Mullen Group Ltd.

INTERIM REPORT

Period Ended June 30, 2013

Q2

Our Life is the Highway™

CONTENTS

HIGHLIGHTS FOR THE QUARTER

REVENUE	OPERATING INCOME	OPERATING MARGIN	EARNINGS PER SHARE	CASH FLOW PER SHARE
$310.3 million ↓	**$56.0 million** ↑	**18.0 %** ↑	**$0.30** ↑	**$0.83** ↓
(2012 – $320.1 million)	*(2012 – $53.1 million)*	*(2012 – 16.6%)*	*(2012 – $0.09)*	*(2012 – $1.03)*

Core business[1] revenue down by $1.8 million or 0.6 percent.

Performance

- Consolidated revenue down 3.1 percent to $310.3 million
- Operating income up 5.5 percent to $56.0 million
- Operating margin improved to 18.0 percent from 16.6 percent
- Earnings per share increased by 233.3 percent to $0.30

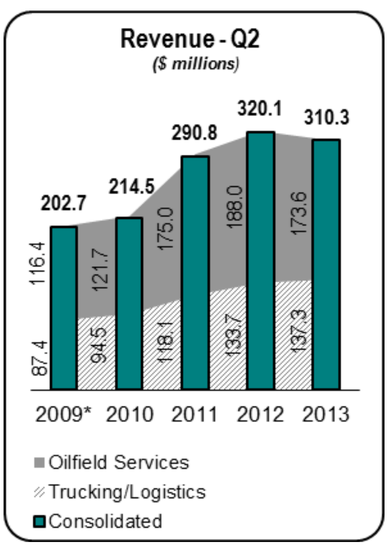
Position

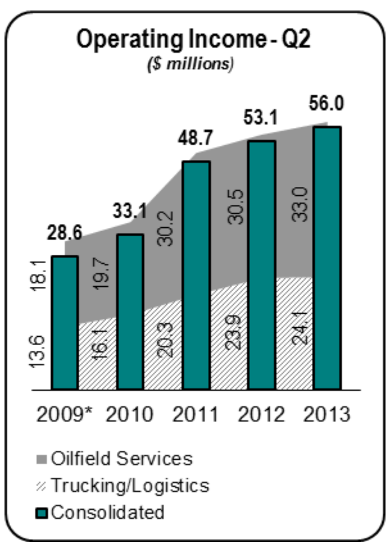
- Working capital: $210.4 million (includes $58.8 million of cash and cash equivalents)
- Net debt: $213.4 million (long-term debt plus the debt component of Debentures less working capital)
- Net debt to trailing twelve months' operating income: 0.75:1

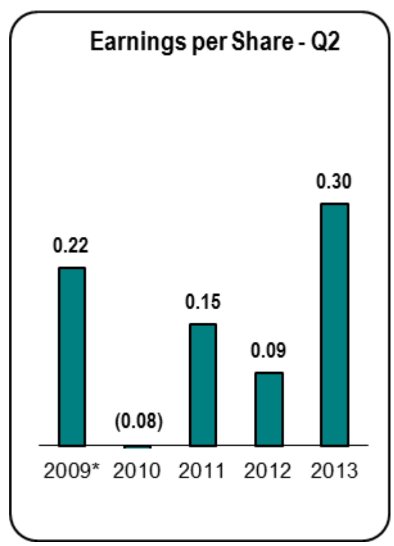
Progress

- Closed the acquisition of Jay's
- Share price increased by 9.4 percent to $22.86 per share compared to December 31, 2012
- Year to date return on equity of 16.9 percent

[1]Adjusted for revenue and expenses related to the TFT barge system project.







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

PRESIDENT'S MESSAGE

Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") is pleased to report its financial and operating results for the period ended June 30, 2013, with comparisons to the same period last year.

For the three month period ended June 30, 2013, Mullen Group generated consolidated revenue of $310.3 million and operating income of $56.0 million. Mullen Group generated net cash from operating activities of $75.1 million, which was used, among other things, to acquire net property, plant and equipment of $49.0 million, pay dividends of $27.0 million, fund the acquisition of Jay's Moving & Storage Ltd. ("**Jay's**") for $21.2 million, consisting of $15.8 million for the shares and $5.4 million of associated debt, and pay interest obligations of $9.5 million.

Mullen Group's consolidated revenue of $310.3 million was a decrease of $9.8 million, or 3.1 percent, from the $320.1 million generated in 2012. A significant portion of this decrease in revenue, specifically $8.0 million, was directly attributable to the reduction in revenue from Canadian Dewatering L.P. as a result of its completion of the design, build and commissioning of a Thin Fine Tailings ("**TFT**") barge system project for a large oil sands customer during the second quarter of 2012. On a comparative basis, after adjusting for the non-recurring TFT barge system project revenue, Mullen Group's revenue from its core business decreased by only $1.8 million, or 0.6 percent.

The Oilfield Services segment contributed revenue of $173.6 million, a decrease of $14.4 million from 2012, which was primarily due to a $12.0 million decline in revenue from those Operating Entities directly tied to drilling activity, most notably from rig relocation services, and the $8.0 million decline from the TFT barge system project. These decreases were partially offset by an increase in revenue generated from the greater demand for services related to large diameter pipeline construction projects and from the additional demand for fluid hauling services in the heavy oil resource plays. The Trucking/Logistics segment contributed revenue of $137.3 million, an increase of $3.6 million over the prior year period, which was primarily due to the incremental revenue generated from the acquisition of Jay's.

Mullen Group's operating income increased by $2.9 million, or 5.5 percent, to $56.0 million from the $53.1 million generated in 2012. Operating income in the Oilfield Services segment accounted for $2.5 million of the increase, the Trucking/Logistics segment accounted for $0.2 million and Corporate costs declined by $0.2 million. The Oilfield Services segment generated a $2.5 million increase in operating income on a year over year basis. However, when factoring out the net operating loss of $3.8 million related to the completion of the TFT barge system project in the second quarter of 2012, operating income from this segment's core business decreased by only $1.3 million, or 3.8 percent.

Overall Mullen Group is pleased with its operating performance for the quarter considering economic fundamentals that are indicative of a no growth or, at best, a slow growth economy. In terms of revenue from Mullen Group's core business, it was down marginally due to the decrease in demand for services tied to drilling activity that experienced a slow down in western Canada, which in part was the result of unfavourable weather conditions. Revenue also declined as a result of the completion of the TFT barge system project that was completed in the second quarter of last year. However, offsetting these two factors was the continued demand for Premay Pipeline Hauling L.P. services, which are directly tied to the build out of new pipeline takeaway capacity in Canada, in addition to the increased revenue generated by Heavy Crude Hauling L.P. as a result of it being awarded a major crude oil and fluid hauling contract in the Lloydminster region. Even more satisfying is the 5.5 percent increase in operating income Mullen Group recorded in the quarter compared to last year despite a decrease in revenue. These operating results speak to the strength and diversity of our business model.

Also of note is the improvement of Mullen Group's earnings per share in the second quarter that was positively impacted by gains made in its strategic investments.

In the second quarter of 2013, Mullen Group generated net income of $27.4 million or $0.30 per share, an increase of $20.0 million, or 270.3 percent, compared to $7.4 million or $0.09 per share in 2012. The $20.0 million increase in net income was mainly attributable to a $23.4 million positive variance in the fair value of investments. These increases were somewhat offset by the $3.5 million negative variance in foreign exchange and a $2.9 million increase in operating income. Adjusting Mullen Group's net income and earnings per share to eliminate the impact of unrealized foreign exchange and change in the fair value of investments results in adjusted net income of $20.9 million and adjusted earnings per share of $0.23 for 2013, as compared to $18.5 million and $0.23 per share in 2012, respectively. These adjustments more clearly reflect earnings from an operating perspective.

For the six month period ended June 30, 2013, consolidated revenue decreased by 6.7 percent to $695.8 million from $746.1 million in the same period last year. Operating income decreased to $143.8 million, down 5.5 percent from $152.2 million in 2012. Net income increased to $71.8 million, up 8.5 percent from $66.2 million in 2012.

Mullen Group is also pleased to announce that the Board of Directors approved a $20.0 million increase to the 2013 capital expenditure budget to $100.0 million. The majority of the increase will be allocated towards the purchase of specialized operating equipment for the Oilfield Services segment, most notably for Canadian Dewatering L.P. and for those businesses involved in the transporting of production related fluids. Not included in the revised $100.0 million capital expenditure budget are amounts related to real property or facilities. During the quarter, Mullen Group invested an additional $21.0 million in real property and will continue to invest in real property and facilities considered strategic to Mullen Group.

This is a very difficult market to read, a real dilemma when trying to determine the appropriate level of capital to deploy. Entering 2013 Mullen Group took a very measured approach to capital allocation given the prospects for the overall economy as well as the oil and natural gas industry. Today, however, Mullen Group is of the view that the foundation is set for a rebound in oil and natural gas activity levels. Crude oil pricing remains strong accompanied by significant optimism related to the export of natural gas from western Canada through the west coast. Increasing Mullen Group's capital budget by $20.0 million this year will ensure its operating entities can meet the expected increase in demand for services and ensure its people have access to the very best operating equipment.

Signed: "Stephen H. Lockwood"
Stephen H. Lockwood,
President and Co-CEO

MULLEN GROUP LTD.

INTERIM REPORT FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013

FORWARD-LOOKING INFORMATION STATEMENT

This Management's Discussion and Analysis ("**MD&A**"), dated July 24, 2013, reflects management's expectations regarding Mullen Group Ltd.'s ("**Mullen Group**" and/or the "**Corporation**") 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. The use of any of the words "expect", "anticipate", "continue", "objective", "will", "should", "believe", "plan", "intend", "ongoing", "estimate", "may", "project" or similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this MD&A contains forward-looking statements within the meaning of applicable Canadian Securities laws relating to:

- Mullen Group's intention to use working capital, the Bank Credit Facility (as hereafter defined on page 36), and the anticipated cash flow from operating activities in 2013 to finance ongoing working capital requirements, dividends declared by the Board of Directors (the "**Board**"), and its 2013 capital expenditures budget referred to under the Capital Resources and Liquidity section beginning on page 33;

- Mullen Group's expectation to allocate the $100.0 million capital expenditure budget approved by the Board for 2013 on the basis of $75.0 million to the Oilfield Services segment and $25.0 million to Trucking/Logistics segment referred to under the Capital Resources and Liquidity section beginning on page 33;

- Mullen Group's expectation that the operating environment within the Oilfield Services segment will improve in the second half of 2013, as referred to in the Outlook section on page 47; and

- Mullen Group's expectation that demand levels within the Trucking/Logistics segment will remain steady in the second half of 2013, as referred to in the Outlook section on page 47.

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 intention to use working capital, the Bank Credit Facility, and the anticipated cash flow from operating activities in 2013 to finance ongoing working capital requirements, dividends declared by the Board and its 2013 capital expenditures budget is based on the assumption that its access to cash will exceed its expected requirements.

- Mullen Group's expectation to allocate $75.0 million of capital to the Oilfield Services segment and $25.0 million of capital to the Trucking/Logistics segment is based on the assumption that its Operating Entities will require capital to acquire new trucks, trailers and specialized equipment to support their ongoing operations.

- Mullen Group's expectation for an improved operating environment within the Oilfield Services segment in the second half of 2013 is based on the assumption that higher crude oil pricing, improved netback differential pricing, as well as the optimistic outlook for future exports of Canadian natural gas through west coast LNG terminals will result in greater demand for its services.

- Mullen Group's expectation that demand levels within the Trucking/Logistics segment will remain steady in the second half of 2013 is based on the assumption that there will be limited growth within the overall Canadian economy.

