.

Investments

Mullen Group invests in both private and public companies. Fair values of public company investments are based on quoted prices in active markets. There is a risk that the value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, classes of investments or factors affecting all investments traded in the market. As such, there is a risk that a portion of the original investment may be lost.

Mullen Group accepts a certain amount of risk and considers the underlying risk and possible market volatility of its investments. Mullen Group invests in areas that it has industry knowledge and expertise and invests for the long-term. Risk capital is limited to a level that is deemed acceptable to Mullen Group. Mullen Group's investments in public companies are measured at fair value and have an initial cost of $41.3 million. At December 31, 2015, the fair value of these investments was $11.9 million. In 2015 Mullen Group recorded a decrease in the fair value of investments of $19.4 million. This decrease was mainly due to the change in the value of Mullen Group's investment in Logan International Inc. ("**Logan**"). Mullen Group owns 4,674,625 shares of Logan, a TSX listed company. In 2015 Logan's share price decreased by $2.70 or 62.8 percent resulting in a $12.6 million decrease in the fair value of this investment. Mullen Group uses the equity method to account for investments in private companies in which it has significant influence or joint control. At December 31, 2015, the carrying value of these investments totalled $30.6 million and consisted of the investments in Canol Oilfield Services Inc., Kriska Transportation, Envolve, Cordova and Butler Ridge. In 2015 Mullen Group purchased $6.6 million of investments into private companies, namely; Envolve, Cordova and Butler Ridge.

Access to Financing

Mullen Group may find it necessary in the future to obtain additional debt or equity financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available when needed or on acceptable terms, which could limit Mullen Group's growth and could have a material adverse effect on its business, results of operations and financial condition.

Mullen Group manages its cash flows diligently to ensure that we maintain what we believe is a suitable level of liquidity and leverage. Our approach to managing liquidity is to ensure, to the extent possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions. Consistent with others in the industry, Mullen Group monitors capital on the basis of debt-to-equity. This ratio is calculated as total debt divided by shareholders' equity. Total debt is calculated as the total of: current portion of long-term debt, long-term debt and the debt component of Debentures. Equity is comprised of share capital, convertible debentures – equity component, contributed surplus and retained earnings. The debt-to-equity ratio calculation at December 31, 2015 was 0.97:1 (2014 – 0.78:1).

Mullen Group feels it will be able to obtain additional financing when needed, in the amounts required and on acceptable terms, however, there is no assurance that such additional financing will be available when needed or on acceptable terms.

Reliance on Major Customers

There is an inherent risk that arises to all businesses when economic dependence on a major customer hinders a company's ability to maximize profit. The loss of one or more major customers, any significant decrease in services provided, decreases in rates charged, or any other changes to the terms of service with customers, could have a material adverse effect on Mullen Group's business, results of operations and financial condition. Furthermore, a concentration of revenue with a major customer, or a small group of major customers, may lead to an enhanced ability of those customers to influence pricing and other contract terms, which may have a material adverse effect on Mullen Group's results. The top ten customers of Mullen Group accounted for approximately 23.3 percent of our revenue for the year ended December 31, 2015 (2014 – 31.0 percent), and the largest customer accounted for approximately 3.5 percent (2014 – 8.1 percent) of such revenue. There can be no assurance that our current customers will continue their relationships.

Mullen Group attempts to mitigate this risk through its diversification strategy in an attempt to ensure that Mullen Group, as a whole, does not become reliant on any single customer. Furthermore, we operate a decentralized business model whereby we utilize the expertise of management at each Business Unit to negotiate its own contracts that have pricing and terms that are competitive according to their specific market and/or geographic region.

Interest Rates

Mullen Group is susceptible to fluctuations in interest rates. Our Bank Credit Facility is issued at variable rates. To the extent Mullen Group utilizes its Bank Credit Facility it would incur a risk of interest rates rising. This facility was available but not drawn on as at December 31, 2015.

Our Private Placement Debt, the Debentures and the majority of our Various Financing Loans are issued at fixed rates, the majority of which mature between 2016 and 2026. Borrowings issued at fixed rates expose Mullen Group to fair value interest rate risk. More specifically, we are susceptible to the opportunity costs associated with interest rate decreases considering that the interest rates on the majority of our borrowings are fixed. Assuming all other variables were held constant, if interest rates increased by 1.0 percent on our $780.9 million debt, Mullen Group would incur additional annual interest expense of approximately $7.8 million. Mullen Group does not hedge interest rates or have any interest rate swaps, but we have mitigated the negative risk of rising interest rates by financing most of our debt at fixed rates.

Credit Risk

Credit risk is the risk of financial loss to Mullen Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. This risk arises predominately from Mullen Group's trade and other receivables from its customers. Substantial portions of our accounts receivable are with customers involved in the oil and natural gas industry, whose revenues may be impacted by fluctuations in commodity prices thereby potentially impacting their ability to meet contractual obligations. Although collection of these receivables could be influenced by economic factors affecting this industry, management considers the risk of a significant loss to be remote at this time. The carrying amount of financial assets represents Mullen Group's maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was as follows:

Carrying amount ($ millions)		**December 31, 2015**		**December 31, 2014**
Cash and cash equivalents	**$**	**147.2**	$	325.4
Trade and other receivables		**160.0**		209.8
Derivative financial instruments		**39.9**		9.3
Other assets		**5.2**		0.8
	$	**352.3**	$	545.3

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. Mullen Group hauls a wide variety of freight for a broad customer base that spans numerous industries. Our top ten customers are all well-known, publicly-traded companies. Credit risk related to trade and other receivables is initially managed by each Business Unit. Each Business Unit is responsible for reviewing the credit risk for each of their customers before standard payment and delivery terms and conditions are offered. The Business Units' review consists of external ratings, when available, and in some cases bank and trade references. Management has established a credit policy under which new customers are analyzed for creditworthiness before Mullen Group extends credit. Mullen Group monitors its trade and other receivables aging on an ongoing basis as part of its process of managing credit risk and also manages credit risk related to trade and other receivables on a consolidated basis whereby the aggregate exposure to individual customers is reviewed and their credit quality is assessed. In addition, Senior Executives attend industry forums to assess the creditworthiness of customers related primarily to the oil and natural gas industry. In terms of the credit risk relating to over-reliance on a single customer, no customer accounted for more than ten percent of our consolidated revenue for the fiscal years ended 2015 and 2014.

OPERATIONAL RISKS

Employees and Labour Relations

The success of Mullen Group is dependent upon attracting and retaining key personnel. Any loss of the services of such persons could have a material adverse effect on Mullen Group's business, results of operations and financial condition. Our ability to expand services will be dependent upon attracting additional qualified employees, which is constrained in times of strong industry activity. The failure to attract and retain a sufficient number of qualified personnel could also have a material adverse affect on our profitability.

The largest components of Mullen Group's overall expenses are salary, wages, benefits and costs of contractors. Any significant increase in these expenses could impact our financial performance. In addition, Mullen Group is at risk if there are any labour disruptions. Some of our Business Units are subject to collective agreements with their employees. Any work stoppages, unbudgeted or unexpected increases in compensation could have a material adverse effect on our profitability and reduce cash flow from operating activities.

In order to mitigate this risk, Mullen Group aims to be an employer of choice by offering competitive wages and incentive-based pay, establishing superior safety programs and fostering a strong reputation as an ethical company. These endeavours are designed to attract the best people at every level of our business, establish them in their roles, manage their development and identify successor candidates for senior roles. In addition to providing specific job-related and safety training, Mullen Group encourages all of its employees to continue their education, training and skills upgrading and provides employees with the resources required to achieve and maintain our operational excellence.

Cost Escalation

Cost escalations due to rising costs, the effect of inflation, the price of fuel, equipment and other input costs, insurance costs, interest rates, fluctuations in customers' business cycles and national and regional economic conditions are factors over which Mullen Group has little or no control. Significant increases in fuel prices, equipment prices, other input prices, interest rates or insurance costs, to the extent not offset by increases in transportation rates or contractual surcharges, or disruptions in fuel supply, would reduce profitability and could adversely affect our ability to carry out our strategic plans. Mullen Group cannot predict the impact of future economic conditions and there is no assurance that our operations will continue to be profitable.

To counteract the potential for cost escalation, Mullen Group focuses on operational excellence, synergies between its Business Units and cost control. We rely on, among other things, long-term planning, budgeting processes, and internal benchmarking to achieve our profitability targets. Additionally, we mitigate our exposure to rising costs through the implementation of various fuel surcharge programs which pass the majority of cost increases to our customers and have implemented policies that focus on fuel efficiency, including fuel economy, asset utilization and minimizing dead-head mileage, proper repairs and maintenance of equipment, idling and speed policies.

Potential Operating Risks and Insurance

Mullen Group's Oilfield Services' operations are subject to risks inherent in the oil and natural gas industry, such as equipment defects, malfunction, failures and natural disasters. These risks could expose Mullen Group to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution and other environmental damages. In addition, our transportation operations are subject to risks inherent in the transportation industry, including potential liability that could result from, among other things, personal injury or property damage arising from motor vehicle accidents.

Although Mullen Group has obtained insurance coverage against certain of the risks to which it is exposed, such insurance is subject to deductibles and coverage limits and no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Mullen Group were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, our business, results of operations and financial condition could be materially adversely affected.

Mullen Group has insurance and risk management programs in place to protect its assets, operations and employees and also has programs in place to address compliance with current safety and regulatory standards. Each Business Unit has a health and safety coordinator responsible for maintaining and developing policies and monitoring operations vis-à-vis those policies. The health and safety coordinators are required to report incidents directly to the Senior Vice President of Mullen Group who reports directly to our Chief Executive Officer.

Digital Infrastructure

A well-functioning and efficient IT system is a prerequisite to growth, operational excellence and superior customer service, to aid day-to-day operational management and to provide accurate financial information. Our business involves high transaction volumes, complex logistics, the tracking of thousands of orders and trucks at any given time and the communication with trucks and field personnel in real time. We are therefore heavily dependent on certain software, satellite systems and network infrastructure. A serious prolonged failure in this area may materially affect our business.

Mullen Group's information systems could also be penetrated by outside parties intent on extracting confidential information, corrupting information or disrupting business processes. Such unauthorized access could disrupt our business and could result in the loss of assets, litigation, remediation costs, damage to our reputation and loss of revenue resulting from unauthorized use of confidential information or failure to retain or attract customers following such an event. As part of our entity wide IT risk mitigation policy, Mullen Group engages third party vendors to complete security assessments of the IT systems, consisting of external and internal penetration tests.

At both the corporate level and within the individual Business Units, IT systems are subject to stringent guidelines, standardization, vigorous virus and access protection, back-up systems and replicated data. Mullen Group employs project management techniques to manage new software developments and/or system implementations. We have

a disaster recovery plan in place that is evaluated periodically and portions thereof are tested on a regular basis. Hosted by a reputable third-party, our main data centre has high levels of durability and redundancy built into it. Additionally, we have a second operational data centre which will allow Mullen Group to continue processing data in the event of a major incident.

Environmental Liability Risks

The risk of incurring environmental liabilities is inherent in oilfield service and transportation operations. Historically, activities associated with such operations and the ownership, management or control of real estate pose an environmental risk. Some of our Business Units will routinely deal with natural gas, oil and other petroleum products. Our operations are subject to numerous laws, regulations and guidelines governing the management, handling, transportation and disposal of non-regulated and regulated substances and otherwise relating to the protection of the environment. These laws, regulations and guidelines include those relating to the remediation of spills, releases, emissions and discharges of regulated substances into the environment and those requiring removal or remediation of pollutants or contaminants. Failure to comply may impose civil and criminal penalties. While certain of our Business Units carry significant volumes of dangerous goods, Mullen Group ensures that strict guidelines are met before a Business Unit and the individual drivers are permitted to manage, handle or transport such dangerous goods. This involves specific insurance requirements, training programs and appropriate permits with the various provinces and states in which our Business Units operate.

Mullen Group's customers are subject to various laws, regulations, and guidelines that prescribe, among other things, limits on emissions into the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, we cannot predict the nature of the restrictions that may be imposed. Mullen Group may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

Mullen Group operates out of numerous owned and leased facilities throughout Canada where storage tanks may be used or may have been used at some prior date. Canadian laws generally impose potential liability on the present or former owners or occupants of properties on which contamination has occurred. Although we are not aware of any contamination which, if remediation or clean-up were required, could have a material adverse effect on Mullen Group, certain facilities have been in operation for many years and, over such time, Mullen Group or the prior owners, operators or custodians of the properties may have generated and disposed of substances which are or may be considered hazardous. There can be no assurance that we will not be required at some future date to comply with new environmental laws, or that our operations, business or assets will not otherwise be further affected by current or future environmental laws.

While Mullen Group maintains liability insurance, including insurance for certain environmental incidents, the insurance is subject to coverage limits and certain of our policies exclude coverage for damages resulting from environmental contamination. There can be no assurance that insurance will continue to be available to Mullen Group on commercially reasonable terms, that the types of liabilities that we may incur will be covered by our insurance, or that the dollar amount of such liabilities will not exceed our policy limits.

Mullen Group has programs to address compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials. We endorse a formalized quality program and strive to be the best in class in areas of safety and environmental excellence. We believe in a balanced approach to sustainable development and are committed to best in class environmental management systems. In addition, we work with government, industry groups and the public to improve and develop environmental standards and further understanding of environmental issues. However, there can be no assurance that our procedures will prevent environmental damage from occurring as a result of spills of materials handled by Mullen Group or that such damage has not already occurred. Any such occurrence may have a material adverse effect on our business, results of operations and financial condition.

Weather and Seasonality

Harsh weather conditions can impede the movement of goods and increase the operating costs for the materials that can be transported, which could have a material adverse effect on Mullen Group's business, results of operations and financial condition.

In general, the level of activity in the Canadian oilfield service industry is influenced by seasonal weather patterns 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 with corresponding declines in the demand for the goods and services we supply.

Mullen Group mitigates some of this risk by charging standby fees or by positioning equipment in strategic locations in order to take advantage of good weather conditions when they occur. We also manage this risk by diversifying our operations and by using subcontractors and owner operators, which requires no investment by Mullen Group, to handle seasonal peaks. Mullen Group's growth through acquisition into businesses not directly tied to oil and natural gas drilling activity has lessened the seasonal nature of our overall performance.