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 and risks that could affect the operations or financial results of Mullen Group are included 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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MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

General

This MD&A for the three and six month periods ended June 30, 2013, should be read in conjunction with (i) the audited annual consolidated financial statements of Mullen Group for the fiscal year ended December 31, 2012 (the "**Annual Financial Statements**"), together with the Management's Discussion and Analysis thereon (the "**2012 MD&A**"), and (ii) the unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2013, (the "**Interim Financial Statements**"). The Annual Financial Statements, 2012 MD&A and the Interim Financial Statements may be found on SEDAR at www.sedar.com and on Mullen Group's website at www.mullen-group.com. These documents are also available upon request, free of charge, from Mullen Group's Corporate Investor Services group at ir@mullen-group.com. All amounts contained in this MD&A are in Canadian funds unless otherwise indicated.

Summary Description of Business

Mullen Group is a publicly-traded company listed on the Toronto Stock Exchange ("**TSX**") under the symbol "**MTL**". Mullen Group owns a network of independently operated businesses. Mullen Group is recognized as the largest provider of specialized transportation and related services to the oil and natural gas industry in western Canada and as one of the leading suppliers of trucking and logistics services in Canada – two sectors of the economy in which Mullen Group has strong business relationships and industry leadership. The business of Mullen Group is operated through indirectly wholly-owned companies and limited partnerships (the "**Operating Entities**"). These Operating Entities are divided into two distinct operating segments – Oilfield Services and Trucking/Logistics. The segments are differentiated by the type of service provided, equipment requirements and customer needs. Mullen Group's Corporate Office provides the capital and financial expertise, technology and systems support, shared services and strategic planning for the Operating Entities. In addition, the Corporate Office, through its subsidiary MT Investments Inc. ("**MT**"), owns a network of real estate holdings and facilities that are leased primarily to the Operating Entities. Such properties are leased by MT to the Operating Entities on commercially reasonable terms. The day to day management of the Operating Entities is conducted at the subsidiary level.

As at June 30, 2013, the Oilfield Services segment consisted of 16 Operating Entities, which utilize their highly trained personnel 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, drilling rig relocation services, 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 and pond reclamation services.

Oilfield Services segment – Operating Entities:	
Brady Oilfield Services L.P.	Panda Tank & Vac Truck Services Inc.
Canadian Dewatering L.P.	Pe Ben Oilfield Services L.P.
Cascade Energy Services L.P. (1)	Premay Equipment L.P.
E-Can Oilfield Services L.P.	Premay Pipeline Hauling L.P.
Formula Powell L.P. (2)	R. E. Line Trucking (Coleville) Ltd.
Heavy Crude Hauling L.P.	Spearing Service L.P.
Mullen Oilfield Services L.P.	TREO Drilling Services L.P.
OK Drilling Services L.P.	Withers L.P.

(1) On January 1, 2013, the operations of Polaris Petroleum Ltd. were combined with Cascade Energy Services L.P.
(2) On January 1, 2013, the operations of Pro North Oilfield Services were combined with Formula Powell L.P.

As at June 30, 2013, the Trucking/Logistics segment consisted of 10 Operating Entities, offering a diversified range of truckload and less-than-truckload ("**LTL**") general freight services to customers in Canada, the United

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

Trucking/Logistics segment – Operating Entities:	
Cascade Carriers L.P.	Mill Creek Motor Freight L.P.
Grimshaw Trucking L.P.	Mullen Trucking L.P.
Hi-Way 9 Group of Companies	Payne Transportation L.P.
Jay's Moving & Storage Ltd.(1)	Smook Contractors Ltd.
Kleysen Group L.P.	Tenold Transportation Limited Partnership

(1) Acquired May 31, 2013

Accounting Principles

The Interim Financial Statements have been prepared in compliance with International Accounting Standards ("**IAS**") 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements. This MD&A and the Interim Financial Statements were reviewed by Mullen Group's Audit Committee on July 23, 2013, and approved by Mullen Group's Board on July 24, 2013.

Mullen Group reports on certain key financial performance measures that are used by management to evaluate the performance of Mullen Group. These key financial performance measures ("**Non-GAAP Terms**") are not recognized financial terms under Canadian generally accepted accounting principles ("**Canadian GAAP**"). For publicly accountable enterprises, such as Mullen Group, Canadian GAAP is governed by principles based on International Financial Reporting Standards ("**IFRS**") and interpretations of the International Financial Reporting Interpretation Committee ("**IFRIC**"). Management believes these Non-GAAP Terms are useful supplemental measures. These Non-GAAP Terms do not have standardized meanings and may not be comparable to similar measures presented by other entities. Specifically, operating income[1], net income – adjusted[1], earnings per share – adjusted[1], net capital expenditures[1] and net debt[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 Terms are provided in the "**Glossary of Terms and Reconciliation of Non-GAAP Terms**" section of this MD&A. Readers are cautioned that these Non-GAAP Terms should not replace net income, earnings per share, purchases and proceeds on sale of property, plant and equipment and debt as indicators of Canadian GAAP performance. The Annual Financial Statements are presented in Canadian dollars, which is the functional currency of the Corporation and each of its Operating Entities.

Acquisitions

On May 31, 2013, Mullen Group acquired Jay's Moving & Storage Ltd. ("**Jay's**") for net cash consideration of $21.2 million, consisting of $15.8 million for the outstanding common shares and $5.4 million of associated debt. Jay's is a less-than-truckload transportation company operating predominantly within Saskatchewan, Canada. Mullen Group acquired Jay's as part of its strategy to invest in the transportation sector in western Canada. The results from Jay's operations are included in the Trucking/Logistics segment.

On June 1, 2012, Mullen Group acquired Bernie's Hot Oil Service Ltd. ("**Bernie's**"), an oilfield fluid transportation company located in Swan Hills, Alberta, for net cash consideration of $8.6 million, consisting of $5.8 million for the outstanding common shares and $2.8 million of associated debt. Mullen Group acquired Bernie's as part of its strategy to invest in the energy sector. Bernie's has been integrated into the operations of Cascade Energy Services L.P., whose financial results are included in the Oilfield Services segment.

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

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

FINANCIAL HIGHLIGHTS

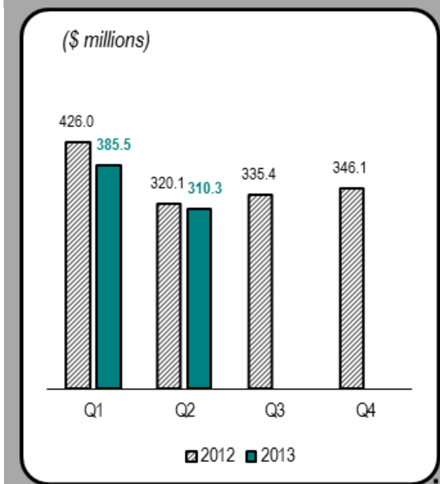
(unaudited) *($ millions, except share price and per share amounts)*	Three month periods ended June 30					Six month periods ended June 30				
		2013		**2012**	**% Change**		**2013**		**2012**	**% Change**
Financial Results										
Revenue	**$**	**310.3**	$	320.1	(3.1)	**$**	**695.8**	$	746.1	(6.7)
Operating income(1)		**56.0**		53.1	5.5		**143.8**		152.2	(5.5)
Unrealized foreign exchange loss		**8.4**		4.9	71.4		**13.4**		0.3	—
Decrease (increase) in fair value of investments		**(16.3)**		7.1	329.6		**(20.8)**		6.1	441.0
Net income		**27.4**		7.4	270.3		**71.8**		66.2	8.5
Net income – adjusted(1)		**20.9**		18.5	13.0		**66.4**		72.5	(8.4)
Net cash from operating activities		**75.1**		83.4	(10.0)		**92.5**		137.7	(32.8)
Cash dividends declared to common shareholders		**27.1**		20.2	34.2		**53.6**		40.5	32.3
Financial Position										
Long-term debt (includes the current portion thereof and the debt component of Debentures)	**$**	**424.3**	$	504.1	(15.8)	**$**	**424.3**	$	504.1	(15.8)
Total assets		**1,558.0**		1,539.8	1.2		**1,558.0**		1,539.8	1.2
Share Information										
Cash dividends declared per Common Share	**$**	**0.30**	$	0.25	20.0	**$**	**0.60**	$	0.50	20.0
Earnings per share – basic	**$**	**0.30**	$	0.09	233.3	**$**	**0.81**	$	0.82	(1.2)
Earnings per share – diluted	**$**	**0.30**	$	0.09	233.3	**$**	**0.80**	$	0.77	3.9
Earnings per share – adjusted(1)	**$**	**0.23**	$	0.23	—	**$**	**0.75**	$	0.89	(15.7)
Share price – June 30	**$**	**22.86**	$	21.81	4.8	**$**	**22.86**	$	21.81	4.8
Other Information										
Net property, plant and equipment additions	**$**	**49.0**	$	37.2	31.7	**$**	**62.7**	$	52.3	19.9
Acquisitions	**$**	**15.8**	$	5.9	167.8	**$**	**15.8**	$	5.9	167.8

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

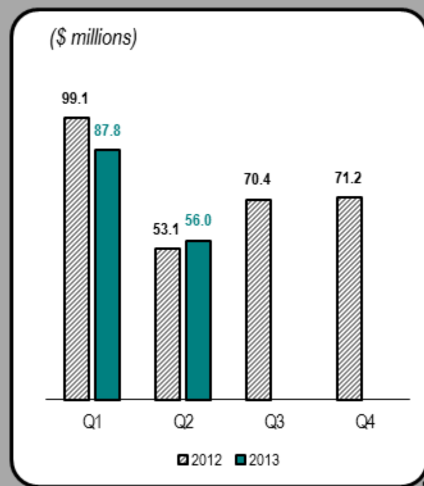
CONSOLIDATED FINANCIAL RESULTS –
THREE MONTH PERIOD ENDED JUNE 30, 2013

Summary – Trailing Six Quarters

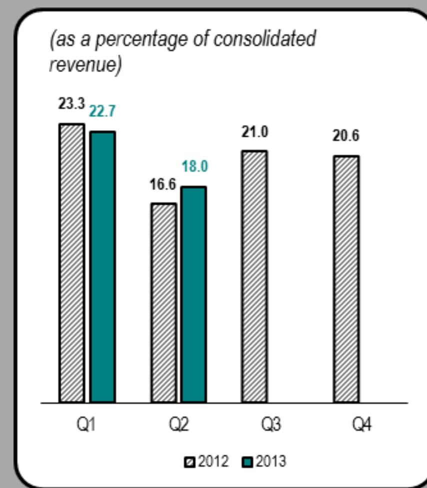
Consolidated Revenue



Operating Income



Operating Margin



Revenue

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

Q2 Consolidated Revenue *(unaudited)* *($ millions)*	**2013**		**2012**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**175.3**	**56.5**	185.9	58.1	(10.6)	(5.7)
Contractors	**134.0**	**43.2**	132.7	41.4	1.3	1.0
Other	**1.0**	**0.3**	1.5	0.5	(0.5)	(33.3)
Total	**310.3**	**100.0**	320.1	100.0	(9.8)	(3.1)

Mullen Group's consolidated revenue in the second quarter decreased by $9.8 million, or 3.1 percent, to $310.3 million as compared to $320.1 million in 2012. A significant portion of this decrease in revenue, specifically $8.0 million, was directly attributable to the reduction in revenue from Canadian Dewatering L.P. ("**Canadian Dewatering**") as a result of its completion of the design, build and commissioning of a Thin Fine Tailings ("**TFT**") barge system project for a large oil sands customer that occurred during the second quarter of 2012. On a comparative basis, after adjusting for the non-recurring TFT barge system project revenue, Mullen Group's revenue from its core business decreased by $1.8 million, or 0.6 percent.

Revenue in the Oilfield Services segment decreased by $14.4 million, or 7.7 percent, to $173.6 million as compared to $188.0 million in the same period one year earlier. This decrease was due to:

- a reduction in drilling activity in western Canada that negatively impacted those Operating Entities most directly tied to oil and natural gas drilling activity resulting in a $12.0 million decline in revenue;

- an $8.0 million reduction in revenue from the non-recurring TFT barge system project; and

- a challenging operating environment in western Canada resulting from the combination of competitive pricing, as well as weather and flood related issues.

These decreases were partially offset by an increase in revenue generated by those Operating Entities providing services associated with large diameter pipeline construction projects and other specialized services, as well as increased revenue generated by Heavy Crude Hauling L.P. ("**Heavy Crude**") as a result of it being awarded a major crude oil and fluid hauling contract in the Lloydminster region.

Revenue in the Trucking/Logistics segment increased by $3.6 million, or 2.7 percent, to $137.3 million from $133.7 million in the same period one year earlier. This $3.6 million increase was due to incremental revenue resulting from the acquisition of Jay's and increased demand for most services within this segment. These increases were partially offset by decreased demand for over-dimensional and heavy haul freight services related to the construction of oil sands infrastructure and in the mining sector and a $0.5 million decrease in fuel surcharge revenue.

Revenue related to Company Equipment decreased by $10.6 million, or 5.7 percent, to $175.3 million as compared to $185.9 million in 2012. The majority of this decrease, specifically $8.0 million, was directly attributable to the completion of the TFT barge system project. Revenue related to Company Equipment represented 56.5 percent of consolidated revenue in the current period compared to 58.1 percent in 2012. Revenue related to Contractors increased by $1.3 million, or 1.0 percent, to $134.0 million as compared to $132.7 million in 2012, and represented 43.2 percent of consolidated revenue in the current period compared to 41.4 percent in 2012.

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, taxes, 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.*

Q2 Consolidated Direct Operating Expenses ***(unaudited)*** ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**49.0**	**28.0**	48.2	25.9	0.8	1.7
Fuel	**17.1**	**9.8**	17.0	9.1	0.1	0.6
Repairs and maintenance	**29.8**	**17.0**	28.7	15.4	1.1	3.8
Operating supplies	**15.5**	**8.8**	30.9	16.6	(15.4)	(49.8)
Other	**8.7**	**4.9**	8.5	4.7	0.2	2.4
	120.1	**68.5**	133.3	71.7	(13.2)	(9.9)
Contractors	**99.8**	**74.5**	98.9	74.5	0.9	0.9
Total	**219.9**	**70.9**	232.2	72.5	(12.3)	(5.3)

**as a percentage of respective Consolidated revenue*

DOE were $219.9 million in the second quarter as compared to $232.2 million in 2012. The decrease of $12.3 million, or 5.3 percent, was directly related to the $9.8 million decrease in consolidated revenue. The majority of the DOE reduction, specifically $12.2 million, was directly attributable to the completion of the TFT barge system project. As a percentage of revenue these expenses decreased by 1.6 percent to 70.9 percent compared to 72.5 percent in 2012.

In 2013 DOE associated with Company Equipment decreased to $120.1 million from $133.3 million in 2012. The decrease of $13.2 million, or 9.9 percent, was directly related to the decrease in Company revenue, most notably from the completion of the TFT barge system project. As a percentage of Company revenue these expenses decreased to 68.5 percent as compared to 71.7 percent in 2012. Company expenses as a percentage of Company revenue decreased by 3.2 percent primarily due to the factors set forth below.

- The absence of the lower margin revenue that was associated with the non-recurring TFT barge system project. This project consumed $12.2 million of operating supplies in 2012 as compared to no operating supplies in 2013.

- The increased margin resulting from the completion of the TFT barge system project was mostly offset by a combination of a generally more competitive operating environment in the Oilfield Services segment and the lower margin experienced by the Trucking/Logistics segment.

DOE Contractors expense in the second quarter increased by $0.9 million to $99.8 million, as compared to $98.9 million in 2012 due to the $1.3 million increase in Contractors revenue. As a percentage of Contractors revenue, DOE Contractors expense remained stable at 74.5 percent.

Selling and Administrative Expenses

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

Q2 Consolidated Selling and Administrative Expenses *(unaudited)* *($ millions)*	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**19.6**	**6.3**	19.2	6.0	0.4	2.1
Communications, utilities and general supplies	**9.7**	**3.1**	8.9	2.8	0.8	9.0
Profit share	**3.1**	**1.0**	3.1	1.0	—	—
Foreign exchange	**(0.8)**	**(0.3)**	(0.4)	(0.1)	(0.4)	100.0
Stock-based compensation	**0.6**	**0.2**	0.7	0.2	(0.1)	(14.3)
Rent and other	**2.2**	**0.8**	3.3	1.0	(1.1)	(33.3)
Total	**34.4**	**11.1**	34.8	10.9	(0.4)	(1.1)

**as a percentage of Consolidated revenue*

S&A expenses were $34.4 million in the second quarter as compared to $34.8 million in 2012. The decrease of $0.4 million was mainly attributable to a $1.1 million reduction in rent and other expenses, which resulted from the continued efforts to reduce and control costs, as well as a $0.4 million positive variance in foreign exchange. These decreases were largely offset by a $0.8 million increase in communication, utilities and general supplies as well as a $0.4 million increase in wage and benefits expense. S&A expenses as a percentage of consolidated revenue increased by 0.2 percent to 11.1 percent in comparison to 10.9 percent in 2012, primarily due to the overall fixed nature of these expenses relative to the $9.8 million decrease in consolidated revenue.

Operating Income

Operating income[1] is net income before depreciation on property, plant and equipment, amortization on intangible assets, finance costs, unrealized foreign exchange gains and losses, other (income) expense and income taxes.

Q2 Consolidated Operating Income *(unaudited)* *($ millions)*	**2013**		**2012**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Oilfield Services	**33.0**	**58.9**	30.5	57.4	2.5	8.2
Trucking/Logistics	**24.1**	**43.0**	23.9	45.0	0.2	0.8
Corporate	**(1.1)**	**(1.9)**	(1.3)	(2.4)	0.2	15.4
Total	**56.0**	**100.0**	53.1	100.0	2.9	5.5

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

Operating income[1] for the second quarter increased to $56.0 million, or 5.5 percent, compared to $53.1 million generated in the same period last year. The increase of $2.9 million was primarily due to the Oilfield Services segment that experienced a $2.5 million increase in operating income[1]. The Trucking/Logistics segment experienced a $0.2 million increase in operating income[1]. Corporate costs declined by $0.2 million on a year over year basis. As a percentage of consolidated revenue, operating income[1] increased to 18.0 percent as compared to 16.6 percent in 2012. This 1.4 percent increase in operating margin was directly attributable to the completion of the TFT barge system project that occurred in the second quarter of 2012. In the second quarter of 2012, Mullen Group recognized a $3.8 million net operating loss as a result of the completion of the non-recurring TFT barge system project. On a comparative basis, after adjusting for revenue and expenses related to the non-recurring TFT barge system project, consolidated operating margin was 18.4 percent.

Depreciation on Property, Plant and Equipment

Depreciation on property, plant and equipment for the three month period ended June 30, 2013, increased by $1.1 million to $16.7 million from $15.6 million in 2012. Depreciation in the Oilfield Services segment increased by $0.7 million due to the capital expenditures made by those Operating Entities involved in the transportation of fluids and the servicing of wells. Somewhat offsetting this increase was a decrease in depreciation due to the sale of older assets by certain Operating Entities combined with the Corporation's declining balance method of depreciation. Depreciation in the Trucking/Logistics segment increased by $0.4 million due to the capital expenditures made by the Operating Entities within this segment and the additional depreciation expense resulting from the acquisition of Jay's. Depreciation in the Corporate Office increased slightly on a year over year basis primarily as a result of capital expenditures related to facilities.

Amortization on Intangible Assets

Intangible assets are acquired on acquisitions and are mainly comprised of customer relationship values and non-competition agreements that are amortized over their estimated life from the date of acquisition. For the three month period ended June 30, 2013, amortization on intangible assets remained consistent at $4.5 million as the additional amortization recorded on the intangible assets associated with the acquisition of Bernie's and Jay's was offset by the reduction in amortization recorded on certain Operating Entities' intangible assets that have become fully amortized.

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

Finance Costs

Finance costs mainly consist of:

- interest expense on financial liabilities, including:
  - the U.S. $100.0 million of Series A Notes, U.S. $50.0 million of Series B Notes, 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, and CDN. $20.0 million of Series F Notes (collectively, the "**Private Placement Debt**");
  - the convertible unsecured subordinated debentures (the "**Debentures**"), which 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 for the three month period ended June 30, 2013, decreased by $2.2 million to $6.5 million from $8.7 million in 2012. This decrease was mainly attributable to lower interest expense being recorded on the Debentures due to conversions.

Unrealized Foreign Exchange Loss

(unaudited) ***($ millions, except exchange rate amount)***	**2013**			**2012**		
	U.S. $ Debt	**Exchange Rate**	**CDN $ Equivalent**	**U.S. $ Debt**	**Exchange Rate**	**CDN $ Equivalent**
Beginning – March 31	**235.0**	**1.0160**	**238.8**	235.0	0.9975	234.4
Ending – June 30	**235.0**	**1.0518**	**247.2**	235.0	1.0181	239.3
Unrealized foreign exchange loss			**8.4**			4.9

For the three month period ended June 30, 2013, Mullen Group recorded an unrealized foreign exchange loss of $8.4 million. This was due to the impact of the change over the quarter in the value of the CDN. dollar relative to the U.S. dollar on the Corporation's $235.0 million of U.S. dollar denominated debt. In the second quarter of 2012, Mullen Group recorded an unrealized foreign exchange loss of $4.9 million related to the Corporation's $235.0 million of U.S. dollar denominated debt.

Other (Income) Expense

Other (income) expense consists of the change in fair value of investments, the gain or loss on sale of property, plant and equipment and earnings from equity investments. Other income for the three month period ended June 30, 2013, was $15.9 million, a $22.6 million positive variance from the $6.7 million of other expense recorded in 2012. The $22.6 million positive variance was due to the factors set forth below.

<u>Change in Fair Value of Investments</u>. Mullen Group periodically invests in certain private and public corporations. For the three month period ended June 30, 2013, Mullen Group recorded an increase in the fair value of investments of $16.3 million compared to a $7.1 million decrease in the same period of 2012. This $23.4 million positive variance 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. Logan's share price increased by $2.96, or 77.7 percent, during the second quarter of 2013 resulting in a $13.8 million increase in the fair value of this investment compared to a $3.6 million decrease during the same period in 2012. There were no investments purchased or sold in either the second quarter of 2013 or 2012.

Gain or loss on Sale of Property, Plant and Equipment. For the three month period ended June 30, 2013, Mullen Group recognized a loss of $0.8 million on sale of property, plant and equipment on total consolidated proceeds on sale of $2.2 million as compared to a $0.4 million gain on sale of property, plant and equipment on total consolidated proceeds on sale of $3.3 million for the same period in 2012. The $0.8 million loss on sale of property, plant and equipment in 2013 mainly resulted from the sale of older assets by Operating Entities within the Oilfield Services segment.