Business Continuity, Disaster Recovery and Crisis Management

In the event of a serious incident, the inability to restore or replace critical capacity in a timely manner may impact our business and operations. A serious event could therefore have a material adverse effect on Mullen Group's business, results of operations and financial condition.

This risk is mitigated by the development of business continuity arrangements, including disaster recovery plans and back-up delivery systems, to minimize the significance of any business disruption in the event of a major disaster. Insurance coverage may minimize any losses in certain circumstances.

Access to Parts, Development of New Technology and Relationships with Key Suppliers

Mullen Group's ability to compete and expand is most directly tied to our having access at a reasonable cost to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors, and to the development and acquisition of new and competitive technologies. Although we have individual distribution agreements with various key suppliers, there can be no assurance that those sources of equipment, parts, components or relationships with key suppliers will be maintained. If these are not maintained, our ability to compete may be impaired by virtue of diminished availability and/or increased cost of securing certain equipment and parts. Mullen Group is able to access certain distributors and secure discounts on parts and components that would not be available if it were not for its relationship with certain key suppliers. Should the relationships with key suppliers cease the availability and cost of securing certain equipment and parts may be adversely affected.

Mullen Group assesses its suppliers and endeavours to ensure that its suppliers are financially viable or that suitable alternatives exist if relationships with current suppliers were to become compromised.

Regulation

Notwithstanding that the transportation industry is largely deregulated in terms of entry into the industry, each carrier must obtain a license from, or register with, provincial regulatory authorities in order to carry goods extra-provincially or to transport goods within any province. Licensing is also required from regulatory authorities in the United States for the transportation of goods between Canada and the United States. Changes in regulations applicable to Mullen Group could increase operating costs and have a material adverse effect on our business, results of operations and financial condition. The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and regulations. Although we are committed to compliance and safety through our operational excellence initiatives, there is no assurance that we will be in full compliance at all times with such policies, guidelines and regulations. Consequently, at some future time, Mullen Group could be required to incur significant costs to maintain or improve its compliance record.

Mullen Group monitors regulatory frameworks with a particular focus on over-dimensional freight and transportation of fluids and works, in conjunction with industry associations, to advocate its needs to regulators and ensure that equipment meets regulations and that sufficient capital is invested to meet current and anticipated regulatory requirements.

CRITICAL ACCOUNTING ESTIMATES

This MD&A summarizes Mullen Group's financial condition and results of operations, which are based upon its Annual Financial Statements that have been prepared in accordance with IFRS. The Annual Financial Statements require management to select significant accounting policies, which are contained within Note 3 to such statements. These significant accounting policies involve critical accounting estimates regarding matters that are inherently uncertain and require management to make estimates, complex judgements and assumptions. These estimates, complex judgements and assumptions are based on the circumstances that exist at the reporting date and may affect the reported amounts of income and expenses during the reporting periods and the carrying amounts of assets, liabilities, accruals, provisions, contingent liabilities, other financial obligations, as well as the determination of fair values. The following describes critical accounting estimates used by Mullen Group in preparing the Annual Financial Statements and are an important part in understanding such statements:

Impairment tests

Mullen Group assesses, at the end of each reporting period, whether there is an indication that an asset group may be impaired. Mullen Group has three significant asset groups that are reviewed for impairment. First, goodwill is reviewed for impairment annually, or more frequently if there are indications that impairment may have occurred. The second and third asset groups consist of intangible assets and long-lived assets. Intangible assets are acquired on acquisitions and are mainly comprised of customer relationship values and non-competition agreements, which are amortized over their estimated life from the date of acquisition. Long-lived assets include property, plant and equipment and other assets. These asset groups are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable. If any indication of impairment exists Mullen Group estimates the recoverable amount of the asset group. External triggering events include, for example, changes in customer or industry dynamics, drilling and other technologies and economic declines. Internal triggering events for impairment include lower profitability or planned restructuring.

Mullen Group's impairment tests compare the carrying amount of the asset of the cash generating unit ("**CGU**") to its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal ("**FVLCD**") and the determination of value in use ("**VIU**"). The determination of VIU requires the estimation and discounting of cash flows, which involve key assumptions that consider all information available on the respective testing date. Management uses its judgement, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment and economic trends to model and discount future cash flows.

In general terms, goodwill represents the excess of the purchase price of a business combination over the net amount of identifiable assets acquired less the liabilities assumed. At December 31, 2015 and 2014, Mullen Group performed its annual impairment test for goodwill and concluded that there was no impairment of goodwill at any of its CGUs.

The recoverable amount was determined using either a discounted cash flow approach for CGUs that contain a significant amount of goodwill or an earnings multiple approach for those CGUs that do not contain a significant amount of goodwill The discounted cash flow model employed by the Corporation reflects the specifics of each CGU and its business environment. The model calculates the present value of the estimated future earnings of each CGU.

Estimating future earnings requires judgement, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment. The calculation of the recoverable amount using the discounted cash flow approach was based on the following key assumptions:

	Discount rate		Terminal value growth rate	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
CGU				
Gardewine Group Limited Partnership	**11.5%**	N/A	**2.0%**	N/A
Formula Powell L.P.	**12.0%**	11.0%	**2.5%**	2.5%
Kleysen Group L.P.	**13.0%**	12.5%	**2.5%**	2.5%
Cascade Energy Services L.P.	**13.0%**	12.0%	**2.5%**	2.5%
Hi-Way 9 Group of Companies	**13.0%**	12.0%	**2.5%**	2.5%
Heavy Crude Hauling L.P.	**13.0%**	12.5%	**2.5%**	2.5%
Tenold Transportation Limited Partnership	**13.0%**	12.5%	**2.5%**	2.5%

(i) Cash flows were projected based on past experience, actual operating results and the one year business plan for the immediate year. Cash flows for a further four year period were extrapolated using constant growth rates of between 2.0 to 2.5 percent with adjustments reflecting an expectation of changes in the general economy, forecasted changes in drilling activity and a Business Unit's respective markets, and represents the Corporation's best estimate of the set of economic conditions that are expected to exist over the forecast period.

(ii) The terminal value growth rate is based on management's best estimate of the long-term growth rate for its CGUs after the forecast period, considering historic performance and future economic forecasts.

(iii) Each CGU's discount rate reflects their individual size, risk profile and circumstance and is based on past experience and industry average weighted average cost of capital.

The Corporation believes that the following changes in the key assumptions would result in a recoverable amount equal to the carrying value of the CGU, with any additional change in the assumptions causing goodwill to become impaired.

	Change in discount rate		Change in terminal value growth rate	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
CGU				
Gardewine Group Limited Partnership	**3.6%**	N/A	**(5.7)%**	N/A
Formula Powell L.P.	**1.3%**	0.8%	**(2.0)%**	(1.2)%
Kleysen Group L.P.	**6.8%**	4.0%	**(13.2)%**	(7.0)%
Cascade Energy Services L.P.	**0.9%**	1.2%	**(1.4)%**	(1.8)%
Hi-Way 9 Group of Companies	**4.3%**	1.6%	**(7.2)%**	(2.5)%
Heavy Crude Hauling L.P.	**2.3%**	5.9%	**(3.6)%**	(14.7)%
Tenold Transportation Limited Partnership	**6.8%**	4.0%	**(12.9)%**	(7.0)%

For all CGUs the recoverable amount was greater than the CGU's carrying value, including goodwill.

Intangible assets are mainly comprised of customer relationships and non-competition agreements. The fair value of these assets are calculated when a business is acquired and then amortized on a straight-line basis over their estimated life. At December 31, 2015, intangible assets totalled $30.1 million (2014 – $31.4 million). Property,

plant and equipment are mainly comprised of trucks and trailers, land and buildings. The net book value of property, plant and equipment at December 31, 2015, was $992.2 million (2014 – $911.7 million).

Acquisitions

The acquired assets, assumed liabilities (other than deferred taxes) and contingent consideration are recognized at fair value on the date Mullen Group effectively obtains control. The measurement of business combinations is based on the information available on the acquisition date. The determination of fair value of the acquired intangible assets (including goodwill), property, plant and equipment and other assets and the liabilities assumed at the date of acquisition, as well as the useful lives of the acquired intangible assets and property, plant and equipment, is based on assumptions. The measurement is largely based on projected cash flows and market conditions at the date of acquisition. Contingent consideration is based on the likelihood of various outcomes of specified future events.

Property, plant and equipment and intangible assets

Property, plant and equipment are initially recognized at cost and include all expenditures directly attributable to bringing the asset to its intended use. The method and rates used in calculating depreciation of property, plant and equipment is an estimate. Mullen Group calculates depreciation of property, plant and equipment using the declining balance method for all assets except drilling rigs which are depreciated using the unit-of-production method when such equipment has been operated within the previous twelve month period. Effective July 1, 2015, Mullen Group began recording depreciation expense on drilling equipment that have not operated within the previous twelve month period using a 10.0 percent declining balance method. This change in estimate has been applied on a prospective basis and did not have a significant impact on consolidated net income or the financial results within the Oilfield Services segment for the year ended December 31, 2015. This change in estimate is based upon the revised estimated useful life of such equipment. When operated, drilling equipment will continue to be depreciated on a unit-of-production method based upon 1,500 operating days with a 20.0 percent residual value. It is impracticable to estimate the effect of this change in estimate on future periods as such an estimate depends on future operating activity levels. No other changes were made to the methods or rates used by Mullen Group to estimate depreciation expense on property, plant and equipment during the past two years.

Mullen Group believes its methods and rates of depreciation reasonably reflect the annual decline in the value of property, plant and equipment. These methods and rates used are validated by the fact that net gains or losses on sale of property, plant and equipment over the last ten years have been minimal, which indicates that the net book value of assets approximates fair market value over an extended period of time. At December 31, 2015, the Oilfield Services segment had a carrying value of property, plant, and equipment of $371.8 million (2014 – $409.2 million) compared to $180.2 million (2014 – $131.4 million) in the Trucking/Logistics segment.

Intangible assets are amortized on a straight line basis over a period of five to ten years. Mullen Group determines the length of the amortization period at the date of acquisition. The method used in determining the amortization period is based upon the anticipated present value of future cash flows generated from customer relationships purchased on acquisitions. At December 31, 2015, the Trucking/Logistics segment had a carrying value of intangible assets of $20.0 million (2014 – $10.3 million) compared to $10.1 million (2014 – $21.1 million) in the Oilfield Services segment.

Derivative Financial Instruments

Mullen Group utilizes derivative financial instruments ("Derivatives") such as cross-currency swaps to manage its exposure to foreign currency risks relating to its U.S. dollar denominated debt. The fair value of Derivatives fluctuate depending on the estimate of certain underlying financial measures. The estimated fair value of Derivatives are based on observable market data, including foreign currency curves, interest rates and credit spreads.

Trade and other receivables

Impairment of trade and other receivables is constantly monitored. Evidence of impairment could, for example, occur when the financial difficulties of a debtor become known or payment delays occur. Impairments are based on historical values, observed customer solvency, the aging of trade and other receivables and customer-specific and industry risks. In addition, Mullen Group reviews external credit ratings as well as bank and trade references when available. At December 31, 2015, Mullen Group recognized a reserve for bad debts on a customer-by-customer basis of $4.2 million (2014 – $3.6 million) against total gross trade and other receivables of $164.2 million (2014 – $213.4 million).

Income Taxes

Mullen Group's deferred income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse. Mullen Group operates in several provincial jurisdictions and is subject to various rates of taxation. The actual amount of tax ultimately paid in these jurisdictions may differ from the estimated amount.

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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, 2018.

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, 2018 [(1)]	Management is currently completing its initial assessment of IFRS 15.
IFRS 16 – Leases	IFRS 16 supersedes IAS 17 - Leases and eliminates the classification of leases as either operating or finance leases. Under IFRS 16, all leases are to be capitalized by recognizing the present value of the lease payments as both a financial asset and financial liability.	January 1, 2019 [(2)]	Management is currently completing its initial assessment of IFRS 16.

[(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.
[(2)] Early adoption is permitted but only if the Corporation also applies IFRS 15.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Internal Controls over Financial Reporting

As at December 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**"). Based on this evaluation, the CEO and the CFO concluded that, as at December 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.

Based on this evaluation, the CEO and CFO concluded that internal control over financial reporting was effective as at December 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 superseded 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. During the third quarter of 2015, Mullen Group adopted 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.

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 eventually there will be a recovery in the oil and gas industry, as referred to in the Executive Summary beginning on page 7;

- Mullen Group's expectation that 2016 will be another challenging year whereby demand for our oilfield services will be negatively impacted from 2015 levels, as referred to in the Outlook section beginning on page 10;

- Mullen Group's optimism that our regional less-than-truckload business will remain above the trend line in 2016, as referred to in the Outlook section beginning on page 10;

- Mullen Group's expectation that we will still generate significant cash flow allowing us to pay our shareholders a healthy dividend, as referred to in the Outlook section beginning on page 10;

- Mullen Group's intention to pay annual dividends of $0.96 per Common Share over the course of 2016, as referred to in the Corporate Overview section beginning on page 11;

- Mullen Group's expectation to allocate the majority of its $25.0 million capital expenditure budget for 2016 towards purchasing trucks, trailers and specialized equipment to support operations for the Trucking/Logistics segment, as referred to in the Capital Expenditures section beginning on page 17;

- Mullen Group's intention to use working capital, the Bank Credit Facility and the anticipated cash flow from operating activities in 2016 to repay the $70.0 million current portion of long-term debt, finance Mullen Group's ongoing working capital requirements, dividends declared by the Board, its 2016 capital expenditure budget, as well as various special projects and acquisition opportunities, as referred to in the Capital Resources and Liquidity section beginning on page 34; and

- Mullen Group's intention to pay annual dividends of $0.96 per Common Share over the course of 2016, as referred to in the Capital Resources and Liquidity section beginning on page 34.

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 eventually there will be a recovery in the oil and gas industry, is based on the assumption that the current cyclical downturn will eventually subside.

- Mullen Group's expectation that 2016 will be another challenging year whereby demand for our oilfield services will be negatively impacted from 2015 levels, is based on the assumption that the macro environment is very uncertain, crude oil and natural gas prices remain under duress to the point where oil and gas producers have been forced to reduce capital expenditures and drilling budgets. In addition, there is growing uncertainty in terms of the economic outlook for North America.