Earnings from Equity Investment. For the three month period ended June 30, 2013, Mullen Group recognized $0.4 million of earnings from an equity investment. There was no equity investment in 2012. On January 1, 2013, Mullen Group entered into a unanimous shareholders agreement and an asset purchase agreement whereby it sold certain operating assets to Canol Oilfield Services Inc. ("**Canol**") in exchange for a $1.2 million promissory note and a 45.0 percent equity interest in Canol. Canol is an oilfield transportation company headquartered in Norman Wells, Northwest Territories and is strategically located in the Canol Shale Oil Region. Mullen Group acquired this equity interest in Canol as part of its strategy to invest in the energy sector.

Income Taxes

(unaudited) *($ millions)*	Three month periods ended June 30			
		2013		**2012**
Income before income taxes	**$**	**35.8**	$	12.7
Combined statutory tax rate		**25%**		25%
Expected income tax		**9.0**		3.2
Add (deduct):				
Non-taxable portion of unrealized foreign exchange loss		**1.1**		0.6
Non-taxable portion of the change in fair value of investments		**(2.0)**		0.9
Stock-based compensation expense		**0.1**		0.2
Other		**0.2**		0.4
Income tax expense	**$**	**8.4**	$	5.3

For the three month period ended June 30, 2013, Mullen Group recorded income tax expense of $8.4 million as compared to $5.3 million for the same period in 2012. The increase of $3.1 million was mainly attributable to the greater amount of income generated in the second quarter of 2013 as compared to the same period in 2012.

Net Income

(unaudited) *($ millions, except share and per share amounts)*	Three month periods ended June 30				
		2013		**2012**	**% Change**
Net income	**$**	**27.4**	$	7.4	270.3
Weighted average number of Common Shares outstanding		**90,033,217**		81,092,334	11.0
Earnings per share – basic	**$**	**0.30**	$	0.09	233.3

Net income for the three month period ended June 30, 2013, increased by $20.0 million to $27.4 million from $7.4 million in 2012. This increase in net income was mainly attributable to the $23.4 million year over year positive variance in the fair value of investments.

Other factors contributing to the increase in net income included:

- a $2.9 million increase in operating income[1];
- a $2.2 million decrease in finance costs; and
- a $0.4 million increase in earnings from equity investment.

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

- a $3.5 million negative variance in unrealized foreign exchange;
- a $3.1 million increase in income tax expense;
- a $1.2 million decrease in gain on sale of property, plant and equipment; and
- a $1.1 million increase in depreciation on property, plant and equipment.

As a result of the year over year increase in net income, basic earnings per share increased to $0.30 as compared to $0.09 in 2012. The weighted average number of Common Shares outstanding increased on a year over year basis from 81,092,334 to 90,033,217 as a result of the issuance of Common Shares on the conversion of Debentures and the exercise of stock options.

Net Income – Adjusted and Earnings per Share – Adjusted

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

(unaudited) ***($ millions, except share and per share amounts)***	**Three month periods ended June 30** **2013**	**2012**
Income before income taxes	**$ 35.8**	$ 12.7
Add (deduct):		
Unrealized foreign exchange loss	**8.4**	4.9
Change in fair value of investments	**(16.3)**	7.1
Income before income taxes – adjusted	**27.9**	24.7
Income tax rate	**25%**	25%
Computed expected income tax expense	**7.0**	6.2
Net income – adjusted[(1)]	**20.9**	18.5
Weighted average number of Common Shares outstanding – basic	**90,033,217**	81,092,334
Earnings per share – adjusted[(1)]	**$ 0.23**	$ 0.23

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

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

SEGMENTED INFORMATION –
THREE MONTH PERIOD ENDED JUNE 30, 2013

Three month period ended June 30, 2013 ***(unaudited)*** ***($ millions)***	**Oilfield Services**	**Trucking /Logistics**	**Corporate and intersegment eliminations**	**Total**
	$	**$**	**$**	**$**
Revenue	**173.6**	**137.3**	**(0.6)**	**310.3**
Direct operating expenses	**122.2**	**98.9**	**(1.2)**	**219.9**
Selling and administrative expenses	**18.4**	**14.3**	**1.7**	**34.4**
Operating income[(1)]	**33.0**	**24.1**	**(1.1)**	**56.0**

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

Three month period ended June 30, 2012 ***(unaudited)*** ***($ millions)***	**Oilfield Services**	**Trucking /Logistics**	**Corporate and intersegment eliminations**	**Total**
	$	$	$	$
Revenue	188.0	133.7	(1.6)	320.1
Direct operating expenses	139.1	96.2	(3.1)	232.2
Selling and administrative expenses	18.4	13.6	2.8	34.8
Operating income[(1)]	30.5	23.9	(1.3)	53.1

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

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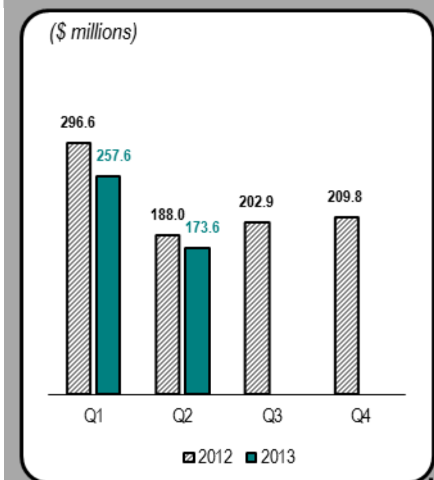
OILFIELD SERVICES SEGMENT

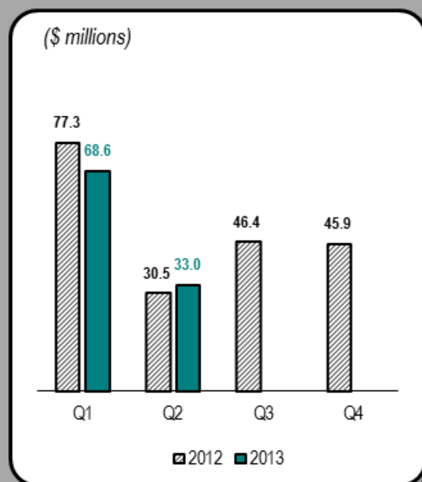
Mullen Group provides the energy sector in northern and western Canada with a wide range of services related to the drilling for oil and natural gas, oil and natural gas production, oil sands infrastructure development and capital projects. At June 30, 2013, the Oilfield Services segment was comprised of 16 Operating Entities, utilizing both Company Equipment and Contractors. On January 1, 2013, the operations of Polaris Petroleum Ltd. were combined with Cascade Energy Services L.P. and the operations of Pro North Oilfield Services were combined with Formula Powell L.P. A more detailed description of each of these Operating Entities is set forth in the notes to the Annual Financial Statements and Mullen Group's Annual Information Form, both of which are dated February 20, 2013 and are available on SEDAR at www.sedar.com, Mullen Group's website at www.mullen-group.com or on request, free of charge, from Mullen Group's Corporate Investor Services group at ir@mullen-group.com.

Summary – Trailing Six Quarters

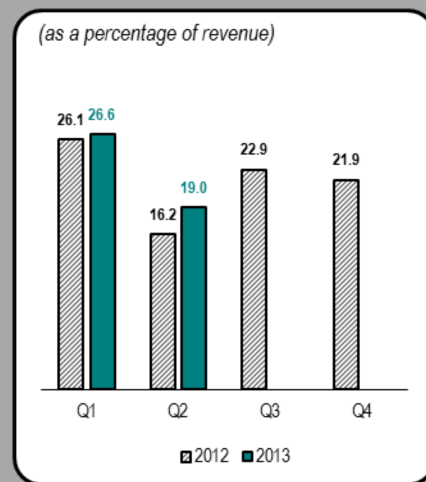
Revenue



Operating Income



Operating Margin



Revenue

Q2 Revenue – Oilfield Services ***(unaudited)*** ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**113.1**	**65.1**	127.4	67.8	(14.3)	(11.2)
Contractors	**59.8**	**34.4**	59.5	31.6	0.3	0.5
Other	**0.7**	**0.5**	1.1	0.6	(0.4)	(36.4)
Total	**173.6**	**100.0**	188.0	100.0	(14.4)	(7.7)

The Oilfield Services segment generated 55.8 percent of pre-consolidated revenue for the second quarter as compared to 58.4 percent in 2012. Revenue in this segment decreased by $14.4 million, or 7.7 percent, to $173.6 million as compared to $188.0 million in 2012. This decrease was due to:

- a reduction in drilling activity in western Canada that negatively impacted those Operating Entities most directly tied to oil and natural gas drilling activity, most notably rig relocation services;
- a reduction in revenue from Canadian Dewatering as a result of its completion of the TFT barge system project; and
- a challenging operating environment in western Canada resulting from the combination of competitive pricing, as well as weather and flood related issues.

These decreases were partially offset by an increase in revenue generated by those Operating Entities providing services associated with large diameter pipeline construction projects and other specialized services, as well as increased revenue generated by Heavy Crude as a result of its major crude oil and fluid hauling contract in the Lloydminster region.

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 in the second quarter of 2013 as compared to the prior year. Industry statistics indicate that the average active rig count was 151 rigs during the quarter as compared to 178 active rigs in 2012, a decrease of 27 rigs or 15.2 percent. In addition, total wells drilled for the second quarter of 2013 decreased by 12.8 percent to 1,201 wells drilled in the period as compared to 1,378 wells drilled in 2012. The length of metres drilled within such wells decreased by 6.0 percent during the period to 2.68 million metres as compared to 2.85 million metres in 2012. Specific factors affecting the Oilfield Services segment's revenue in the quarter were:

- a $12.0 million decrease in revenue generated by those Operating Entities most directly tied to oil and natural gas drilling activity;
- an $8.0 million decrease in revenue due to the completion of the design, build and commissioning of the TFT barge system project for a large oil sands customer during the second quarter of 2012;
- a $1.2 million decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells;
- a $4.1 million increase in revenue generated by those Operating Entities providing specialized services to the oil sands and large diameter pipeline construction projects; and
- a $1.4 million increase in revenue generated by those Operating Entities providing drilling services including core drilling for the oil sands.

Direct Operating Expenses

Q2 Direct Operating Expenses – Oilfield Services ***(unaudited)*** ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**31.0**	**27.4**	32.4	25.4	(1.4)	(4.3)
Fuel	**9.4**	**8.3**	10.1	7.9	(0.7)	(6.9)
Repairs and maintenance	**20.6**	**18.2**	20.1	15.8	0.5	2.5
Operating supplies	**11.9**	**10.5**	27.7	21.7	(15.8)	(57.0)
Other	**4.3**	**3.9**	4.2	3.4	0.1	2.4
	77.2	**68.3**	94.5	74.2	(17.3)	(18.3)
Contractors	**45.0**	**75.3**	44.6	75.0	0.4	0.9
Total	**122.2**	**70.4**	139.1	74.0	(16.9)	(12.1)

**as a percentage of respective Oilfield Services revenue*

DOE were $122.2 million in the second quarter as compared to $139.1 million in 2012. The decrease of $16.9 million, or 12.1 percent, was directly related to the $14.4 million decrease in segment revenue during the quarter. The majority of the reduction in DOE, specifically $12.2 million, was directly attributable to the completion of the TFT barge system project. As a percentage of revenue these expenses decreased by 3.6 percent to 70.4 percent compared to 74.0 percent in 2012.

In 2013 DOE associated with Company Equipment decreased to $77.2 million from $94.5 million in 2012. The decrease of $17.3 million, or 18.3 percent, was directly related to the decrease in Company revenue, most notably from the completion of the TFT barge system project. As a percentage of Company revenue these expenses decreased to 68.3 percent compared to 74.2 percent in 2012. Company expenses as a percentage of Company revenue decreased by 5.9 percent primarily due to the factors set forth below.

- The absence of the lower margin revenue that was associated with the TFT barge system project. This project consumed $12.2 million of operating supplies in 2012 as compared to no operating supplies in 2013.

- The increased margin resulting from revenue related to large diameter pipeline construction projects and other specialized transportation services.

- The increased margin resulting from these two factors was somewhat offset by the generally more competitive operating environment that affected the demand and pricing for most other services, most notably rig relocation services.

DOE Contractors expense in the second quarter increased by $0.4 million to $45.0 million, as compared to $44.6 million in 2012. As a percentage of Contractors revenue, DOE Contractors expense increased slightly to 75.3 percent as compared to 75.0 percent in 2012 primarily due to the increased use of subcontractors in certain markets.

Selling and Administrative Expenses

Q2 Selling and Administrative Expenses – Oilfield Services

(unaudited)* *($ millions)	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**10.2**	**5.9**	10.0	5.3	0.2	2.0
Communications, utilities and general supplies	**5.5**	**3.2**	5.3	2.8	0.2	3.8
Profit share	**1.1**	**0.6**	1.0	0.6	0.1	10.0
Rent and other	**1.6**	**0.9**	2.1	1.1	(0.5)	(23.8)
Total	**18.4**	**10.6**	18.4	9.8	—	—

* *as a percentage of total Oilfield Services revenue*

S&A expenses remained constant at $18.4 million in the second quarter as a reduction in rent and other expenses was offset by increases in other areas. S&A expenses as a percentage of segment revenue increased by 0.8 percent to 10.6 percent in comparison to 9.8 percent in 2012, due to the overall fixed nature of these expenses relative to the $14.4 million decrease in segment revenue.

Operating Income

Operating income[1] in the second quarter increased by 8.2 percent to $33.0 million. The $2.5 million year over year increase can primarily be attributed to the net effect of the following:

- a $4.1 million increase relating to those Operating Entities leveraged to the oil sands and pipeline construction projects;
- a $3.8 million increase due to the recognition of a net operating loss that resulted from the completion of the TFT barge system project in the second quarter of 2012;
- an $0.8 million increase from Operating Entities providing drilling services, including core drilling services;
- a $4.5 million decrease from Operating Entities tied to drilling related activity, most notably rig relocation services; and
- a $1.8 million decrease in those Operating Entities involved in the transportation of fluids and servicing of wells.

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

Operating income[1] represented as a percentage of segment revenue, increased to 19.0 percent in the second quarter from 16.2 percent in 2012. The 2.8 percent increase in operating margin was a direct result of the combined effect of the completion of the TFT barge system project and increased pipeline construction activity that was partially offset by a decrease in drilling activity that resulted in lower demand for services and a more competitive pricing environment. On a comparative basis, adjusting for the non-recurring TFT barge system project related revenue and expenses in 2012, operating margin would have remained relatively constant on a year over year basis.

Capital Expenditures

For the three month period ended June 30, 2013, net capital expenditures[1] in the Oilfield Services segment increased by $0.3 million to $20.8 million from $20.5 million in 2012. The Oilfield Services segment had gross capital expenditures of $22.3 million and dispositions of $1.5 million for net capital expenditures[1] of $20.8 million in 2013. Gross capital expenditures mainly consisted of additional equipment for those Operating Entities involved in the transportation of fluids and the servicing of wells, including a large amount of trailers for the expansion of Heavy Crude's fleet to satisfy the increased demand resulting from its major crude oil and fluid hauling contract in the Lloydminster region. Gross capital expenditures also consisted of acquiring specialized equipment to service the demand within Alberta's oil sands. The majority of the dispositions related to the sale of older trucks and trailers. In 2012 gross capital expenditures were $23.2 million and dispositions were $2.7 million for net capital expenditures[1] of $20.5 million.

[The remainder of this page intentionally left blank.]

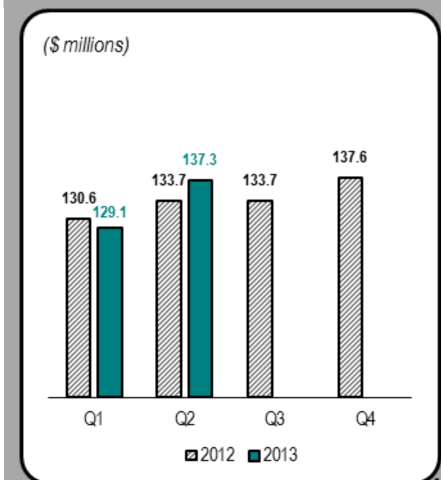
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

TRUCKING/LOGISTICS SEGMENT

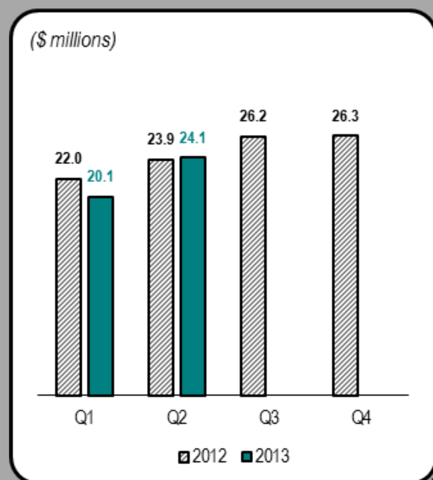
The transportation and distribution of freight is a multi-billion dollar business in Canada and is generally described as both highly competitive and fragmented. The Trucking/Logistics segment provides a wide range of trucking and logistics services in Canada, as well as to and from the continental U.S. and Mexico. At June 30, 2013, the Trucking/Logistics segment was comprised of 10 Operating Entities, utilizing both Company Equipment and Contractors. A more detailed description of each of these Operating Entities is set forth in the notes to the Annual Financial Statements and Mullen Group's Annual Information Form dated February 20, 2013, both of which are available on SEDAR at www.sedar.com, Mullen Group's website at www.mullen-group.com or on request, free of charge, from Mullen Group's Corporate Investor Services group at ir@mullen-group.com.

Summary – Trailing Six Quarters

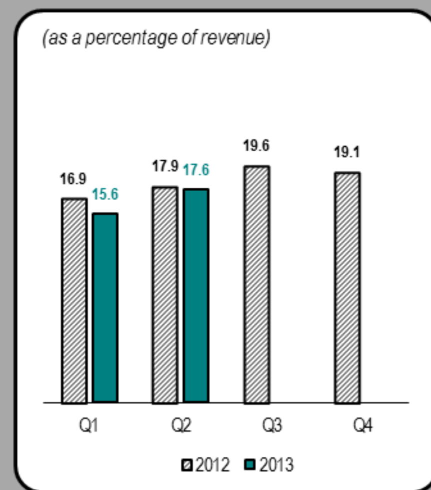
Revenue



Operating Income



Operating Margin



Revenue

Q2 Revenue – Trucking/Logistics *(unaudited)* *($ millions)*	**2013**		**2012**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**62.2**	**45.3**	58.5	43.8	3.7	6.3
Contractors	**74.9**	**54.6**	75.2	56.2	(0.3)	(0.4)
Other	**0.2**	**0.1**	—	—	0.2	—
Total	**137.3**	**100.0**	133.7	100.0	3.6	2.7

The Trucking/Logistics segment generated 44.2 percent of pre-consolidated revenue for the second quarter as compared to 41.6 percent in 2012. Revenue in this segment increased by $3.6 million, or 2.7 percent, to $137.3 million as compared to $133.7 million in 2012. This increase was due to the incremental revenue resulting from the acquisition of Jay's and increased demand for most services within this segment. These increases were partially offset by decreased demand for over-dimensional and heavy haul freight services as well as a $0.5 million decrease in fuel surcharge revenue. Fuel surcharge revenue decreased to $13.7 million from $14.2 million in 2012.

Direct Operating Expenses

Q2 Direct Operating Expenses – Trucking/Logistics *(unaudited)* *($ millions)*	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**17.9**	**28.8**	15.8	27.0	2.1	13.3
Fuel	**7.7**	**12.4**	7.0	12.0	0.7	10.0
Repairs and maintenance	**9.2**	**14.8**	8.7	14.9	0.5	5.7
Operating supplies	**3.5**	**5.6**	3.2	5.4	0.3	9.4
Other	**5.1**	**8.2**	5.1	8.7	—	—
	43.4	**69.8**	39.8	68.0	3.6	9.0
Contractors	**55.5**	**74.1**	56.4	75.0	(0.9)	(1.6)
Total	**98.9**	**72.0**	96.2	71.9	2.7	2.8

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

DOE in the second quarter were $98.9 million as compared to $96.2 million in 2012. The increase of $2.7 million, or 2.8 percent, was due to higher DOE associated with Company Equipment that was partially offset by a reduction in DOE associated with Contractors. Overall as a percentage of revenue these expenses remained constant at 72.0 percent.

DOE related to Company Equipment increased by $3.6 million to $43.4 million from $39.8 million, primarily due to the incremental DOE resulting from the acquisition of Jay's. In terms of a percentage of revenue, DOE Company increased to 69.8 percent as compared to 68.0 percent in 2012. This 1.8 percent increase as a percentage of Company revenue was due to the combined effect of the following:

- wages and benefit expenses that increased by 1.8 percent to 28.8 percent of Company revenue, or $17.9 million, as compared to 27.0 percent or $15.8 million in 2012, due to wage increases in certain Operating Entities to remain competitive;

- fuel expenses that increased by 0.4 percent of Company revenue to 12.4 percent, or $7.7 million, as compared to 12.0 percent or $7.0 million in 2012, as a result of the change in diesel fuel prices and the decrease in fuel surcharge revenue;

- operating supplies that increased by 0.2 percent of Company revenue to 5.6 percent, or $3.5 million, as compared to 5.4 percent or $3.2 million in 2012, mainly due to an increase in sale of aggregate products; and

- other expenses that decreased by 0.5 percent to 8.2 percent of Company revenue, or $5.1 million, as compared to 8.7 percent or $5.1 million in 2012, as a result of ongoing efforts to reduce costs.

DOE Contractors expense in the second quarter decreased by $0.9 million to $55.5 million, as compared to $56.4 million in 2012 primarily as a result of a reduction in Contractors revenue. As a percentage of Contractors revenue, DOE Contractors expense decreased to 74.1 percent as compared to 75.0 percent in 2012 due to the decreased use of subcontractors in certain markets.

Selling and Administrative Expenses

Q2 Selling and Administrative Expenses – Trucking/Logistics *(unaudited)* *($ millions)*	2013		2012		Change	
	$	%*	$	%*	$	%
Wages and benefits	**8.2**	**6.0**	7.9	5.9	0.3	3.8
Communications, utilities and general supplies	**3.6**	**2.6**	3.5	2.6	0.1	2.9
Profit share	**2.0**	**1.5**	2.1	1.6	(0.1)	(4.8)
Foreign exchange	**(0.5)**	**(0.4)**	(0.4)	(0.3)	(0.1)	25.0
Rent and other	**1.0**	**0.7**	0.5	0.4	0.5	100.0
Total	**14.3**	**10.4**	13.6	10.2	0.7	5.1

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

S&A expenses were $14.3 million in the second quarter as compared to $13.6 million in 2012. The increase of $0.7 million was primarily due to the acquisition of Jay's. S&A expenses as a percentage of segment revenue increased by 0.2 percent to 10.4 percent in comparison to 10.2 percent in 2012.