- Mullen Group's optimism that our regional less-than-truckload business will remain above the trend line in 2016, is based on the assumption that the consumer is the primary driver of our regional less-than-truckload business and we are of the view that this component of the economy remains fairly strong.

- Mullen Group's expectation that we will still generate significant cash flow allowing us to pay our shareholders a healthy dividend, is based on the assumption that our business model is diversified with limited capital requirements at this time.

- Mullen Group's intention to pay annual dividends of $0.96 per Common Share over the course of 2016, is based on the assumption that Mullen Group will generate sufficient free cash flow from operating activities to support the annual dividend.

- Mullen Group's expectation to allocate the majority of its $25.0 million capital expenditure budget for 2016 towards purchasing trucks, trailers and specialized equipment to support operations for the Trucking/Logistics segment, is based on the assumption that its Business Units will require capital to support their ongoing operations and growth opportunities.

- Mullen Group's intention to use working capital, the Bank Credit Facility and the anticipated cash flow from operating activities in 2016 to repay the $70.0 million current portion of long-term debt, finance Mullen Group's ongoing working capital requirements, dividends declared by the Board, its 2016 capital expenditure budget, as well as various special projects and acquisition opportunities. This assumption is based on Mullen Group's belief that its access to cash will exceed its expected requirements.

- Mullen Group's intention to pay annual dividends of $0.96 per Common Share over the course of 2016, is based on the assumption that Mullen Group will generate sufficient free cash flow from operating activities to support the annual dividend.

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.

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GLOSSARY OF TERMS AND RECONCILIATION OF NON-GAAP AND ADDITIONAL GAAP TERMS

The Annual Financial Statements attached and referred to in this MD&A were prepared according to Canadian GAAP. References to 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 and Additional 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 Before Depreciation and Amortization

OIBDA is an additional GAAP term and 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 OIBDA 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 Before Depreciation and Amortization

(unaudited) *($ millions)*	Three month periods ended December 31		Years ended December 31	
	2015	**2014**	**2015**	**2014**
Net income	**$ 2.4**	$ 22.2	**$ 13.4**	$ 94.6
Add (deduct):				
Income tax expense	**4.6**	8.8	**30.0**	37.1
Net unrealized foreign exchange loss	**10.6**	4.6	**39.7**	15.5
Other (income) expense	**1.7**	(1.6)	**16.2**	4.9
Finance costs	**9.0**	8.7	**35.8**	47.4
Depreciation of property, plant and equipment	**19.6**	17.9	**75.3**	69.3
Amortization of intangible assets	**4.8**	4.3	**19.0**	15.9
Operating income before depreciation and amortization	**$ 52.7**	$ 64.9	**$ 229.4**	$ 284.7

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 impact of the one-time expense in 2014 related to the prepayment of the Series A and Series B Notes, the amount of any net unrealized foreign exchange gains and losses, the change in fair value of investments, the gain on contingent consideration and the gain on the sale of Mill Creek. Management adjusts net income and earnings per share by excluding these specific factors to more clearly reflect earnings from an operating perspective. See pages 26 and 51 for detailed calculations of net income – adjusted and earnings per share – adjusted on an annual and a quarterly basis, respectively.

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 Business Units.

(unaudited) *($ millions)*	Three month periods ended December 31		Years ended December 31	
	2015	**2014**	**2015**	**2014**
Purchase of property, plant and equipment	**$ 10.0**	$ 50.4	**$ 73.3**	$ 125.7
Proceeds on sale of property, plant and equipment	**(2.6)**	(35.5)	**(7.7)**	(56.3)
Net capital expenditures	**$ 7.4**	$ 14.9	**$ 65.6**	$ 69.4

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.

(unaudited) *($ millions)*	**December 31, 2015**	**December 31, 2014**
Long-term debt	**$ 696.9**	$ 692.9
Convertible debentures - debt component	**12.2**	12.1
Total debt	**709.1**	705.0
Less working capital:		
Current assets	**353.1**	589.2
Current liabilities	**(166.0)**	(128.7)
Total working capital	**187.1**	460.5
Net debt	**$ 522.0**	$ 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.

(unaudited) *($ millions, except share and per share amounts)*	Three month periods ended December 31		Years ended December 31	
	2015	**2014**	**2015**	**2014**
Net cash from operating activities	**$ 64.8**	$ 79.1	**$ 211.6**	$ 248.6
Weighted average number of Common Shares outstanding	**91,661,066**	91,608,111	**91,652,785**	91,377,065
Cash flow per share	**$ 0.71**	$ 0.86	**$ 2.31**	$ 2.72

Mullen Group Ltd.

DECEMBER 31, 2015

ANNUAL FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

February 10, 2016

To the Shareholders of Mullen Group Ltd.

We have audited the accompanying consolidated financial statements of Mullen Group Ltd., which comprise the consolidated statement of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mullen Group Ltd. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands)	Note		December 31 2015		December 31 2014
Assets					
Current assets:					
Cash and cash equivalents	**6**	**$**	**147,243**	$	325,365
Trade and other receivables	**7**		**159,963**		209,835
Inventory	**8**		**30,278**		38,147
Prepaid expenses			**9,620**		10,010
Current tax receivable			**6,019**		5,835
			353,123		589,192
Non-current assets:					
Property, plant and equipment	**9**		**992,206**		911,699
Goodwill	**10**		**344,186**		257,795
Intangible assets	**11**		**30,107**		31,437
Investments	**12**		**42,495**		52,792
Deferred tax assets	**17**		**9,807**		9,078
Derivative financial instruments	**13**		**39,949**		9,345
Other assets	**14**		**5,162**		799
			1,463,912		1,272,945
Total Assets		**$**	**1,817,035**	$	1,862,137
Liabilities and Equity					
Current liabilities:					
Accounts payable and accrued liabilities	**15**	**$**	**83,156**	$	117,438
Dividends payable	**16**		**9,166**		9,161
Current tax payable			**1,878**		2,102
Current portion of long-term debt	**18**		**71,856**		—
			166,056		128,701
Non-current liabilities:					
Long-term debt	**18**		**696,859**		692,909
Convertible debentures – debt component	**19**		**12,186**		12,083
Deferred tax liabilities	**17**		**135,290**		127,501
			844,335		832,493
Equity:					
Share capital	**20**		**778,448**		777,262
Convertible debentures – equity component	**19**		**550**		550
Contributed surplus			**11,597**		10,463
Retained earnings			**16,049**		112,668
			806,644		900,943
Total Liabilities and Equity		**$**	**1,817,035**	$	1,862,137

The notes which begin on page 84 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on February 10, 2016, after review by the Audit Committee.

"Signed: Murray K. Mullen" ***"Signed: Dennis J. Hoffman"***

Murray K. Mullen, Director Dennis J. Hoffman, Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands, except per share amounts)	Note	Years ended December 31 2015	2014
Revenue	**22**	**$ 1,214,372**	$ 1,427,851
Direct operating expenses		**844,025**	985,163
Selling and administrative expenses		**140,928**	157,947
Operating income before depreciation and amortization		**229,419**	284,741
Depreciation of property, plant and equipment	**9**	**75,275**	69,295
Amortization of intangible assets	**11**	**18,972**	15,866
Finance costs	**25**	**35,815**	47,370
Net unrealized foreign exchange loss	**13**	**39,701**	15,570
Other (income) expense	**27**	**16,289**	4,897
Income before income taxes		**43,367**	131,743
Income tax expense	**17**	**30,001**	37,110
Net income and total comprehensive income		**$ 13,366**	$ 94,633
Earnings per share:	**21**		
Basic		**$ 0.15**	$ 1.04
Diluted		**$ 0.15**	$ 1.02
Weighted average number of Common Shares outstanding:	**21**		
Basic		**91,653**	91,377
Diluted		**91,687**	93,027

The notes which begin on page 84 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(*thousands*)	Note	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		**—**	**—**	**—**	**13,366**	**13,366**
Common Shares issued on conversion of convertible debentures		**—**	**—**	**—**	**—**	**—**
Stock-based compensation expense		**—**	**—**	**1,470**	**—**	**1,470**
Common Shares issued on exercise of stock options	**20**	**1,186**	**—**	**(336)**	**—**	**850**
Dividends declared to common shareholders	**16**	**—**	**—**	**—**	**(109,985)**	**(109,985)**
Balance at December 31, 2015		**$ 778,448**	**$ 550**	**$ 11,597**	**$ 16,049**	**$ 806,644**

(*thousands*)	Note	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		—	—	—	94,633	94,633
Common Shares issued on conversion of convertible debentures		4,379	(188)	—	—	4,191
Stock-based compensation expense		—	—	1,633	—	1,633
Common Shares issued on exercise of stock options	**20**	12,573	—	(2,497)	—	10,076
Dividends declared to common shareholders	**16**	—	—	—	(109,702)	(109,702)
Balance at December 31, 2014		$ 777,262	$ 550	$ 10,463	$ 112,668	$ 900,943

The notes which begin on page 84 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands)	Note	Years ended December 31 2015	2014
Cash provided by (used in):			
Cash flows from operating activities:			
Net income		**$ 13,366**	$ 94,633
Adjustments for:			
Depreciation of property, plant and equipment		**75,275**	69,295
Amortization of intangible assets		**18,972**	15,866
Finance costs	**25**	**35,815**	47,370
Stock-based compensation expense		**1,470**	1,633
Unrealized foreign exchange gain on cross-currency swaps	**13**	**(30,604)**	(9,345)
Foreign exchange		**53,585**	22,770
Change in fair value of investments		**19,432**	20,726
Gain on sale of subsidiary	**27**	**—**	(10,794)
Loss (gain) on sale of property, plant and equipment		**2,367**	(4,523)
Gain on contingent consideration		**(3,000)**	—
Earnings from equity investments		**(2,510)**	(512)
Income tax expense		**30,001**	37,110
		214,169	284,229
Changes in non-cash working capital items from operating activities:			
Trade and other receivables		**77,791**	22,995
Inventory		**83**	(4,107)
Prepaid expenses		**1,714**	804
Accounts payable and accrued liabilities		**(43,540)**	2,520
Cash generated from operating activities		**250,217**	306,441
Income tax paid		**(38,645)**	(57,856)
Net cash from operating activities		**211,572**	248,585
Cash flows from financing activities:			
Cash dividends paid to common shareholders		**(109,980)**	(109,607)
Interest paid		**(35,210)**	(24,403)
Proceeds of long-term debt		**—**	426,415
Repayment of long-term debt and loans		**(4,789)**	(188,904)
Net proceeds from Common Share issuances		**850**	10,076
Changes in non-cash working capital items from financing activities		**663**	394
Net cash (used in) from financing activities		**(148,466)**	113,971
Cash flows from investing activities:			
Acquisitions net of cash acquired	**5**	**(176,776)**	(28,606)
Purchase of property, plant and equipment		**(73,293)**	(125,743)
Proceeds on sale of property, plant and equipment		**7,744**	56,272
Purchases of investments		**(6,625)**	(3,543)
Cash contribution to equity investee	**27**	**—**	(2,560)
Interest received		**507**	1,112
Other assets		**(4,363)**	770
Changes in non-cash working capital items from investing activities		**(5,142)**	4,231
Net cash used in investing activities		**(257,948)**	(98,067)
Change in cash and cash equivalents		**(194,842)**	264,489
Cash and cash equivalents at January 1		**325,365**	58,236
Effect of exchange rate fluctuations on cash held		**16,720**	2,640
Cash and cash equivalents at December 31	**6**	**$ 147,243**	$ 325,365

The notes which begin on page 84 are an integral part of these consolidated financial statements.

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 ("**Business Units**"). The business of Mullen Group is a diversified transportation and oilfield service organization with its activities divided into two distinct operating segments, namely Trucking/Logistics and Oilfield Services. These consolidated financial statements ("**Annual Financial Statements**") include the accounts of the Corporation, its subsidiaries and its limited partnerships.

2. Basis of Presentation

(a) Statement of Compliance

These Annual 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**").

(b) Basis of Measurement

These Annual 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 ("**FVTPL**").

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of these Annual Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates, judgements and assumptions. The carrying amount of assets, liabilities, accruals, provisions, other financial obligations, as well as the determination of fair values, contingent liabilities, reported income and expense in these Annual Financial Statements depends on the use of estimates, judgements and assumptions. In the process of applying the Corporation's accounting policies management takes into consideration existing circumstances and estimates at the date of these Annual Financial Statements, which affects the reported amounts of income and expenses during the reporting periods. Given the uncertainty inherent in determining these factors, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant items impacted by such estimates and judgements are outlined below. Readers are cautioned that the foregoing list is not exhaustive and other items may also be affected by estimates and judgements.

Judgements

(i) Property, Plant and Equipment and Intangible Assets

Mullen Group's depreciation and amortization methods for trucks and trailers as well as other property, plant and equipment and intangible assets are based on management's judgement in selecting methods that most accurately match the pattern of economic benefits consumed by the Corporation from the use of such assets. These judgements are based upon industry norms and Mullen Group's historical experience.

(ii) Impairment Tests

Mullen Group assesses, at the end of each reporting period, whether there is an indication that an asset group may be impaired. If any indication of impairment exists, Mullen Group determines the recoverable amount of the asset group. External triggering events include, for example, changes in customer or industry dynamics, drilling and other technologies and economic declines. Internal triggering events for impairment include, for example, lower profitability or planned restructuring.

Estimates

(i) Acquisitions

The acquired assets, assumed liabilities (other than deferred taxes) and contingent consideration are recognized at fair value on the date Mullen Group effectively obtains control. The measurement of the assets and liabilities acquired in each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets (including goodwill), property, plant and equipment and other assets and the liabilities assumed at the date of acquisition as well as the useful lives of the acquired intangible assets and property, plant and equipment is based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition. Contingent consideration is based on the likelihood of various outcomes of specified future events. u For more information, refer to Note 5.

(ii) Trade and Other Receivables

Impairment of trade and other receivables is constantly monitored. Evidence of impairment could, for example, occur when the financial difficulties of a debtor become known or payment delays occur. Impairments are, in part, based on estimates using historical values, observed customer solvency, the aging of trade and other receivables and customer-specific and industry risks. In addition, Mullen Group reviews external credit ratings as well as bank and trade references when available. u For more information, refer to Notes 7 and 30.