Operating Income

Operating income[1] for the second quarter increased to $24.1 million, or 0.8 percent, compared to $23.9 million generated in the same period last year. The increase of $0.2 million resulted primarily from the acquisition of Jay's. As a percentage of segment revenue, operating income[1] decreased to 17.6 percent as compared to 17.9 percent in 2012. This 0.3 percent decrease in operating margin was due to increased S&A expenses as a percentage of segment revenue.

Capital Expenditures

Net capital expenditures[1] in the Trucking/Logistics segment decreased by $3.7 million to $6.5 million from $10.2 million in 2012. The Trucking/Logistics segment had gross capital expenditures of $6.9 million and dispositions of $0.4 million for net capital expenditures[1] of $6.5 million in 2013. Gross capital expenditures mainly consisted of the purchase of trucks and trailers, as well as various pieces of operating equipment. In 2012 gross capital expenditures were $10.7 million and dispositions were $0.5 million for net capital expenditures[1] of $10.2 million.

CORPORATE

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

For the three month period ended June 30, 2013, the Corporate Office incurred a net operating loss of $1.1 million, a decrease of $0.2 million from the $1.3 million loss recorded in 2012. The $0.2 million decrease in net operating loss was mainly attributable to the ongoing efforts to reduce costs and a positive variance in foreign exchange. These reductions were somewhat offset by a refund of capital taxes in 2012.

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

CONSOLIDATED FINANCIAL RESULTS –
SIX MONTH PERIOD ENDED JUNE 30, 2013

Revenue

Consolidated Revenue **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**418.8**	**60.2**	461.8	61.9	(43.0)	(9.3)
Contractors	**274.7**	**39.5**	280.9	37.6	(6.2)	(2.2)
Other	**2.3**	**0.3**	3.4	0.5	(1.1)	(32.4)
Total	**695.8**	**100.0**	746.1	100.0	(50.3)	(6.7)

Mullen Group's consolidated revenue in the first six months of 2013 decreased by $50.3 million, or 6.7 percent, to $695.8 million as compared to $746.1 million in 2012. A significant portion of this decrease in revenue, specifically $29.8 million, was directly attributable to the reduction in revenue from Canadian Dewatering as a result of its completion of the non-recurring TFT barge system project. On a comparative basis, after adjusting for the non-recurring TFT barge system project revenue, Mullen Group's revenue from its core business decreased $20.5 million, or 2.9 percent.

Revenue in the Oilfield Services segment decreased by $53.4 million, or 11.0 percent, to $431.2 million as compared to $484.6 million in the same period one year earlier. This decrease was due to:

- a $29.8 million reduction from the non-recurring TFT barge system project;
- a reduction in drilling activity in western Canada that negatively impacted those Operating Entities most directly tied to oil and natural gas drilling activity, most notably rig relocation services; and
- a challenging operating environment in western Canada resulting from the combination of competitive pricing, pipeline and infrastructure bottlenecks in certain markets as well as weather and flood related issues.

These decreases were partially offset by increased revenue related to oil sands and pipeline construction projects and other specialized transportation services, as well as increased revenue generated by Heavy Crude as a result of its major crude oil and fluid hauling contract in the Lloydminster region.

Revenue in the Trucking/Logistics segment increased by $2.1 million, or 0.8 percent, to $266.4 million from $264.3 million in the same period one year earlier. This $2.1 million increase was largely due to incremental revenue resulting from the acquisition of Jay's as well as increased demand for most services within this segment. These increases were partially offset by decreased demand for over-dimensional and heavy haul freight services related to the construction of oil sands infrastructure and in the mining sector and a $0.6 million decrease in fuel surcharge revenue.

Revenue related to Company Equipment decreased by $43.0 million, or 9.3 percent, to $418.8 million as compared to $461.8 million in 2012. The majority of this decrease, specifically $29.8 million, was directly attributable to the completion of the non-recurring TFT barge system project. Revenue related to Company Equipment represented 60.2 percent of consolidated revenue in the current period compared to 61.9 percent in 2012. Revenue related to Contractors decreased by $6.2 million, or 2.2 percent, to $274.7 million as compared to $280.9 million in 2012, and represented 39.5 percent of consolidated revenue in the current period compared to 37.6 percent in 2012.

Direct Operating Expenses

Consolidated Direct Operating Expenses Six month periods ended June 30 *(unaudited)* *($ millions)*	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**114.7**	**27.4**	116.4	25.2	(1.7)	(1.5)
Fuel	**40.5**	**9.7**	41.5	9.0	(1.0)	(2.4)
Repairs and maintenance	**60.8**	**14.5**	60.8	13.2	—	—
Operating supplies	**36.6**	**8.7**	69.2	15.0	(32.6)	(47.1)
Other	**18.9**	**4.5**	18.5	4.0	0.4	2.2
	271.5	**64.8**	306.4	66.4	(34.9)	(11.4)
Contractors	**206.5**	**75.2**	211.3	75.2	(4.8)	(2.3)
Total	**478.0**	**68.7**	517.7	69.4	(39.7)	(7.7)

**as a percentage of respective Consolidated revenue*

DOE were $478.0 million in the first six months of 2013 as compared to $517.7 million in 2012. The decrease of $39.7 million, or 7.7 percent, was directly related to the $50.3 million decrease in consolidated revenue. The majority of the DOE reduction, specifically $31.7 million, was directly attributable to the completion of the non-recurring TFT barge system project. As a percentage of revenue these expenses decreased by 0.7 percent to 68.7 percent compared to 69.4 percent in 2012.

In 2013 DOE associated with Company Equipment decreased to $271.5 million from $306.4 million in 2012. The decrease of $34.9 million, or 11.4 percent, was directly related to the decrease in Company revenue, most notably from the completion of the TFT barge system project. As a percentage of Company revenue these expenses decreased to 64.8 percent compared to 66.4 percent in 2012. Company expenses as a percentage of Company revenue decreased by 1.6 percent primarily due to the factors set forth below.

- The absence of the lower margin revenue that was associated with the non-recurring TFT barge system project. This project consumed $31.7 million of operating supplies in 2012 as compared to no operating supplies in 2013.

- The increased margin resulting from the completion of the TFT barge system project was mostly offset by a combination of a generally more competitive environment in the Oilfield Services segment and lower margin experienced by the Trucking/Logistics segment.

DOE Contractors expense in the first six months of 2013 decreased by $4.8 million to $206.5 million, as compared to $211.3 million in 2012 due to the $6.2 million decrease in Contractors revenue. As a percentage of Contractors revenue, DOE Contractors expense remained stable at 75.2 percent.

Selling and Administrative Expenses

Consolidated Selling and Administrative Expenses **Six month periods ended June 30** **(*unaudited*)** ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**39.8**	**5.7**	38.7	5.2	1.1	2.8
Communications, utilities and general supplies	**19.2**	**2.8**	18.8	2.5	0.4	2.1
Profit share	**9.5**	**1.4**	10.9	1.4	(1.4)	(12.8)
Foreign exchange	**(1.2)**	**(0.2)**	0.1	—	(1.3)	(1,300.0)
Stock-based compensation	**1.2**	**0.2**	1.3	0.2	(0.1)	(7.7)
Rent and other	**5.5**	**0.7**	6.4	0.9	(0.9)	(14.1)
Total	**74.0**	**10.6**	76.2	10.2	(2.2)	(2.9)

**as a percentage of Consolidated revenue*

S&A expenses were $74.0 million in the first six months of 2013 as compared to $76.2 million in 2012. The decrease of $2.2 million was mainly attributable to a $1.4 million reduction in profit share expense, which resulted from lower profits being generated in certain Operating Entities and a $1.3 million positive variance in foreign exchange. These decreases were somewhat offset by a $1.1 million increase in wage expenses. S&A expenses as a percentage of consolidated revenue increased by 0.4 percent to 10.6 percent in comparison to 10.2 percent in 2012, primarily due to the overall fixed nature of these expenses relative to the $50.3 million decrease in consolidated revenue.

Operating Income

Operating income[1] for the first six months of 2013 decreased to $143.8 million, or 5.5 percent, compared to $152.2 million generated in the same period last year. The decrease in operating income[1] of $8.4 million was the result of:

- a $6.2 million decrease in the Oilfield Services segment;
- a $1.7 million decrease in the Trucking/Logistics segment; and
- a $0.5 million increase in Corporate costs.

As a percentage of revenue, operating income[1] increased to 20.7 percent as compared to 20.4 percent in 2012. This 0.3 percent increase in operating margin was directly attributable to the completion of the TFT barge system project that occurred in the second quarter of 2012 being offset by a loss of margin in the Oilfield Services segment due to a generally more competitive environment. On a comparative basis, after adjusting for revenue and expenses related to the non-recurring TFT barge system project, consolidated operating margin was 21.5 percent in 2012.

Depreciation on Property, Plant and Equipment

Depreciation on property, plant and equipment for the six month period ended June 30, 2013, increased by $2.5 million to $33.4 million from $30.9 million in 2012. Depreciation in the Oilfield Services segment increased by $1.6 million due to the capital expenditures made by those Operating Entities involved in the transportation of fluids and the servicing of wells and from acquiring additional specialized equipment to service the demand within Alberta's oil sands. Somewhat offsetting these increases was a decrease in depreciation due to the sale of certain assets by Operating Entities combined with the Corporation's declining balance method of depreciation. Depreciation in the Trucking/Logistics segment increased by $0.8 million due to the capital expenditures made by the Operating Entities within this segment. Depreciation also increased in 2013 due to the incremental depreciation recorded on the Bernie's and Jay's acquisitions. Depreciation in the Corporate Office increased slightly on a year over year basis primarily as a result of capital expenditures related to facilities.

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

Amortization on Intangible Assets

For the six month period ended June 30, 2013, amortization on intangible assets remained consistent at $9.1 million as the additional amortization recorded on the intangible assets associated with the acquisition of Bernie's and Jay's was offset by the reduction in amortization recorded on certain Operating Entities' intangible assets that have become fully amortized.

Finance Costs

Finance costs for the six month period ended June 30, 2013, decreased by $4.1 million to $13.3 million from $17.4 million in 2012. This decrease was mainly attributable to lower interest expense being recorded on the Debentures due to conversions.

Unrealized Foreign Exchange Loss

(unaudited) ***($ millions, except exchange rate amount)***	**2013**			**2012**		
	U.S. $ Debt	**Exchange Rate**	**CDN $ Equivalent**	**U.S. $ Debt**	**Exchange Rate**	**CDN $ Equivalent**
Beginning – January 1	**235.0**	**0.9949**	**233.8**	235.0	1.0170	239.0
Ending – June 30	**235.0**	**1.0518**	**247.2**	235.0	1.0181	239.3
Unrealized foreign exchange loss			**13.4**			0.3

For the six month period ended June 30, 2013, Mullen Group recorded an unrealized foreign exchange loss of $13.4 million. This was due to the impact of the change over the period in the value of the CDN. Dollar relative to the U.S. dollar on the Corporation's $235.0 million of U.S. dollar denominated debt. For the same period in 2012 there was an unrealized foreign exchange loss of $0.3 million related to the Corporation's $235.0 million of U.S. dollar denominated debt.

Other (Income) Expense

Other income for the six month period ended June 30, 2013, was $21.3 million as compared to the $4.2 million of other expense recorded in 2012. This $25.5 million positive variance was due to the factors set forth below.

<u>Change in fair value of investments (positive variance of $26.9 million).</u> For the six month period ended June 30, 2013, Mullen Group recorded an increase in the fair value of investments of $20.8 million as compared to a $6.1 million decrease in the same period in 2012. This increase was mainly attributable to the year over year change in the value of Mullen Group's investment in Logan. There were no investments purchased or sold during the six month period ended June 30, 2013.

<u>Gain or loss on sale of property, plant and equipment (negative variance of $2.1 million)</u>. For the six month period ended June 30, 2013, Mullen Group recognized a loss of $0.2 million on sale of property, plant and equipment on consolidated proceeds on sale of $4.8 million as compared to a $1.9 million gain on sale of property, plant and equipment on consolidated proceeds on sale of $9.5 million for the same period in 2012. In 2013 the $0.2 million loss on sale of property, plant and equipment was due to the sale of older assets by Operating Entities within the Trucking/Logistics segment, which was somewhat offset by a gain on sale on equipment recorded in the Oilfield Services segment.

<u>Earnings from Equity Investment (positive variance of $0.7 million)</u>. For the six month period ended June 30, 2013, Mullen Group recognized $0.7 million of earnings from its equity investment in Canol.

Income Taxes

(unaudited) ($ millions)	Six month periods ended June 30			
		2013		**2012**
Income before income taxes	**$**	**95.9**	$	90.3
Combined statutory tax rate		**25%**		25%
Expected income tax		**24.0**		22.6
Add (deduct):				
Non-taxable portion of unrealized foreign exchange loss		**1.7**		—
Non-taxable portion of the change in fair value of investments		**(2.6)**		0.8
Stock-based compensation expense		**0.3**		0.3
Other		**0.7**		0.4
Income tax expense	**$**	**24.1**	$	24.1

For the six month period ended June 30, 2013, income tax expense remained consistent at $24.1 million.

Net Income

(unaudited) ($ millions, except share and per share amounts)	Six month periods ended June 30				
		2013		**2012**	**% Change**
Net income	**$**	**71.8**	$	66.2	8.5
Weighted average number of Common Shares outstanding		**89,074,767**		81,040,165	9.9
Earnings per share – basic	**$**	**0.81**	$	0.82	(1.2)

Net income for the six month period ended June 30, 2013, increased by $5.6 million to $71.8 million from $66.2 million in 2012.

The factors contributing to the increase in net income include:

- a $26.9 million year over year positive variance in the fair value of investments;
- a $4.1 million decrease in finance costs; and
- a $0.7 million increase in earnings from equity investment.

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

- a $13.1 million negative variance in unrealized foreign exchange;
- an $8.4 million decrease in operating income[1];
- a $2.5 million increase in depreciation on property, plant and equipment; and
- a $2.1 million decrease in gain on sale of property, plant and equipment.

The weighted average number of Common Shares outstanding increased on a year over year basis from 81,040,165 to 89,074,767 due to the issuance of Common Shares on the conversion of Debentures and from the exercise of stock options. As a result, basic earnings per share decreased to $0.81 compared to $0.82 in 2012.

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

Net Income – Adjusted and Earnings per Share – Adjusted

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

(unaudited) ***($ millions, except share and per share amounts)***	**Six month periods ended June 30** **2013**	 **2012**
Income before income taxes	**$ 95.9**	$ 90.3
Add (deduct):		
Unrealized foreign exchange loss	**13.4**	0.3
Change in fair value of investments	**(20.8)**	6.1
Income before income taxes – adjusted	**88.5**	96.7
Income tax rate	**25%**	25%
Computed expected income tax expense	**22.1**	24.2
Net income – adjusted[1]	**66.4**	72.5
Weighted average number of Common Shares outstanding – basic	**89,074,767**	81,040,165
Earnings per share – adjusted[1]	**$ 0.75**	$ 0.89

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

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SEGMENTED INFORMATION – SIX MONTH PERIOD ENDED JUNE 30, 2013

Six month period ended June 30, 2013 *(unaudited)* *($ millions)*	Oilfield Services	Trucking /Logistics	Corporate and intersegment eliminations	Total
	$	$	$	$
Revenue	**431.2**	**266.4**	**(1.8)**	**695.8**
Direct operating expenses	**288.1**	**194.1**	**(4.2)**	**478.0**
Selling and administrative expenses	**41.5**	**28.1**	**4.4**	**74.0**
Operating income(1)	**101.6**	**44.2**	**(2.0)**	**143.8**

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

Six month period ended June 30, 2012 *(unaudited)* *($ millions)*	Oilfield Services	Trucking /Logistics	Corporate and intersegment eliminations	Total
	$	$	$	$
Revenue	484.6	264.3	(2.8)	746.1
Direct operating expenses	333.5	190.4	(6.2)	517.7
Selling and administrative expenses	43.3	28.0	4.9	76.2
Operating income(1)	107.8	45.9	(1.5)	152.2

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

OILFIELD SERVICES SEGMENT

Revenue

Revenue – Oilfield Services Six month periods ended June 30 *(unaudited)* *($ millions)*	2013		2012		Change	
	$	%	$	%	$	%
Company	**295.5**	**68.5**	340.5	70.3	(45.0)	(13.2)
Contractors	**134.1**	**31.1**	141.7	29.2	(7.6)	(5.4)
Other	**1.6**	**0.4**	2.4	0.5	(0.8)	(33.3)
Total	**431.2**	**100.0**	484.6	100.0	(53.4)	(11.0)

The Oilfield Services segment generated 61.8 percent of pre-consolidated revenue in the first six months of 2013 as compared to 64.7 percent in 2012. Revenue in this segment decreased by $53.4 million, or 11.0 percent, to $431.2 million as compared to $484.6 million in 2012. This decrease was due to:

- a reduction in revenue from Canadian Dewatering as a result of its completion of the TFT barge system project;
- a reduction in drilling activity in western Canada that negatively impacted those Operating Entities most directly tied to oil and natural gas drilling activity, most notably rig relocation services; and
- a challenging operating environment in western Canada resulting from the combination of competitive pricing, pipeline and infrastructure bottlenecks in certain markets as well as weather and flood related issues.

These decreases were partially offset by an increase in revenue generated by those Operating Entities providing services associated with large diameter pipeline construction projects and other specialized services, as well as increased revenue generated by Heavy Crude as a result of its major crude oil and fluid hauling contract in the Lloydminster region.

Drilling activity in the WCSB, as reported in terms of active rig count, total wells drilled and length of metres drilled within such wells, declined in the first six months of 2013 as compared to the prior year. Industry statistics indicate that the average active rig count was 324 rigs during the first six months of 2013 as compared to 359 active rigs in 2012, a decrease of 35 rigs or 9.7 percent. In addition, total wells drilled in 2013 decreased by 2.3 percent to 4,894 wells drilled in the period as compared to 5,007 wells drilled in 2012. The length of metres drilled within such wells decreased by 0.6 percent during the period to 10.06 million metres as compared to 10.12 million metres in 2012. Specific factors affecting the Oilfield Services segment's revenue in the quarter were:

- a $29.8 million decrease in revenue due to the completion of the design, build and commissioning of the TFT barge system project for a large oil sands customer during the second quarter of 2012;

- an $18.3 million decrease in revenue generated by those Operating Entities most directly tied to oil and natural gas drilling activity;

- an $18.0 million decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells;

- an $8.4 million increase in revenue generated by those Operating Entities providing specialized services to the oil sands and large diameter pipeline construction projects; and

- a $3.0 million increase in revenue generated by those Operating Entities providing drilling services including core drilling for the oil sands.

Direct Operating Expenses

Direct Operating Expenses – Oilfield Services
Six month periods ended June 30

(unaudited) ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**80.3**	**27.2**	84.4	24.8	(4.1)	(4.9)
Fuel	**25.0**	**8.5**	26.8	7.9	(1.8)	(6.7)
Repairs and maintenance	**43.2**	**14.6**	43.8	12.9	(0.6)	(1.4)
Operating supplies	**26.9**	**9.1**	60.7	17.8	(33.8)	(55.7)
Other	**11.2**	**3.7**	10.9	3.2	0.3	2.8
	186.6	**63.1**	226.6	66.6	(40.0)	(17.7)
Contractors	**101.5**	**75.7**	106.9	75.4	(5.4)	(5.1)
Total	**288.1**	**66.8**	333.5	68.8	(45.4)	(13.6)

**as a percentage of respective Oilfield Services revenue*

DOE were $288.1 million in the first six months of 2013 as compared to $333.5 million in 2012. The decrease of $45.4 million, or 13.6 percent, was directly related to the decrease in segment revenue during the period. The majority of this reduction, specifically $31.7 million, was directly attributable to the completion of the TFT barge system project. As a percentage of revenue these expenses decreased by 2.0 percent to 66.8 percent compared to 68.8 percent in 2012.

In the first six months of 2013 DOE associated with Company Equipment decreased to $186.6 million from $226.6 million in 2012. The decrease of $40.0 million, or 17.7 percent, was directly related to the decrease in Company revenue, most notably from the completion of the TFT barge system project. As a percentage of Company revenue these expenses decreased to 63.1 percent compared to 66.6 percent in 2012. Company expenses as a percentage of Company revenue decreased by 3.5 percent primarily due to the factors set forth below.

- The absence of the lower margin revenue that was associated with the non-recurring TFT barge system project. This project consumed $31.7 million of operating supplies in 2012 as compared to no operating supplies in 2013.
- The increase of margin generated on revenue related to large diameter pipeline construction projects and other specialized transportation services.
- The increased margin resulting from these two factors was somewhat offset by the generally more competitive operating environment that affected the demand and pricing for most other services, most notably rig relocation services.

DOE Contractors expense in the first six months of 2013 decreased by $5.4 million to $101.5 million, as compared to $106.9 million in 2012. As a percentage of Contractors revenue, DOE Contractors expense increased slightly to 75.7 percent, as compared to 75.4 percent in 2012, due to the increased use of subcontractors in certain markets.

Selling and Administrative Expenses

Selling and Administrative Expenses – Oilfield Services
Six month periods ended June 30

(unaudited) ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**21.0**	**4.9**	20.9	4.3	0.1	0.5
Communications, utilities and general supplies	**11.0**	**2.6**	11.3	2.3	(0.3)	(2.7)
Profit share	**5.9**	**1.4**	6.9	1.4	(1.0)	(14.5)
Rent and other	**3.6**	**0.7**	4.2	0.9	(0.6)	(14.3)
Total	**41.5**	**9.6**	43.3	8.9	(1.8)	(4.2)

**as a percentage of total Oilfield Services revenue*

S&A expenses were $41.5 million in the first six months of 2013 as compared to $43.3 million in 2012. The decrease of $1.8 million was mainly attributable to a $1.0 million reduction in profit share expense, which resulted from lower profits being generated in certain Operating Entities. S&A expenses as a percentage of segment revenue increased by 0.7 percent to 9.6 percent in comparison to 8.9 percent in 2012, primarily due to the overall fixed nature of these expenses relative to the $53.4 million decrease in segment revenue.

Operating Income

Operating income[1] in the first six months of 2013 decreased by 5.8 percent to $101.6 million. The $6.2 million year over year decrease can primarily be attributed to the net effect of the following:

- an $8.7 million increase relating to those Operating Entities leveraged to the oil sands and pipeline construction projects;
- a $1.7 million increase from Operating Entities providing drilling services, including core drilling services;
- a $1.5 million increase due to the recognition of a net operating loss in 2012 that resulted from the completion of the TFT barge system project;
- a $9.5 million decrease in those Operating Entities involved in the transportation of fluids and servicing of wells; and
- an $8.6 million decrease from Operating Entities tied to drilling related activity, most notably from rig relocation services.

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

Operating income[1] represented as a percentage of segment revenue, increased to 23.6 percent in the first six months of 2013 from 22.3 percent in 2012. The 1.3 percent increase in operating margin was a direct result of the combined effect of the completion of the TFT barge system project and increased pipeline construction activity that was partially offset by a decrease in drilling activity that resulted in lower demand for services and a more competitive operating environment. On a comparative basis, after adjusting for revenue and expenses related to the non-recurring TFT barge system project, consolidated operating margin was 24.1 percent in 2012.