(iii) Property, Plant and Equipment and Intangible Assets

Depreciation and amortization are calculated using a systematic and rational basis, which are based upon an estimate of each assets useful life and residual value. The estimated useful life and residual value chosen are Mullen Group's best estimate of such and are based on industry norms, historical experience, market conditions and other estimates that consider the period and distribution of future cash inflows. u For more information, refer to Notes 9 and 11.

(iv) Impairment Tests

Mullen Group's impairment tests compare the carrying amount of the asset or cash generating unit ("CGU") to its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). FVLCD is the amount obtainable from the sale of an asset or CGU in an arms-length transaction between knowledgeable, willing parties, less the costs of disposal. VIU is the present value of estimated future cash flows expected to arise from the continuing use of an asset or CGU and from the disposal at the end of its useful life. The determination of VIU requires the estimation and discounting of cash flows which involves key assumptions that consider all information available on the respective testing date. Management uses estimates, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment and economic trends to model and discount future cash flows. u For more information, refer to Notes 10 and 11.

(v) Tax Assets

The realization of deferred tax assets depends on the future taxable income of the respective Mullen Group subsidiaries. The continued recognition of deferred tax assets is based on estimates of internal projections of future earnings, tax deductions and anticipated income tax rates. u For more information, refer to Note 17.

(vi) Derivative Financial Instruments

Mullen Group utilizes Derivatives such as cross-currency swaps (as hereafter defined on page 98) to manage its exposure to foreign currency risks relating to its U.S. dollar denominated debt. The fair value of Derivatives fluctuate depending on the estimate of certain underlying financial measures. The estimated fair value of Derivatives are based on observable market data, including foreign currency curves, interest rates and credit spreads. u For more information, refer to Note 13.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Annual Financial Statements.

(a) Basis of Consolidation

These Annual Financial Statements include the accounts of Mullen Group, its subsidiaries and its limited partnerships. The financial statements of such subsidiaries and limited partnerships controlled by Mullen Group are included in these Annual Financial Statements from the date that control commenced until the date that control ceases. Control is achieved when the Corporation has the power to govern the financial and operating policies of an entity so as to attain benefits from its activities. The accounting policies of subsidiaries and limited partnerships are the same as those of the Corporation. For the year ended December 31, 2015, the scope of consolidation for these Annual Financial Statements encompassed 78 entities, of which 15 were a first time consolidation. The first time consolidations were a result of the acquisitions of the Gardewine Group of Companies and Courtesy Freight Systems Ltd. During 2015 four entities ceased existence due to internal corporate reorganizations.

(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, 2018.

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, 2018 (1)	Management is currently completing its initial assessment of IFRS 15.
IFRS 16 – Leases	IFRS 16 supersedes IAS 17 - Leases and eliminates the classification of leases as either operating or finance leases. Under IFRS 16, all leases are to be capitalized by recognizing the present value of the lease payments as both a financial asset and financial liability.	January 1, 2019 (2)	Management is currently completing its initial assessment of IFRS 16.

(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.
(2) Early adoption is permitted but only if the Corporation also applies IFRS 15.

(c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and highly liquid short-term investments originally maturing within three months or less, net of bank indebtedness used for operational purposes. Bank indebtedness is repayable on demand and forms an integral part of the Corporation's cash management and is therefore included as a component of cash and cash equivalents for the purpose of the statement of cash flows.
u For more information, refer to Note 6.

(d) Inventory

Inventory consists primarily of repair parts, fuel and items for resale. Inventory is stated at the lower of cost or net realizable value. The cost of inventory is accounted for on a weighted average basis and includes expenditures incurred in acquiring the inventory, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses. u For more information, refer to Note 8.

(e) Goodwill

In general terms, goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

Mullen Group measures goodwill as the fair value of the consideration transferred, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that Mullen Group incurs in connection with a business combination are expensed as incurred.

For the purpose of calculating goodwill, fair values of acquired assets, assumed liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk free interest rates and risk adjusted expected future cash flows.

Goodwill is reviewed for impairment annually at December 31, or more frequently if there are indications that impairment may have occurred. Goodwill impairment is tested at the CGU level and is determined based upon the recoverable amount of each CGU compared to the CGU's respective carrying amount. At Mullen Group, the CGUs consist of each of its Business Units. The recoverable amount is the higher of FVLCD and the VIU. If the impairment loss exceeds the carrying amount of goodwill, the goodwill is written off completely. Any impairment loss left over is allocated to the remaining assets of the CGU. Impairment losses in respect of goodwill are irreversible. u For more information, refer to Note 3(k) and 10.

(f) Intangible Assets

Intangible assets acquired as part of acquisitions are capitalized at fair value as determined at the date of acquisition and are subsequently stated at that capitalized cost less accumulated amortization and impairment losses. Intangible assets are mainly comprised of non-competition agreements and customer relationships' values which are amortized over their estimated life on a straight line basis over a period of five to ten years. u For more information, refer to Note 3(k) and 11.

(g) Property, Plant and Equipment and Depreciation

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When the cost of a part of an item of property, plant and equipment is significant in relation to the total cost of an item and the parts have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The costs of day-to-day servicing of property, plant and equipment are recognized in direct operating expenses. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other (income) expense. Depreciation of additions and disposals is prorated from the month of purchase or disposal. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. Effective July 1, 2015, the Corporation began recording depreciation expense on drilling equipment that have not operated within the previous twelve month period using a 10.0 percent declining balance method. This change in estimate has been applied on a prospective basis and did not have a significant impact on consolidated net income for the year ended December 31, 2015. This change in estimate is based upon the revised estimated useful life of such equipment. When operated, drilling equipment will be depreciated on a unit-of-production method based upon 1,500 operating days with a 20.0 percent residual value. It is impracticable to estimate the effect of this change in estimate on future periods as such an estimate depends on future operating activity levels. No other revisions to estimates were made in 2015 or 2014. u For more information, refer to Note 9.

Except for the unit-of-production method on drilling equipment, depreciation is recorded annually over the estimated useful lives of the assets on the declining balance basis at the following depreciation rates:

Buildings	2.5 - 8%
Trucks and trailers	10 - 20%
Equipment, satellite communication equipment, furniture and fixtures, automobiles, computer hardware and systems software ("Miscellaneous Equipment")	20 - 30%

(h) Investment Properties

Investment properties consist of real property that are held to earn rental income and are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition or the development of real property held to earn rental income. Subsequent to initial measurement, investment properties are measured using the cost model and are recorded at cost less accumulated depreciation. Depreciation is recorded annually on the buildings included within real property held to earn rental income on the declining balance basis at a rate of 2.5 percent per annum.

(i) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are obligations to pay for goods or services that have been purchased in the normal course of business and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(j) Foreign Currency

Transactions in foreign currencies are translated to Canadian dollars, Mullen Group's functional currency, at the exchange rate on the date of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(k) Impairment of Assets

Assets are assessed at the end of each reporting period to determine if any indication of impairment exists. If any such indication exists, Mullen Group estimates the recoverable amount of the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets. Recoverability is measured by comparing the carrying amount of the asset or the CGU to which the asset belongs to the higher of its FVLCD and its VIU. VIU is calculated using the estimated discounted future cash flows expected to be generated by the asset or its CGU. Mullen Group estimates FVLCD based upon current market prices for similar assets. If the carrying amount of the asset, or its respective CGU, exceeds its estimated recoverable amount, the difference is recognized as an impairment charge.

Impairment losses are recognized in net income. An impairment loss in respect of goodwill is irreversible. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses recognized in respect of CGUs are allocated first to

reduce the carrying amounts of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro rata basis.

Mullen Group's corporate assets, which do not generate separate cash inflows, are allocated to the CGUs on a reasonable basis for impairment testing purposes.

(l) Financial Instruments

(i) Mullen Group has adopted IFRS 9 (2010) Financial Instruments as it relates to classification and measurement of financial assets and financial liabilities in advance of its effective date. During 2013, the IASB removed the mandatory effective date, which was for annual periods beginning on or after January 1, 2015. The new mandatory effective date is January 1, 2018. Mullen Group early adopted IFRS 9 (2010) as it is consistent with Mullen Group's objective and approach to managing its financial assets and financial liabilities.

(ii) Non-Derivative Financial Assets

Financial Assets	Initial Measurement	Subsequent Measurement
Cash and cash equivalents	Fair value	Amortized cost
Trade and other receivables	Fair value	Amortized cost
Investments	Fair value	FVTPL
Investments – equity method	Fair value	Equity method
Other assets	Fair value	Amortized cost

Cash and cash equivalents are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial assets are measured at amortized cost using the effective interest method.

Mullen Group initially recognizes trade and other receivables and other assets on the date that they originate. Impairment of trade and other receivables is recognized in selling and administrative expenses when evidence of impairment arises. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss, or a portion of such is reversed. The amount of the impairment loss reversed may not exceed the original impairment amount.

Mullen Group initially measures investments at fair value. Subsequent to initial recognition these financial assets are measured at FVTPL at the end of each reporting period. The purchase and sale of investments are recognized at the trade date of such transaction. When control of a Business Unit is lost, any retained interest is re-measured to its fair value with any resulting gain or loss being recognized within the statement of comprehensive income. As such, a gain or loss is recognized on the portion retained in addition to the gain or loss on the portion no longer owned. Mullen Group uses the equity method to account for investments in which it has significant influence or joint control.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Mullen Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Mullen Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by Mullen Group is recognized as a separate asset or liability.

(iii) Non-Derivative Financial Liabilities

Financial Liabilities	Initial Measurement	Subsequent Measurement
Accounts payable and accrued liabilities[(1)]	Fair value	Amortized cost
Dividends payable	Fair value	Amortized cost
Long-term debt	Fair value	Amortized cost
Convertible debentures – debt component	Fair value	Amortized cost

[(1)] Includes contingent consideration which is subsequently measured at fair value.

Financial liabilities are recognized initially on the trade date at which Mullen Group becomes a party to the contractual provisions of the instrument. Financial liabilities that are not designated at FVTPL are initially measured at fair value plus or minus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Mullen Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Mullen Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Accounts payable and accrued liabilities and dividends payable are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Mullen Group initially recognizes debt securities issued and subordinated liabilities on the date that they originate. Mullen Group's long-term debt is mainly comprised of a series of unsecured debt as follows: CDN. $70.0 million of Series C Notes, CDN. $70.0 million of Series D Notes, U.S. $85.0 million of Series E Notes, CDN. $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, CDN. $30.0 million of Series I Notes, CDN. $3.0 million of Series J Notes, CDN. $58.0 million of Series K Notes and CDN. $80.0 million of Series L Notes (collectively, the "Private Placement Debt"). Mullen Group also had debt comprised of various financing loans which were secured by specific operating equipment (collectively, the "Various Financing Loans").

On May 1, 2009, Mullen Group issued by way of private placement an aggregate principal amount of $125.0 million of convertible unsecured subordinated debentures (the "Debentures"). The component parts of the Debentures issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the debt component was estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The fair value of the conversion option (labelled Convertible debentures – equity component) was determined at issue date by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This conversion option is recognized net of income tax effects as equity and is not subsequently re-measured. In addition, the conversion option will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. No gain or loss is recognized in the statement of comprehensive income upon conversion or expiration of the conversion option. As such, a proportionate amount of any unamortized debt issuance costs and accretion related to Debentures converted into Common Shares is transferred to share capital on the conversion date.

(iv) Derivative Financial Instruments

Derivatives consist of financial contracts that derive their value from underlying changes in foreign exchange rates, interest rates, credit spreads or other financial measures. Mullen Group uses Derivatives such as cross-currency swaps (as hereafter defined on page 98) as part of its foreign exchange risk management strategy. Derivatives are measured initially at fair value. Subsequent to initial recognition, Derivatives are measured at FVTPL and are recorded in the statement of comprehensive income. Mullen Group has not designated any Derivatives as hedges for accounting purposes.

(v) Equity

Common Shares are presented in share capital within equity. Incremental costs directly attributable to the issue of Common Shares and share options are recognized as a deduction from share capital, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs net of any tax effects, is recognized as a deduction from share capital. When Common Shares are repurchased and cancelled, the stated value is deducted from share capital and the resulting surplus or deficit on the transaction is recorded against the retained earnings within equity.

(m) Provisions

A provision is recognized in the financial statements when Mullen Group has a material obligation, whether existing or potential, as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the obligation is determined to be material, then the estimated amount of the provision is determined by discounting the expected future cash outflows. At December 31, 2015 and 2014, there were no significant provisions recognized in the Annual Financial Statements.

(n) Revenue recognition

Mullen Group's services are provided based upon orders and contracts with customers that include fixed or determinable prices and are based upon daily, hourly or contracted rates. Contract terms generally do not include the provision of post-service obligations. Revenue is recognized when services are rendered and when collectability of the consideration is probable.

(o) Leases

At inception of an arrangement, Mullen Group determines whether such an arrangement is or contains a lease. Leasing contracts are classified as either finance or operating leases. Mullen Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values at inception.

Mullen Group classifies a lease as a finance lease if it transfers substantially all of the risks and rewards related to the ownership of the leased asset. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets which are subject to operating leases are not recognized in the consolidated statement of financial position. Payments made under operating leases are recognized in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the period in which they are incurred.

(p) Finance costs

Finance costs encompass interest expense on financial liabilities and accretion expense on debt and are recognized as an expense in the period in which they are incurred. Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that purchase.

(q) Income tax

Income tax expense for the period consists of current and deferred tax. Tax is recognized in net income, except to the extent that it relates to a business combination or items recognized in other comprehensive income or directly in equity.

Taxable income differs from net income as reported in the consolidated statement of comprehensive income. As a result, current tax is the expected tax due on taxable income less adjustments to prior periods using tax rates enacted, or substantively enacted as at the reporting date in jurisdictions where Mullen Group operates.

In general, deferred income taxes are recognized based on temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the Annual Financial Statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill and are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income taxes are calculated on the basis of the tax laws enacted or substantively enacted as at the reporting date and apply to when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent it is probable that future taxable income will be generated and available to use against the deductible temporary differences, unused tax losses and unused tax credits. Current and deferred income tax assets and liabilities are offset when there is a legally enforceable right to settle on a net basis and when such assets and liabilities relate to income taxes imposed by the same taxation authority.

(r) Employee Benefits

(i) Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under Mullen Group's profit share plans when a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(ii) Stock-Based Compensation

Mullen Group grants stock options to directors, officers, employees and consultants of Mullen Group under its stock option plan ("Stock Option Plan"). u For more information refer to Note 26.

Mullen Group accounts for stock-based compensation using the fair-value method of valuing any stock options granted using the Black-Scholes model. Under the fair value method, the fair value of options is calculated at the date of grant and that value is recorded as compensation expense over the vesting periods of those grants, with a corresponding increase to contributed surplus less an estimated forfeiture rate. The forfeiture rate is based on past experience of actual forfeitures. When options are exercised, the proceeds received by Mullen Group, along with the amount in contributed surplus, will be credited to share capital.

(s) Per Share Amounts

Basic per share amounts are calculated using the weighted average number of Common Shares outstanding during the period. Diluted per share amounts are calculated considering the effects of all dilutive potential ordinary shares. Mullen Group's dilutive potential ordinary shares assumes that all Debentures are converted into Common Shares on the later of the beginning of the period, or the date of issuance. It also assumes that all dilutive stock options are exercised and that the proceeds obtained on the exercise of dilutive stock options would be used to purchase Common Shares at the average market price during the period. The weighted average number of Common Shares outstanding is then adjusted accordingly. u For more information refer to Note 21.

(t) Segmented Information

The Business Units are grouped into two distinct operating segments: Trucking/Logistics and Oilfield Services (the "Operating Segments"), both of which are supported by a Corporate segment. The Business Units within each of the Operating Segments share common economic characteristics and are differentiated by the type of service provided, equipment requirements and customer needs. The Operating Segments' financial results are reviewed regularly by the Corporation's chief operating decision-makers who make decisions about resource allocation and assess segment performance based on the internally prepared segment information.

(u) Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. Acquired assets and assumed liabilities are recognized at their fair values at the acquisition date. For those acquisitions that include a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and subsequent changes in such fair value amounts are recognized in net income. Acquisition-related costs are recognized in net income as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Mullen Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

4. Determination of Fair Values

A number of Mullen Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in Note 2 and in notes specific to that asset or liability.

Financial instruments measured at fair value on the statement of financial position require classification into one of the following levels of the fair value hierarchy:

Level 1	–	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	–	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	–	Inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

(a) Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(b) Property, Plant and Equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on fair values at date of acquisition. The fair value of items of property, plant and equipment is based on market or cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(c) Intangible Assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(d) Investments

The fair value of financial assets designated as measured at fair value, is determined by reference to their quoted closing price at the reporting date. Other than investments accounted for by the equity method, the fair value of all of Mullen Group's investments were determined using Level 1 of the fair value hierarchy.

(e) Derivative Financial Instruments

The fair value of Derivatives is determined using Level 2 of the fair value hierarchy. Level 2 fair values are determined by referencing observable market data, including future foreign currency curves, interest rates, credit spreads and other financial measures. Transaction costs are recognized in net income as incurred.

(f) Accounts Payable and Accrued Liabilities

The fair value of accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(g) Non-Derivative Financial Liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For financial leases the market rate of interest is determined by reference to similar lease agreements.

Fair Values Versus Carrying Amounts

The following tables compare the fair value of financial assets and financial liabilities to its corresponding carrying amount as presented in the consolidated statement of financial position:

December 31, 2015 Financial Instrument		Carrying Amount		Fair Value
Cash and cash equivalents	$	147,243	$	147,243
Trade and other receivables		159,963		159,963
Investments (excluding investments accounted for by using the equity method)		11,932		11,932
Other assets		5,162		5,162
Total financial assets	$	324,300	$	324,300
Accounts payable and accrued liabilities	$	83,156	$	83,156
Dividends payable		9,166		9,166
Private Placement Debt		763,559		742,255
Debentures - debt component		12,186		13,868
Various Financing Loans		5,156		5,024
Total financial liabilities	$	873,223	$	853,469

December 31, 2014 Financial Instrument		Carrying Amount		Fair Value
Cash and cash equivalents	$	325,365	$	325,365
Trade and other receivables		209,835		209,835
Investments (excluding investments accounted for by using the equity method)		31,364		31,364
Other assets		799		799
Total financial assets	$	567,363	$	567,363
Accounts payable and accrued liabilities	$	117,438	$	117,438
Dividends payable		9,161		9,161
Private Placement Debt		692,909		708,790
Debentures – debt component		12,083		15,115
Various Financing Loans		—		—
Total financial liabilities	$	831,591	$	850,504

5. Acquisitions

2015 Acquisitions

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. Mullen Group recorded $166.0 million of cash used to acquire Gardewine on its condensed consolidated statement of cash flows, which consists of $171.8 million of total cash consideration net of $3.8 million of cash acquired and $2.0 million allocated to the repayment of shareholder loans. Gardewine is headquartered in Winnipeg, Manitoba and provides a comprehensive range of transportation services, including less-than-truckload ("LTL"), 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.

Courtesy Freight Systems Ltd. – On October 1, 2015, Mullen Group acquired all of the issued and outstanding shares of Courtesy Freight Systems Ltd. ("Courtesy"), including some of its facilities for total cash consideration of $11.8 million. Mullen Group recorded $10.8 million of cash used to acquire Courtesy on its condensed consolidated statement of cash flows, which consists of $11.8 million of total cash consideration net of $1.0 million of cash acquired. Courtesy is headquartered in Thunder Bay, Ontario and provides LTL transportation services primarily in northwestern Ontario and parts of Manitoba. Mullen Group acquired Courtesy as part of its strategy to invest in the transportation sector in Canada. The results from Courtesy's operations are included in the Trucking/Logistics segment.

2014 Acquisitions

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 could receive cash consideration of up to $3.0 million for achieving certain financial targets in the 2015, 2016 and 2017 fiscal years. Mullen Group initially estimated the fair value of this contingent consideration to be $3.0 million. Recon did not achieve its financial target in 2015. Management has also revised its estimate of Recon's pro forma operating results for the 2016 and 2017 fiscal years. As such, management now estimates the fair value of the contingent consideration to be nil and has recognized a gain of $3.0 million in the consolidated statement of comprehensive income in 2015 within other (income) expense. The funds to settle this liability continue to be set aside in an escrow account, which have been presented within cash and cash equivalents. Recon is headquartered in Hardisty, Alberta and provides specialized vacuum and hydro-vac 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 Transport Ltd. ("Bernard") for 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. The results from Bernard's operations are included in the Trucking/Logistics segment.

These acquisitions have been accounted for by the acquisition method, and results of operations have been included in these Annual Financial Statements from the date of acquisition. Gardewine generated revenue and earnings before tax that has been included in the Trucking/Logistics segment from the date of acquisition of $207.0 million and $12.3 million, respectively. Gardewine generated revenue of approximately $3.9 million and a $64,000 loss before tax from January 1, 2015, to the date of acquisition. The goodwill acquired in these acquisitions primarily relates to the assembled workforce and the synergies from the integration of the acquired businesses. In 2015, none of the goodwill acquired (2014 – $7.8 million) is deductible for tax purposes.

	Gardewine	Courtesy	2015	2014
Assets:				
Non-cash working capital items	$ 13,129	$ 545	$ 13,674	$ 1,826
Property, plant and equipment	79,256	5,044	84,300	8,752
Intangible assets	16,500	1,142	17,642	5,561
Goodwill	79,402	6,989	86,391	13,355
	188,287	13,720	202,007	29,494
Assumed liabilities:				
Long-term debt	60,202[1]	2,184	62,386	—
Due to shareholders	2,000	—	2,000	—
Deferred income taxes	14,547	739	15,286	888
	76,749	2,923	79,672	888
Net assets before cash and cash equivalents	111,538	10,797	122,335	28,606
Cash and cash equivalents	3,808	1,041	4,849	1,188
Net assets	115,346	11,838	127,184	29,794
Consideration:				
Cash	115,346	11,838	127,184	26,794
Contingent consideration	—	—	—	3,000
	$ 115,346	$ 11,838	$ 127,184	$ 29,794

[1] Long-term debt consisted of $54.4 million of bank debt and $5.8 million of finance leases.

6. Cash and Cash Equivalents

	December 31 2015	December 31 2014
Cash	$ 147,243	$ 324,695
Short-term investments	—	670
Cash and cash equivalents	$ 147,243	$ 325,365

Cash and cash equivalents are comprised of cash and highly liquid short-term investments held at Canadian financial institutions that are rated AA- and A-1 S&P Credit Rating as at December 31, 2015. There were no short-term investments held at December 31, 2015.

7. Trade and Other Receivables

		December 31 2015		December 31 2014
Trade receivables	$	141,006	$	196,056
Amounts due from related parties		137		25
Other receivables		18,820		13,754
	$	159,963	$	209,835

The classification between current and non-current assets in respect of trade and other receivables was as follows:

		December 31 2015		December 31 2014
Current	$	159,963	$	209,835
Non-current	$	—	$	—

The aging of trade receivables and allowance for doubtful accounts was as follows:

		December 31 2015		December 31 2014
Current 0-30 days	$	85,557	$	111,430
Past due 31-60 days		39,152		57,845
Past due 61-90 days		10,892		15,293
More than 90 days		9,623		15,046
		145,224		199,614
Allowance for doubtful accounts		4,218		3,558
Total trade receivables (net of impairment)	$	141,006	$	196,056

The change in the allowance for doubtful accounts in respect of trade and other receivables during the year was as follows:

		2015		2014
Balance at January 1	$	3,558	$	2,740
Acquired during the year		623		—
Bad debts recognized		(1,258)		(360)
Allowance for doubtful accounts recorded		2,064		2,274
Allowance for doubtful accounts reversed		(769)		(1,096)
Balance at December 31	$	4,218	$	3,558

8. Inventory

		December 31 2015		December 31 2014
Inventory of repair parts and fuel	$	22,910	$	28,995
Inventory for resale		7,368		9,152
	$	30,278	$	38,147

9. Property, Plant and Equipment

	Land and buildings	Trucks and trailers	Miscellaneous Equipment	Drilling equipment	Total
Cost					
Balance at January 1, 2015	$ 439,373	$ 684,064	$ 237,629	$ 30,675	$ 1,391,741
Additions [1]	74,851	71,353	19,689	—	165,893
Disposals	(2,714)	(19,338)	(5,984)	—	(28,036)
Balance at December 31, 2015	511,510	736,079	251,334	30,675	1,529,598
Accumulated Depreciation					
Balance at January 1, 2015	41,088	279,060	151,398	8,496	480,042
Depreciation expense	7,684	45,859	20,535	1,197	75,275
Disposals	(2,495)	(11,105)	(4,325)	—	(17,925)
Balance at December 31, 2015	46,277	313,814	167,608	9,693	537,392
Net book value at December 31, 2015	$ 465,233	$ 422,265	$ 83,726	$ 20,982	$ 992,206

	Land and buildings	Trucks and trailers	Miscellaneous Equipment	Drilling equipment	Total
Cost					
Balance at January 1, 2014	$ 418,466	$ 677,470	$ 238,361	$ 30,716	$ 1,365,013
Additions [1]	42,116	73,500	18,879	—	134,495
Disposals	(21,209)	(66,906)	(19,611)	(41)	(107,767)
Balance at December 31, 2014	439,373	684,064	237,629	30,675	1,391,741
Accumulated Depreciation					
Balance at January 1, 2014	35,415	272,869	145,543	7,930	461,757
Depreciation expense	6,127	41,888	20,714	566	69,295
Disposals	(454)	(35,697)	(14,859)	—	(51,010)
Balance at December 31, 2014	41,088	279,060	151,398	8,496	480,042
Net book value at December 31, 2014	$ 398,285	$ 405,004	$ 86,231	$ 22,179	$ 911,699

[1] *Additions include property, plant, and equipment purchased by way of business acquisitions of $84.3 million (2014 – $8.8 million).*
u For more information, refer to Note 5.

At December 31, 2015, property, plant and equipment includes equipment under finance leases which are recorded at cost, totalling $5.3 million (2014 – nil), less accumulated depreciation of $0.5 million (2014 – nil), resulting in a net book value $4.8 million (2014 – nil). At December 31, 2015, land and buildings include $21.5 million of investment properties held to earn rental income, of which $18.2 million was purchased in 2014. In addition $3.3 million was transferred to investment properties in connection with the formation of Kriska Transportation Group Limited ("Kriska Transportation") in 2014. The fair market value of such transferred property was $5.7 million.

10. Goodwill

The changes in the carrying amount of goodwill are shown below:

	2015	2014
Gross amount of goodwill	$ 1,155,795	$ 1,142,440
Accumulated impairment	898,000	898,000
Balance at January 1	$ 257,795	$ 244,440
Goodwill acquired during the year	86,391	13,355
Impairment of goodwill	—	—
Balance at December 31	$ 344,186	$ 257,795

At December 31, 2015, the Trucking/Logistics segment had a carrying value of $170.1 million of goodwill in 2015 as compared to $83.7 million in 2014. This $86.4 million increase was a result of acquiring Gardewine and Courtesy. The Oilfield Services segment had a carrying value of $174.1 million (2014 – $174.1 million) of goodwill. u For more information, refer to Note 5.

The following table summarizes the significant carrying amounts of goodwill:

	December 31 2015	December 31 2014
CGU		
Gardewine Group Limited Partnership	$ 79,402	$ —
Formula Powell L.P.	56,564	56,564
Kleysen Group L.P.	34,099	34,099
Cascade Energy Services L.P.	37,554[1]	32,442
Hi-Way 9 Group of Companies	20,045	20,045
Heavy Crude Hauling L.P.	16,989	16,989
Tenold Transportation Limited Partnership	15,209	15,209
Other CGUs	84,324	82,447
Total Goodwill	$ 344,186	$ 257,795

[1] *In 2015 the increase in the carrying amount of goodwill within Cascade Energy Services L.P. resulted from the operations of Majestic Oilfield Services Inc. ("Majestic") being integrated into this CGU.*

(a) Impairment Testing for Cash Generating Units Containing Goodwill

At December 31, 2015 and 2014, ("Valuation Dates") Mullen Group performed its annual impairment tests for goodwill and concluded that there was no impairment of goodwill in any of its CGUs as the recoverable amount for these CGUs were higher than their respective carrying amount. Recognition of any impairment of goodwill would be recognized as an expense and reduce book equity and net income but it would not impact cash flows.

(b) Recoverable Amount

Mullen Group determines the recoverable amount for its CGUs based on the higher of the FVLCD and VIU. The recoverable amount was determined using either a discounted cash flow approach for CGUs that contain a significant amount of goodwill or an earnings multiple approach for those CGUs that do not contain a significant amount of goodwill. The VIU was determined by discounting the future cash flows generated from Mullen Group's continuing use of the CGU. The discounted cash flow model employed by the Corporation reflects the specifics of each CGU and its business environment. The model calculates the present value of the estimated future earnings of each CGU.

Estimating future earnings requires judgement, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment. The calculation of the recoverable amount using the discounted cash flow approach was based on the following key assumptions:

	Discount rate		Terminal value growth rate	
	December 31 2015	December 31 2014	December 31 2015	December 31 2014
CGU				
Gardewine Group Limited Partnership	11.5%	N/A	2.0%	N/A
Formula Powell L.P.	12.0%	11.0%	2.5%	2.5%
Kleysen Group L.P.	13.0%	12.5%	2.5%	2.5%
Cascade Energy Services L.P.	13.0%	12.0%	2.5%	2.5%
Hi-Way 9 Group of Companies	13.0%	12.0%	2.5%	2.5%
Heavy Crude Hauling L.P.	13.0%	12.5%	2.5%	2.5%
Tenold Transportation Limited Partnership	13.0%	12.5%	2.5%	2.5%
Other	13.0%	12.0% - 13.0%	2.5%	2.5%

(i) Cash flows were projected based on past experience, actual operating results and the one year business plan for the immediate year. Cash flows for a further four year period were extrapolated using constant growth rates of between 2.0 to 2.5 percent with adjustments reflecting an expectation of changes in the general economy, forecasted changes in drilling activity and a Business Unit's respective markets, and represents the Corporation's best estimate of the set of economic conditions that are expected to exist over the forecast period.

(ii) The terminal value growth rate is based on management's best estimate of the long-term growth rate for its CGUs after the forecast period, considering historic performance and future economic forecasts.

(iii) Each CGU's discount rate reflects their individual size, risk profile and circumstance and is based on past experience and industry average weighted average cost of capital.

The Corporation believes that the following changes in the key assumptions would result in a recoverable amount equal to the carrying value of the CGU, with any additional change in the assumptions causing goodwill to become impaired.

	Change in discount rate		Change in terminal value growth rate	
	December 31 2015	December 31 2014	December 31 2015	December 31 2014
CGU				
Gardewine Group Limited Partnership	3.6%	N/A	(5.7)%	N/A
Formula Powell L.P.	1.3%	0.8%	(2.0)%	(1.2)%
Kleysen Group L.P.	6.8%	4.0%	(13.2)%	(7.0)%
Cascade Energy Services L.P.	0.9%	1.2%	(1.4)%	(0.8)%
Hi-Way 9 Group of Companies	4.3%	1.6%	(7.2)%	(2.5)%
Heavy Crude Hauling L.P.	2.3%	5.9%	(3.6)%	(14.7)%
Tenold Transportation Limited Partnership	6.8%	4.0%	(12.9)%	(7.0)%

For all CGUs the recoverable amount was greater than the CGU's carrying value, including goodwill.

11. Intangible Assets

Intangible assets are mainly comprised of customer relationships and non-competition agreements acquired through business combinations. They are amortized over their estimated useful lives.

	Opening balance at January 1 2014	Additions (Amortization)	Closing balance at December 31 2014	Additions (Amortization)	Closing balance at December 31 2015
Cost	$ 205,753	$ 5,561	$ 211,314	$ 17,642	$ 228,956
Amortization	(164,011)	(15,866)	(179,877)	(18,972)	(198,849)
Carrying amount	$ 41,742		$ 31,437		$ 30,107

12. Investments

	December 31 2015	December 31 2014
Investments	$ 11,932	$ 31,364
Investments – equity method	30,563	21,428
	$ 42,495	$ 52,792

(a) Investments

Mullen Group periodically invests in certain private and public corporations. As at December 31, 2015, Mullen Group holds 4,674,625 shares, representing approximately 13.9 percent of the total issued and outstanding shares of Logan International Inc., a Toronto Stock Exchange listed company.

(b) Investments accounted for by the equity method

2015 Investments

During 2015, Mullen Group invested $10.9 million (including $4.3 million of debentures) to acquire a minority equity interest in three companies; Envolve Energy Services Corp. ("Envolve"), a waste disposal company operating in the Grande Prairie, Alberta region; Cordova Oilfield Services Ltd., a general oilfield hauling company specializing in pipe storage, handling and transportation located in Fort St. John, British Columbia; and Butler Ridge Energy Services (2011) Ltd, a fracturing fluid containment, logistics and storage management company based in Hudson's Hope, 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. In 2015, the aggregate amount of Mullen Group's share of net income and total comprehensive income from its investments accounted for by the equity method was $2.5 million (2014 – $0.5 million). u For more information refer to Note 27.

2014 Investment

On December 1, 2014, Mullen Group entered into a share transfer agreement whereby it contributed its interest in Mill Creek Motor Freight L.P. ("**Mill Creek**") in exchange for a 30.0 percent equity interest in Kriska Transportation. Kriska Transportation is a growth oriented transportation and logistics company based in Prescott, Ontario. Mullen Group acquired an equity interest in Kriska Transportation as part of its strategy to invest in the transportation sector in eastern Canada. **u For more information refer to Note 27.**

13. Derivative Financial Instruments

In conjunction with the pricing of the 2014 Notes (as hereafter defined on page 101), 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. At December 31, 2015, the carrying value of these Cross-Currency Swaps was $39.9 million and was recorded in the consolidated statement of financial position within derivative financial instruments.

For the year ended December 31, 2015, Mullen Group recorded a net unrealized foreign exchange loss of $39.7 million (2014 – $15.6 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	CDN. $ Equivalent	
	Years ended December 31	
	2015	2014
Unrealized foreign exchange loss on U.S. debt	$ 70,305	$ 24,915
Unrealized foreign exchange gain on Cross-Currency Swaps	(30,604)	(9,345)
Net unrealized foreign exchange loss	$ 39,701	$ 15,570

For the year ended December 31, 2015, Mullen Group recorded an unrealized foreign exchange loss on U.S. debt of $70.3 million (2014 – $24.9 million) as summarized in the table below:

Unrealized Foreign Exchange Loss on U.S. Debt	Years ended December 31					
	2015			2014		
($ thousands, except exchange rate amounts)	U.S. $ Debt	Exchange Rate	CDN. $ Equivalent	U.S. $ Debt	Exchange Rate	CDN. $ Equivalent
Beginning – January 1	314,000	1.1601	364,271	235,000	1.0636	249,945
Add: Series G and Series H Notes			—	229,000	1.1262	257,906
Less: Repayment of Series A and Series B Notes			—	(150,000)	1.1233	(168,495)
Subtotal	314,000		364,271	314,000	—	339,356
Ending – December 31	314,000	1.3840	434,576	314,000	1.1601	364,271
Unrealized foreign exchange loss on U.S. debt			70,305			24,915

For the year ended December 31, 2015, Mullen Group recorded an unrealized foreign exchange gain on its Cross-Currency Swaps of $30.6 million (2014 – $9.3 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:

Unrealized Foreign Exchange Gain on Cross-Currency Swaps	Years ended December 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	(16,527)	117,000	(5,087)
Cross-Currency Swap maturing October 22, 2026	112,000	(14,077)	112,000	(4,258)
Unrealized foreign exchange gain on Cross-Currency Swaps		(30,604)		(9,345)

14. Other Assets

		December 31 2015		December 31 2014
Debentures - Envolve	$	4,268	$	—
Promissory note – Canol Oilfield Services Inc.		500		500
Other		394		299
	$	5,162	$	799

15. Accounts Payable and Accrued Liabilities

		December 31 2015		December 31 2014
Trade payables	$	22,992	$	43,122
Amounts due to related parties		4		83
Non-trade payables and accrued liabilities		60,160		74,233
	$	83,156	$	117,438

16. Dividends Payable

For the year ended December 31, 2015, Mullen Group declared monthly dividends of $0.10 per Common Share totalling $1.20 per Common Share (2014 – $1.20 per Common Share). At December 31, 2015, Mullen Group had 91,661,066 Common Shares outstanding and a dividend payable of $9.2 million (2014 – $9.2 million), which was paid on January 15, 2016. Mullen Group also declared a dividend of $0.08 per Common Share on January 19, 2016, to the holders of record at the close of business on January 31, 2016.

17. Income Taxes

Deferred tax assets totalling $9.8 million (2014 – $9.1 million) consist mainly of the temporary differences arising from the purchase of goodwill on asset acquisitions, intangible assets and from deferred interest, which resulted from the prepayment of the Series A and Series B Notes. Recognized deferred tax assets and liabilities consist of the following:

December 31, 2015		Assets		Liabilities		Net
Property, plant and equipment	$	—	$	(116,633)	$	(116,633)
Goodwill – asset acquisitions		2,823		(2,665)		158
Intangible assets		409		(5,891)		(5,482)
Investments		3,975		(2,187)		1,788
Financing fees		—		(158)		(158)
Holdbacks and deferred interest		2,600		(253)		2,347
Debentures		—		(53)		(53)
Partnership income		—		(7,450)		(7,450)
	$	9,807	$	(135,290)	$	(125,483)

December 31, 2014		Assets		Liabilities		Net
Property, plant and equipment	$	—	$	(97,484)	$	(97,484)
Goodwill – asset acquisitions		2,792		(2,830)		(38)
Intangible assets		446		(5,182)		(4,736)
Investments		1,252		(1,767)		(515)
Financing fees		—		(139)		(139)
Holdbacks and deferred interest		4,588		(255)		4,333
Debentures		—		(68)		(68)
Partnership income		—		(19,776)		(19,776)
	$	9,078	$	(127,501)	$	(118,423)

The analysis of the components of net deferred tax is as follows:

	Years ended December 31	
	2015	2014
Deferred tax to be settled within 12 months	$ (12,616)	$ (13,833)
Deferred tax to be settled after more than 12 months	(112,867)	(104,590)
	$ (125,483)	$ (118,423)

The following tables summarize the movement of temporary differences during the period:

	Balance January 1 2015	Recognized in net income	Acquired in business combinations	Recognized directly in equity	Balance December 31 2015
Property, plant and equipment	$ (97,484)	$ (8,031)	$ (11,118)	$ —	$ (116,633)
Goodwill – asset acquisitions	(38)	196	—	—	158
Intangible assets	(4,736)	3,422	(4,168)	—	(5,482)
Investments	(515)	2,303	—	—	1,788
Financing fees	(139)	(19)	—	—	(158)
Debt financing costs	4,588	(1,988)	—	—	2,600
Holdbacks	(255)	2	—	—	(253)
Debentures	(68)	15	—	—	(53)
Partnership income	(19,776)	12,326	—	—	(7,450)
	$ (118,423)	$ 8,226	$ (15,286)	$ —	$ (125,483)

	Balance January 1 2014	Recognized in net income	Acquired in business combinations	Recognized directly in equity	Balance December 31 2014
Property, plant and equipment	$ (96,412)	$ (189)	$ (883)	$ —	$ (97,484)
Goodwill – asset acquisitions	(498)	460	—	—	(38)
Intangible assets	(6,910)	2,174	—	—	(4,736)
Investments	(1,451)	936	—	—	(515)
Financing fees	(203)	64	—	—	(139)
Debt financing costs	—	4,588	—	—	4,588
Holdbacks	(554)	299	—	—	(255)
Debentures	(118)	12	—	38	(68)
Net unrealized foreign exchange loss (gain)	(823)	823	—	—	—
Partnership income	(28,935)	9,159	—	—	(19,776)
	$ (135,904)	$ 18,326	$ (883)	$ 38	$ (118,423)

Income tax expense of $30.0 million (2014 – $37.1 million) is comprised of current and deferred tax as follows:

	Years ended December 31	
	2015	2014
Current	$ 38,227	$ 55,436
Deferred	(8,226)	(18,326)
	$ 30,001	$ 37,110

The combined statutory tax rate was approximately 26 percent in 2015 (2014 – 26 percent). Mullen Group's combined statutory tax rate increased slightly due to a greater proportion of its revenue being generated in higher taxed jurisdictions. The reconciliation of the effective tax rate is as follows:

	Years ended December 31	
	2015	2014
Income before income taxes	$ 43,367	$ 131,743
Combined statutory tax rate	26%	26%
Expected income tax	11,275	34,253
Add (deduct):		
Non-deductible portion of net unrealized foreign exchange loss	5,161	1,908
Non-deductible portion of the change in fair value of investments	2,623	2,591
Stock-based compensation expense	382	408
Increase in income tax due to changes in income tax rates	5,829	—
Other	4,731	(2,050)
Income tax expense	$ 30,001	$ 37,110

18. Long-Term Debt and Credit Facility

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 December 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 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. In 2014, Mullen Group recorded a $20.0 million adjustment to the carrying amount of the Series A and Series B Notes to reflect the revised estimated cash flows resulting from the prepayment. The one-time $20.0 million expense related to the prepayment is a direct result of Mullen Group's decision to prepay the Series A and Series B Notes prior to maturity and mainly consists of the net present value of the future interest payments on such notes that would have otherwise been paid to the noteholders. This one-time adjustment to the carrying amount was recognized within the statement of comprehensive income. **u** For more information, refer to Note 25.

Mullen Group entered into Cross-Currency Swaps to swap the Series G and Series H Notes into Canadian dollars at foreign exchange rates of $1.1047 and $1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. **u** For more information, refer to Note 13.

Mullen Group's unamortized debt issuance costs of $2.0 million related to its Private Placement Debt have been netted against its carrying value at December 31, 2015 (December 31, 2014 – $2.3 million).

Mullen Group has certain financial covenants under its unsecured Private Placement Debt. There are two main financial covenants. 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 month 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 cannot have a fixed charge coverage ratio less than 1.75:1 calculated using the trailing twelve months financial results. Mullen Group is in compliance with all the Private Placement Debt financial covenants.

Mullen Group also has debt comprised of Various Financing Loans, which are secured by specific operating equipment.

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

			December 31, 2015		December 31, 2014	
	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount	Face Value	Carrying Amount
			$	$	$	$
Bank Credit Facility	—	Variable	—	—	—	—
Private Placement Debt	2016 - 2026	3.84% - 5.90%	765,576	763,559	695,271	692,909
Various Financing Loans	2016 - 2020	2.85% - 7.68%	5,156	5,156	—	—
			770,732	768,715	695,271	692,909

19. Convertible Unsecured Subordinated Debentures

On May 1, 2009, Mullen Group issued Debentures 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 in 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. 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.

The equity portion of the Debentures are reclassified to share capital as the Debentures are converted into Common Shares. For the twelve month period ended December 31, 2015, no Debentures (2014 – 4,250) were converted into Common Shares (2014 – 401,229) of Mullen Group. As at December 31, 2015, Mullen Group had 12,445 Debentures outstanding, which would be converted into an aggregate of approximately 1,159,874 Common Shares of the Corporation if all holders converted their principal amount.

The details of the Debentures are as follows:

		December 31, 2015		December 31, 2014	
Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount	Face Value	Carrying Amount
2018	10%	$ 12,445	$ 12,186	$ 12,445	$ 12,083

The cumulative carrying amount of the Debentures for the periods set forth below is as follows:

	Cumulative as at	
	December 31, 2015	December 31, 2014
Proceeds from issue of Debentures	$ 125,000	$ 125,000
Debt issuance costs	(2,335)	(2,335)
Net proceeds	122,665	122,665
Amount classified as equity	(7,200)	(7,200)
Debentures converted to Common Shares	(112,555)	(112,555)
Accretion on debt	9,276	9,173
Carrying amount of Debentures	$ 12,186	$ 12,083

20. 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	
	Note	2015	2014
Issued Common Shares at January 1		91,610,709	90,662,413
Stock options exercised	26	50,357	547,067
Common Shares issued on conversion of Debentures	19	—	401,229
Issued Common Shares at December 31		91,661,066	91,610,709

21. 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 year ended December 31, 2015, was $13.4 million (2014 – $94.6 million). The weighted average number of Common Shares outstanding for the years ended December 31, 2015 and 2014 was calculated as follows:

		Years ended December 31	
	Note	2015	2014
Issued Common Shares at beginning of period	20	91,610,709	90,662,413
Effect of stock options exercised		42,076	405,053
Effect of Debentures converted		—	309,599
Weighted average number of Common Shares at end of period – basic		91,652,785	91,377,065

(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:

	Years ended December 31			
		2015		2014
Net income	$	13,366	$	94,633
Effect on finance costs from conversion of Debentures (net of tax)		—		263
Net income – adjusted	$	13,366	$	94,896

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

	Years ended December 31	
	2015	2014
Weighted average number of Common Shares – basic	91,652,785	91,377,065
Effect of "in the money" stock options	34,536	398,613
Effect of conversion of Debentures	—	1,251,504
Weighted average number of Common Shares at end of period – diluted	91,687,321	93,027,182

For the year ended December 31, 2015, 2,167,244 stock options (2014 – 170,000) 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 December 31, 2015 and 2014. For the year ended December 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 year ended December 31, 2014, the Common Shares that would be issued upon conversion of the Debentures were included in the calculation as their effect was dilutive. **u** For more information on stock options and Debentures, refer to Notes 26 and 19, respectively.

22. Revenue

During the year, 93.7 percent of revenue was from the rendering of services, 3.7 percent of revenue was from the sale of goods and 2.6 percent was from construction contracts as compared to 93.5 percent, 4.5 percent, and 2.0 percent, respectively, for the year ended December 31, 2014.

23. Personnel Costs

	Years ended December 31			
		2015		2014
Wages, salaries and benefits	$	362,125	$	377,855
Stock-based compensation expense		1,470		1,633
	$	363,595	$	379,488

In 2015 personnel costs of $257.3 million (2014 – $273.7 million) were recognized within direct operating expenses and $106.3 million (2014 – $105.8 million) were recognized within selling and administrative expenses.

24. Operating Leases

Mullen Group is committed to payments under several operating leases until 2020 and thereafter. The majority of Mullen Group's operating leases are for land and buildings. Mullen Group also has operating leases for certain operating equipment. Mullen Group has operating lease commitments as follows:

		December 31, 2015		December 31, 2014
Less than one year	$	10,353	$	6,987
Between one and five years		21,743		12,067
More than five years		2,857		5,202
	$	34,953	$	24,256

Total operating lease payments for the year ended December 31, 2015, were $9.4 million (2014 – $9.5 million).

25. Finance Costs

	Years ended December 31			
		2015		2014
Adjusted carrying amount (Series A and Series B Notes)	$	—	$	20,018
Interest expense on financial liabilities measured at amortized cost		35,874		27,869
Accretion on debt		448		595
Finance expense		36,322		48,482
Less: Interest income from cash and cash equivalents		(507)		(1,112)
Finance costs	$	35,815	$	47,370

On September 17, 2014, Mullen Group gave conditional notice to the holders of Series A Notes (U.S. $100.0 million) and Series B Notes (U.S. $50.0 million) of its intention to repay these notes on October 24, 2014. Mullen Group recorded a $20.0 million adjustment to the carrying amount of these notes to reflect the revised estimated cash flows resulting from the prepayment. **u** For more information refer to Note 18.

26. Share-Based Compensation Plans

Mullen Group grants stock options to directors, officers, employees and consultants of Mullen Group or its affiliates under its Stock Option Plan. Options under the Stock Option Plan are normally granted at the weighted average trading price of the Common Shares of Mullen Group for the five consecutive trading days immediately preceding the day of grant of the stock option. Stock options vest in the manner determined by the Board of Directors at the time of the grant. The term of an option is five to ten years from the date of grant.

In estimating expected stock price volatility at the time of a particular stock option grant, Mullen Group relies on observations of historical volatility trends. In determining the expected term of the option grants, Mullen Group has observed the actual terms of prior grants with similar characteristics and the actual vesting schedule of the grant.

Other assumptions required for estimating fair value with the Black-Scholes model are the expected risk-free interest rate and expected dividend yield of Mullen Group's Common Shares. The risk-free interest rates used were the Canadian Treasury zero-coupon rates for bonds matching the expected term of the option on the date of grant. The expected dividend yield of Mullen Group's Common Shares over the expected term of the option was determined based on the Corporation's dividend policy on the date of grant. The expected forfeiture rate was determined based on the Corporations prior historical forfeiture rates on the date of grant.

The total number of stock options available to be granted under the Stock Option Plan cannot exceed 4,000,000. Each stock option will entitle the option-holder to acquire one Common Share of Mullen Group. Under the Stock Option Plan, the exercise price of a stock option granted shall be as determined by the Board of Directors when the stock option is granted subject to any limitations imposed by any relevant stock exchange or regulatory authority, and shall be an amount at least equal to the weighted average trading price of the Common Shares of Mullen Group for the five consecutive trading days immediately preceding the day of grant of the stock option. These options vest in one to five years and expire in five to ten years.

Volatility was determined on the basis of the daily closing prices over a historical period corresponding to the expected term of the options.

Stock Option Plan:	Options		Weighted average exercise price
Outstanding December 31, 2013	1,898,834	$	19.82
Granted	115,000		27.78
Exercised	(547,067)		(18.42)
Forfeited	(45,000)		(21.67)
Outstanding December 31, 2014	1,421,767	$	20.94
Granted	1,090,000		20.77
Exercised	(50,357)		(16.89)
Forfeited	(106,666)		(21.19)
Outstanding December 31, 2015	2,354,744	$	20.94
Stock options exercisable December 31, 2014	656,767	$	18.21
Stock options exercisable December 31, 2015	899,744	$	19.41

The range of exercise prices for options outstanding at December 31, 2015 was as follows:

	Options Outstanding				Exercisable Options		
Range of Exercise Prices	Number	Weighted average remaining contractual life (years)		Weighted average exercise price	Number		Weighted average exercise price
$8.34 to $17.83	187,500	4.0	$	16.33	187,500	$	16.33
$17.84 to $19.20	390,000	5.1		19.20	390,000		19.20
$19.21 to $21.36	1,357,244	8.7		20.88	267,244		21.35
$21.37 to $28.07	420,000	7.5		24.78	55,000		22.06
$8.34 to $28.07	2,354,744	7.5	$	20.94	899,744	$	19.41

The following weighted average assumptions were used to determine the fair value of options issued in 2015 and 2014 under the Stock Option Plan on the date of grant:

	2015	2014
Fair value	2.31	6.55
Risk-free interest rate	0.80%	1.41%
Expected life	5 years	5 years
Forfeiture rate	5.0% per annum	5.0% per annum
Expected dividend	$1.20 per share per annum	$1.20 per share per annum
Expected share price volatility	25.3	24.5

27. Other (Income) Expense

	Years ended December 31	
	2015	2014
Change in fair value of investments	$ 19,432	$ 20,726
Gain on sale of subsidiary	—	(10,794)
Loss (gain) on sale of property, plant and equipment	2,367	(4,523)
Gain on contingent consideration	(3,000)	—
Earnings from equity investments	(2,510)	(512)
	$ 16,289	$ 4,897

The following table details the 2014 gain on sale of subsidiary resulting from contributing the Corporation`s interest in Mill Creek in exchange for a 30.0 percent equity interest in Kriska Transportation:

Fair value of share consideration received	$ 20,000
Less assets contributed:	
Property, plant and equipment	(5,008)
Trade and other receivables	(4,062)
Cash and cash equivalents	(2,560)
Prepaid expenses	(292)
Inventory	(103)
Current tax receivable	(5)
Add liabilities contributed:	
Accounts payable and accrued liabilities	2,815
Deferred tax liabilities	5
Other assets	4
Gain on sale of subsidiary	$ 10,794

28. Contingent Liabilities

Mullen Group is involved in various claims and actions arising in the course of its operations and is subject to various legal actions and possible claims. Although the outcome of these claims cannot be predicted with certainty, Mullen Group does not expect these matters to have a material adverse effect on its financial position, cash flows or results from operations. Accruals for litigation, claims and assessments are recognized if Mullen Group determines that the loss is probable and the amount can be reasonably estimated. If an unfavorable outcome were to occur, there exists the possibility of a material adverse impact on Mullen Group's consolidated net earnings in the period in which the outcome is determined. Mullen Group is of the opinion that losses, if any, arising from other outstanding or possible legal actions would not have a material effect on these consolidated financial statements as Mullen Group has adequate insurance coverage to cover such claims.

29. Capital Commitments

Capital expenditures approved and committed to but not provided for in these accounts at December 31, 2015, amounted to $2.9 million. The majority of these capital expenditure commitments will be completed in fiscal 2016.

30. Financial Instruments

Mullen Group's operating activities expose it to a variety of financial risks. These financial risks consist of certain credit, liquidity, and market risks associated with Mullen Group's financial assets and financial liabilities. Mullen Group has established and follows certain policies and procedures to mitigate these risks and continually monitors its exposure to all significant risks to assess the impact on its operating activities. Mullen Group does not hold or use any derivative financial instruments for trading or speculative purposes. The following details Mullen Group's exposure to credit, liquidity, and market risks.

(a) Credit Risk

Credit risk is the risk of financial loss to Mullen Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. This risk arises predominately from Mullen Group's trade and other receivables from its customers. The carrying amount of financial assets represents Mullen Group's maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was as follows:

Carrying amount	Note		December 31 2015		December 31 2014
Cash and cash equivalents	6	$	147,243	$	325,365
Trade and other receivables	7		159,963		209,835
Derivative financial instruments	13		39,949		9,345
Other assets	14		5,162		799
		$	352,317	$	545,344

Credit risk related to trade and other receivables is initially managed by each Business Unit. Each Business Unit is responsible for reviewing the credit risk for each of their customers before standard payment and delivery terms and conditions are offered. The Business Units review consists of external ratings, when available, and in some cases bank and trade references. Management has established a credit policy under which new customers are analyzed for creditworthiness before Mullen Group extends credit. Mullen Group monitors its trade and other receivables aging on an ongoing basis as part of its process in managing its credit risk. Mullen Group also manages credit risk related to trade and other receivables on a consolidated basis whereby the aggregate exposure to individual customers is reviewed and their credit quality is assessed. Mullen Group also attends industry forums to assess credit worthiness of customers related predominately to the oil and natural gas industry. No customer accounted for more than ten percent of Mullen Group's consolidated revenue for the fiscal years ended 2015 and 2014.

Impairment losses arise when trade receivables are written off directly against the financial asset, which results from customers who cannot pay their outstanding balance. In 2015 an impairment loss of $1.3 million (2014 – $0.4 million) was recognized which related to customers that were not able to pay their outstanding balances, mainly due to the customer having insufficient cash or other financial assets. During the period, the impairment loss as a percentage of consolidated revenue was less than 0.1 percent (2014 – 0.03 percent). Mullen Group establishes, on a specific account basis, an allowance for impairment loss that represents its estimate of potential losses in respect of trade receivables. u For more information refer to Note 7.

(b) Liquidity Risk

Liquidity risk is the risk that Mullen Group will not be able to satisfy its obligations associated with its financial liabilities that are to be settled by delivering cash as they become due. Mullen Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to satisfy its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Mullen Group's reputation. Typically, Mullen Group ensures that it has sufficient cash or available credit facilities to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Mullen Group manages liquidity risk by preparing, monitoring and approving annual operating budgets to ensure it has sufficient cash to meet operational requirements, and to ensure its ongoing compliance with its Private Placement Debt covenants. The Board of Directors also considers liquidity risk when approving Mullen Group's annual net capital expenditure budget and when declaring dividends to shareholders. Mullen Group's surplus cash is invested in short-term highly liquid term deposits. At December 31, 2015, Mullen Group had cash and cash equivalents of $147.2 million. In addition, Mullen Group maintains its $75.0 Million Bank Credit Facility. u For more information refer to Note 18.

The following are the contractual maturities of financial liabilities, excluding interest payments and the impact of any option to purchase equipment at the end of the term:

December 31, 2015		Carrying amount		Contractual cash flows		Twelve months or less		2017 - 2018		2019 - 2020		Thereafter
Private Placement Debt	$	763,559	$	765,576	$	70,000	$	207,640	$	—	$	487,936
Debentures – debt component		12,186		12,445		—		12,445		—		—
Various Financing Loans		5,156		5,156		1,856		3,222		78		—
Accounts payable and accrued liabilities		83,156		83,156		83,156		—		—		—
Dividends payable		9,166		9,166		9,166		—		—		—
Total	$	873,223	$	875,499	$	164,178	$	223,307	$	78	$	487,936

All of the above amounts relate to non-derivative financial instruments.

(c) Market Risk

Market risk is the risk associated with fluctuations in foreign exchanges rates, interest rates and equity prices and their corresponding impact on the fair value or future cash flows of Mullen Group's financial instruments. The objective of management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Foreign Exchange Risk

Foreign exchange risk arises as Mullen Group enters into commercial transactions that are not denominated in its functional currency. Mullen Group is exposed to foreign exchange risk, primarily with respect to the U.S. dollar which mainly arises from its U.S. $314.0 million Senior Guaranteed Unsecured Notes ("U.S. Notes"). These U.S. Notes mature in 2017 (U.S. $85.0 million), 2024 (U.S. $117.0 million) and in 2026 (U.S. $112.0 million). Mullen Group has mitigated its foreign exchange risk with respect to a portion of its U.S. Notes by entering into the Cross-Currency Swaps. Annual interest of U.S. $13.9 million is payable on these U.S. Notes which also exposes Mullen Group to foreign exchange risk. This foreign exchange risk is mitigated as some of Mullen Group's Business Units generate a portion of their revenue in U.S. dollars in excess of their U.S. dollar expenses. At December 31, 2015, Mullen Group had U.S. dollar cash of $74.9 million, U.S. dollar trade receivables of $4.0 million and U.S. dollar accounts payable and accrued liabilities of $3.3 million. Mullen Group does not hedge any of its U.S. dollar denominated commercial and financing transactions.

All of the amounts expressed in the following table are in U.S. dollars and set forth Mullen Group's exposure to foreign currency risk:

		December 31 2015		December 31 2014
Cash and cash equivalents	$	74,853	$	73,654
Trade and other receivables		3,967		7,374
Derivative financial instruments		28,865		8,056
Private Placement Debt		(314,000)		(314,000)
Accounts payable and accrued liabilities		(3,299)		(6,019)
Net exposure	$	(209,614)	$	(230,935)

At December 31, 2015, assuming all other variables were held constant, a $0.01 strengthening of the Canadian dollar relative to the U.S. dollar would have increased income before income taxes by approximately $2.1 million. Similarly, a $0.01 weakening of the Canadian dollar relative to the U.S. dollar at December 31, 2015 would have had the equal but opposite effect on income before income taxes.

(ii) Interest Rate Risk and Fair Value Sensitivity Analysis for Fixed Rate Instruments

Interest rate risk arises on borrowings issued at variable rates which exposes risk to future cash flows if interest rates were to rise. This risk would be partially offset by cash held at variable rates. Mullen Group's Private Placement Debt, the Debentures, and its Various Financing Loans are all issued at fixed rates. The Bank Credit Facility is issued at variable rates, however, Mullen Group was not utilizing the facility at December 31, 2015. Borrowings issued at fixed rates expose Mullen Group to fair value interest rate risk. Mullen Group is susceptible to the opportunity costs associated with interest rate decreases as the interest rate on the majority of its borrowings is at fixed interest rates. Assuming all other variables were held constant, if interest rates increase by 1.0 percent on the $780.9 million of Mullen Group's debt, Mullen Group would incur additional annual interest expense of approximately $7.8 million. Mullen Group does not account for any fixed rate financial assets and liabilities at FVTPL. Mullen Group does not hedge interest rates or have any interest rate swaps.

(iii) Price Risk

Price risk arises from changes in quoted prices on investments in equity securities that impact the underlying value of investments. Mullen Group has investments measured at fair value with an initial cost of $41.3 million. A $19.4 million decrease in the fair value of these investments was recorded in 2015 as compared to a $20.7 million decrease in 2014. Mullen Group recorded a $29.4 million decrease in the fair value of these investments on a cumulative basis.

(d) Capital Management

Mullen Group's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern, and manage capital that will maintain compliance with its financial covenants so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. Mullen Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Mullen Group may adjust the amount of dividends paid to shareholders, issue new debt, sell assets to reduce debt, or issue new shares.

Consistent with others in the industry, Mullen Group also monitors capital on the basis of debt-to-equity and total debt to operating cash flow. The debt-to-equity ratio is calculated as total debt divided by equity. Total debt is calculated as the total of current portion of long-term debt, long-term debt and the debt component of Debentures. Equity comprises all of the components of equity (i.e. share capital, Debentures – equity component, contributed surplus and retained earnings). Mullen Group's strategy is to maintain its debt-to-equity ratio below 1:1. The debt-to-equity ratio calculations at December 31, 2015 and at December 31, 2014 were as follows:

		December 31 2015		December 31 2014
Current portion of long-term debt	$	71,856	$	—
Long-term debt		696,859		692,909
Debentures – debt component		12,186		12,083
Total debt		780,901		704,992
Share capital		778,448		777,262
Debentures – equity component		550		550
Contributed surplus		11,597		10,463
Retained earnings		16,049		112,668
Equity	$	806,644	$	900,943
Debt to equity		0.97:1		0.78:1

Mullen Group also monitors capital on the basis of total debt to operating cash flow. The total debt to operating cash flow ratio is calculated as per the Private Placement Debt agreements. Other than the financial covenants under its Private Placement Debt, Mullen Group is not subject to externally imposed capital requirements. u For more information, refer to Note 18.

31. Subsidiaries

The tables set forth below provide information relative to Mullen Group's significant subsidiaries and its Business Units, including each entity's name, its jurisdiction of incorporation/formation, the percentage of securities directly or indirectly owned by Mullen Group, a brief description of the entity, and the market areas served, if applicable. The percentages of ownership set forth below include the approximate one percent interest owned by the general partner of each limited partnership.

Significant Subsidiaries:			
Company (Jurisdiction of Incorporation / Formation)	Percentage owned by Mullen Group (directly / indirectly)	Overview	Primary Market Area
MT Investments Inc. (Alberta)	100%	Wholly-owned subsidiary of Mullen Group Ltd. It was formed on July 1, 2005, when Mullen Transportation Inc. was amalgamated with certain other corporations pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) to form a corporation known as MT Investments Inc.	N/A
Mullen Holding Co. Ltd. (Alberta)	100%	Wholly-owned subsidiary of MT Investments Inc., which was incorporated in Alberta on November 14, 2008. It is the limited partner of various Business Units.	N/A
MTI Holding Co. Ltd. (Alberta)	100%	Wholly-owned subsidiary of MT Investments Inc., which was incorporated in Alberta on November 13, 2008. It is the limited partner of various Business Units.	N/A

Trucking/Logistics segment:		
Business Unit (Jurisdiction of Incorporation / Formation)	Percentage owned by Mullen Group (indirectly)	Primary Market Area
Bernard Transport Ltd. (Alberta)	100%	Northwestern Alberta
Cascade Carriers L.P. (Alberta)	100%	Western Canada
Courtesy Freight Systems Ltd. (Ontario)	100%	Northwestern Ontario and Southern Manitoba
Gardewine Group Limited Partnership (Manitoba)	100%	Manitoba and Ontario

Trucking/Logistics segment:		
Business Unit (Jurisdiction of Incorporation / Formation)	Percentage owned by Mullen Group (indirectly)	Primary Market Area
Grimshaw Trucking L.P. (Alberta)	100%	Western Canada
Hi-Way 9 Group of Companies, consisting of Hi-Way 9 Express Ltd., Load-Way Ltd. and Streamline Logistics Inc. (Alberta)	100%	Western Canada
Jay's Transportation Group Ltd. (formerly known as Jay's Moving & Storage Ltd.) (Saskatchewan)	100%	Saskatchewan
Kleysen Group L.P. (Alberta)	100%	Western Canada
Mullen Trucking L.P. (Alberta)	100%	Canada and U.S.
Payne Transportation L.P. (Alberta)	100%	Canada and U.S.
Smook Contractors Ltd. (Manitoba)	100%	Northern Manitoba
Tenold Transportation Limited Partnership (Alberta)	100%	Canada and U.S.

Oilfield Services segment:		
Business Unit (Jurisdiction of Incorporation / Formation)	Percentage owned by Mullen Group (indirectly)	Primary Market Area
Canadian Dewatering L.P. (Alberta)	100%	Western Canada
Cascade Energy Services L.P. (Alberta)	100%	Western Canada
E-Can Oilfield Services L.P. (Alberta)	100%	Western Canada
Formula Powell L.P. (Alberta)	100%	Western Canada
Heavy Crude Hauling L.P. (Alberta)	100%	Western Canada
Mullen Oilfield Services L.P. (Alberta)	100%	Western Canada
OK Drilling Services L.P. (Alberta)	100%	Western Canada
Pe Ben Oilfield Services L.P. (Alberta)	100%	Western Canada
Premay Equipment L.P. (Alberta)	100%	Western Canada
Premay Pipeline Hauling L.P. (Alberta)	100%	Western Canada
R. E. Line Trucking (Coleville) Ltd. (Saskatchewan)	100%	Western Canada
Recon Utility Search L.P. (Alberta)	100%	Western Canada
Spearing Service L.P. (Alberta)	100%	Western Canada
TREO Drilling Services L.P. (Alberta)	100%	Western Canada
Withers L.P. (Alberta)	100%	Western Canada

32. 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, the equipment requirements and the customer needs. The Trucking/Logistics segment provides both long haul and local transportation services to customers in various industries predominantly within Canada. 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 following tables provide financial results by segment:

				Intersegment eliminations		
Year ended December 31, 2015	Trucking/ Logistics	Oilfield Services	Corporate	Trucking/ Logistics	Oilfield Services	Total
Revenue	$ 714,844	$ 501,054	$ 2,908	$ (2,659)	$ (1,775)	$ 1,214,372
Income (loss) before income taxes	73,108	31,110	(60,851)	—	—	43,367
Depreciation of property, plant and equipment	20,727	48,156	6,392	—	—	75,275
Amortization of intangible assets	7,968	11,004	—	—	—	18,972
Capital expenditures [1]	28,046	13,044	32,346	(30)	(113)	73,293
Total assets at December 31, 2015	$ 472,159	$ 654,344	$ 690,532	$ —	$ —	$ 1,817,035

[1] *Excludes business acquisitions*

				Intersegment eliminations		
Year ended December 31, 2014	Trucking/ Logistics	Oilfield Services	Corporate	Trucking/ Logistics	Oilfield Services	Total
Revenue	$ 570,892	$ 858,893	$ 1,181	$ (2,989)	$ (126)	$ 1,427,851
Income (loss) before income taxes	62,365	121,372	(51,994)	—	—	131,743
Depreciation of property, plant and equipment	16,708	47,919	4,668	—	—	69,295
Amortization of intangible assets	4,508	11,358	—	—	—	15,866
Capital expenditures [1]	20,521	66,186	39,132	(82)	(14)	125,743
Total assets at December 31, 2014	$ 307,558	$ 779,087	$ 775,492	$ —	$ —	$ 1,862,137

[1] *Excludes business acquisitions*

33. Related Party Disclosures

(a) Key Management Personnel Compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the business activities of Mullen Group, including all of its directors along with certain executives. Directors are remunerated for services rendered in their capacity as directors by way of a combination of retainer fees and meeting attendance fees. The overall compensation program for executives is comprised of base salary and benefits, annual profit share and share-based compensation payments. Executives of Mullen Group do not have formal employment contracts. Similar to the employment processes established for all Mullen Group employees, each executive's personnel file contains a memorandum outlining the basic terms of an executive's employment relationship with Mullen Group. Mullen Group has no agreement or arrangement with any executive for the payment of compensation in the case of resignation, retirement, or termination of employment, a change of control of Mullen Group or its Business Units or a change in an executive's responsibilities following a change of control. Key management personnel do not participate in a defined benefit or actuarial pension plan, however, key management personnel do participate in the Stock Option Plan. Total remuneration to key management personnel including directors' fees, salaries and benefits, annual profit share, and the value attributable to stock-based compensation expense was as follows: **u** For more information refer to Note 26.

	Years Ended December 31	
Category	2015	2014
Salaries and benefits (including profit share)	$ 1,300	$ 3,514
Share-based payments	83	94
Total	$ 1,383	$ 3,608

Mullen Group had no outstanding amounts owing to or amounts receivable from directors or officers at December 31, 2015, and 2014, with respect to the overall compensation program for executives. As at December 31, 2015, directors and officers of Mullen Group collectively held 3,536,591 Common Shares (2014 – 3,562,207) representing 3.9 percent (2014 – 3.9 percent) of all Common Shares of the Corporation.

(b) Related Party Transactions

During the year, Mullen Group generated revenue of $0.1 million (2014 – $0.2 million) and purchased $28,000 of property, plant and equipment in 2014 with entities that are related by virtue of a certain member of the Board of Directors having control or joint control over the other entities. There were no accounts receivable amounts due from these related parties as at December 31, 2015.

In 2014, Mullen Group incurred interest expense of $46,000 in relation to Debentures that were held by Mullen Group's Chairman, Chief Executive Officer and President, Murray K. Mullen along with his spouse and children. During 2014 these Debentures were converted into 237,293 Common Shares of the Corporation.

During the year, Mullen Group generated revenue of $2.4 million (2014 – $4.7 million), incurred expenses of $0.8 million (2014 – $0.1 million) and sold $0.1 million (2014 – $0.1 million) of property, plant and equipment with its equity investees, which are accounted for by the equity method of accounting. As at December 31, 2015, there was $0.1 million (2014 – $5,000) of accounts receivable amounts due from its equity investees and there was $4,000 (2014 – $82,000) of accounts payable amounts due to these related party transactions.

All related party transactions were provided in the normal course of business materially under the same commercial terms and conditions as transactions with unrelated companies and recorded at the exchange amount.

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, FCPA, FCA, ICD.D
Director

Stephen H. Lockwood, Q.C.
Director

David E. Mullen
Director

Philip J. Scherman, FCPA, FCA, ICD.D
Director

P. Stephen Clark, CPA, 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, CPA, CMA
Chief Financial Officer

Richard J. Maloney
Senior Vice President

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Toronto Stock Exchange
Trading Symbol: MTL

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