Capital Expenditures

Net capital expenditures[1] in the Oilfield Services segment decreased by $0.3 million to $30.9 million from $31.2 million in 2012. The Oilfield Services segment had gross capital expenditures of $35.1 million and dispositions of $4.2 million for net capital expenditures[1] of $30.9 million in 2013. Gross capital expenditures mainly consisted of acquiring additional equipment for those Operating Entities involved in the transportation of fluids and the servicing of wells and from acquiring specialized equipment to service the demand within Alberta's oil sands. The majority of the dispositions related to the sale of older trucks and trailers. In 2012 gross capital expenditures were $36.6 million and dispositions were $5.4 million for net capital expenditures[1] of $31.2 million.

TRUCKING/LOGISTICS SEGMENT

Revenue

Revenue – Trucking/Logistics **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**123.3**	**46.3**	121.4	45.9	1.9	1.6
Contractors	**142.7**	**53.6**	142.5	53.9	0.2	0.1
Other	**0.4**	**0.1**	0.4	0.2	—	—
Total	**266.4**	**100.0**	264.3	100.0	2.1	0.8

The Trucking/Logistics segment generated 38.2 percent of pre-consolidated revenue in the first six months of 2013 as compared to 35.3 percent in 2012. Revenue in this segment increased by $2.1 million, or 0.8 percent, to $266.4 million as compared to $264.3 million in 2012. This increase was due to the incremental revenue generated by the acquisition of Jay's and increased demand for most services within this segment. These increases were partially offset by decreased demand for over-dimensional and heavy haul freight services as well as a $0.6 million decrease in fuel surcharge revenue. Fuel surcharge revenue decreased to $27.5 million from $28.1 million in 2012.

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

Direct Operating Expenses

Direct Operating Expenses – Trucking/Logistics **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2013**		**2012**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**34.3**	**27.8**	32.0	26.4	2.3	7.2
Fuel	**15.5**	**12.6**	14.7	12.1	0.8	5.4
Repairs and maintenance	**17.6**	**14.3**	17.1	14.1	0.5	2.9
Operating supplies	**9.7**	**7.9**	8.5	7.0	1.2	14.1
Other	**9.9**	**8.0**	10.4	8.5	(0.5)	(4.8)
	87.0	**70.6**	82.7	68.1	4.3	5.2
Contractors	**107.1**	**75.1**	107.7	75.6	(0.6)	(0.6)
Total	**194.1**	**72.9**	190.4	72.0	3.7	1.9

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

DOE in the first six months of 2013 were $194.1 million as compared to $190.4 million in 2012. The increase of $3.7 million, or 1.9 percent, was due to higher DOE associated with Company Equipment that was partially offset by a reduction in DOE associated with Contractors. Overall as a percentage of revenue these expenses increased by 0.9 percent to 72.9 percent as compared to 72.0 percent in 2012.

DOE related to Company Equipment increased by $4.3 million to $87.0 million from $82.7 million, primarily due to an increase in wages and benefits and, to a lesser degree, incremental DOE resulting from the acquisition of Jay's. In terms of a percentage of revenue, DOE Company increased to 70.6 percent as compared to 68.1 percent in 2012. This 2.5 percent increase as a percentage of Company revenue was due to the combined effect of the following:

- wages and benefit expenses that increased by 1.4 percent to 27.8 percent of Company revenue, or $34.3 million, as compared to 26.4 percent or $32.0 million in 2012, due to wage increases in certain Operating Entities to remain competitive;

- operating supplies that increased by 0.9 percent of Company revenue to 7.9 percent, or $9.7 million, as compared to 7.0 percent or $8.5 million in 2012, mainly due to an increase in the sale of industrial and aggregate products;

- fuel expenses that increased by 0.5 percent of Company revenue to 12.6 percent, or $15.5 million, as compared to 12.1 percent or $14.7 million in 2012, due to the combination of a change in diesel fuel prices and the decrease in fuel surcharge revenue;

- repair and maintenance expenses that increased by 0.2 percent to 14.3 percent of Company revenue, or $17.6 million, as compared to 14.1 percent or $17.1 million in 2012, as a result of on-going efforts to reduce costs and the purchase of new equipment; and

- other expenses that decreased by 0.5 percent to 8.0 percent of Company revenue, or $9.9 million, as compared to 8.5 percent or $10.4 million in 2012, as a result of on-going efforts to reduce costs.

DOE Contractors expense in the first six months of 2013 decreased by $0.6 million to $107.1 million, as compared to $107.7 million in 2012, primarily as a result of a slight reduction in Contractors revenue. As a percentage of Contractors revenue, DOE Contractors expense decreased to 75.1 percent as compared to 75.6 percent in 2012.

Selling and Administrative Expenses

Selling and Administrative Expenses – Trucking/Logistics Six month periods ended June 30 *(unaudited)* *($ millions)*	2013		2012		Change	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**16.3**	**6.1**	16.0	6.1	0.3	1.9
Communications, utilities and general supplies	**7.2**	**2.7**	7.0	2.6	0.2	2.9
Profit share	**3.6**	**1.4**	4.1	1.6	(0.5)	(12.2)
Foreign exchange	**(0.7)**	**(0.3)**	(0.2)	(0.1)	(0.5)	250.0
Rent and other	**1.7**	**0.6**	1.1	0.4	0.6	54.5
Total	**28.1**	**10.5**	28.0	10.6	0.1	0.4

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

S&A expenses were $28.1 million in the first six months of 2013 as compared to $28.0 million in 2012. The increase of $0.1 million was primarily due to the acquisition of Jay's that was mostly offset by a $0.5 million year over year positive variance in foreign exchange. S&A expenses as a percentage of segment revenue decreased by 0.1 percent to 10.5 percent in comparison to 10.6 percent in 2012.

Operating Income

Operating income[1] for the first six months of 2013 decreased by $1.7 million to $44.2 million, or 3.7 percent, compared to $45.9 million generated in the same period last year. As a percentage of segment revenue, operating income[1] decreased to 16.6 percent as compared to 17.4 percent in 2012. This 0.8 percent decrease in operating margin was primarily due to higher DOE Company expenses.

Capital Expenditures

Net capital expenditures[1] in the Trucking/Logistics segment decreased by $4.5 million to $9.4 million from $13.9 million in 2012. The Trucking/Logistics segment had gross capital expenditures of $10.3 million and dispositions of $0.9 million for net capital expenditures[1] of $9.4 million in 2013. Gross capital expenditures mainly consisted of the purchase of trucks and trailers as well as various pieces of operating equipment. In 2012 gross capital expenditures were $15.2 million and dispositions were $1.3 million for net capital expenditures[1] of $13.9 million.

CORPORATE

For the six month period ended June 30, 2013, the Corporate Office incurred a net operating loss of $2.0 million, an increase of $0.5 million from the $1.5 million loss recorded in 2012. The $0.5 million increase in net operating loss was mainly attributable to a reduction in the costs recovered from the Operating Entities in 2013 as compared to 2012. These factors were somewhat offset by a positive variance on foreign exchange and the ongoing efforts to reduce and control costs.

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

CAPITAL RESOURCES AND LIQUIDITY

Consolidated Cash Flow Summary

(unaudited) *($ millions)*	Six month periods ended June 30 2013	2012
Net cash from operating activities	$ **92.5**	$ 137.7
Net cash used in financing activities	**(81.2)**	(61.5)
Net cash used in investing activities	**(76.0)**	(54.6)
Change in cash and cash equivalents	**(64.7)**	21.6
Effect of exchange rate fluctuations on cash held	**0.7**	0.1
Cash and cash equivalents, beginning of period	**122.8**	65.9
Cash and cash equivalents, end of period	$ **58.8**	$ 87.6

Sources and Uses of Cash

For the six month period ended June 30, 2013, net cash from operating activities was $92.5 million, a decrease of $45.2 million, or 32.8 percent, from the $137.7 million generated in 2012. This decrease was mainly due to a $20.0 million increase in income taxes paid, the $8.4 million decrease in operating income[1] and a $16.1 million change in non-cash working capital items from operating activities in 2013 as compared to 2012. The increase in income taxes paid was due to the greater amount of income generated by Mullen Group on a year over year basis, as well as the impact of the tax law enacted by the Canadian federal government that gradually eliminates the deferral of tax by a corporation with operating partnerships having fiscal periods different from the corporation's tax year. The change in non-cash working capital items from operating activities is detailed in the chart below.

Changes in Non-Cash Working Capital Items from Operating Activities

(unaudited) *($ millions)*	Six month periods ended June 30 2013	2012	Variance
	$	**$**	**$**
Sources (uses) of cash			
Trade and other receivables	**11.3**	30.1	(18.8)
Inventory	**0.1**	5.5	(5.4)
Prepaid expenses	**(6.2)**	(6.1)	(0.1)
Accounts payable and accrued liabilities	**(5.4)**	(13.6)	8.2
Total sources (uses) of cash from non-cash working capital items	**(0.2)**	15.9	(16.1)

For the six month period ended June 30, 2013, Mullen Group used $0.2 million of cash from changes in non-cash working capital items from operating activities compared to generating $15.9 million of cash in 2012. This $16.1 million variance in cash from changes in non-cash working capital items from operating activities was mainly due to the factors listed below.

- A variance of $18.8 million in trade and other receivables, which resulted from the combined effect of an $11.3 million source of cash in 2013 as compared to $30.1 million source of cash in 2012. These sources of cash resulted from Mullen Group collecting more receivables than it generated during the six month periods in 2013 and 2012.

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

- A variance of $5.4 million in inventory, which resulted from the combined effect of a $0.1 million source of cash in 2013 and a $5.5 million source of cash in 2012. In 2013 inventory decreased slightly during the period, resulting in a source of cash. In 2012 inventory decreased by $5.5 million due to the completion of the TFT barge system project.

- A variance of $0.1 million in prepaid expenses, which resulted from the combined effect of a $6.2 million use of cash in 2013 and a $6.1 million use of cash in 2012.

Somewhat offsetting these items was the following:

- A variance of $8.2 million in accounts payable and accrued liabilities, which resulted from the combined effect of a $5.4 million use of cash in 2013 and a $13.6 million use of cash in 2012.

Net cash used in financing activities was $81.2 million, an increase of $19.7 million from the $61.5 million used in 2012. This increase was mainly due to the factors set forth below.

- An additional $26.0 million in dividends paid to shareholders in 2013 as compared to 2012 resulting from two factors. First, the Board's decision to declare and pay dividends of $0.10 per Common Share on a monthly basis in 2013 as compared to paying $0.25 per Common Share on a quarterly basis in 2012. This change resulted in a 20.0 percent increase in the amount of dividends declared on a year over year basis. Second, the number of Common Shares outstanding increased, primarily due to the conversion of Debentures.

- A $2.1 million increase in the repayment of long-term debt and loans as a result of repaying $5.4 million of debt, which was assumed on the acquisition of Jay's.

These increases were somewhat offset by an additional $4.3 million of cash received from the exercise of stock options and a $4.0 million reduction in the amount of interest paid in 2013 as compared to 2012. The $4.0 million reduction in the amount of interest paid was due to the conversion of Debentures, which resulted in lower interest being paid in 2013.

Net cash used in investing activities was $76.0 million, an increase of $21.4 million from the $54.6 million used in 2012. This increase was mainly due to using an additional $10.4 million of cash to purchase net capital expenditures[1] and the $15.8 million of cash used to fund the 2013 acquisition of Jay's as compared to the $5.9 million of cash used in 2012 to fund the acquisition of Bernie's.

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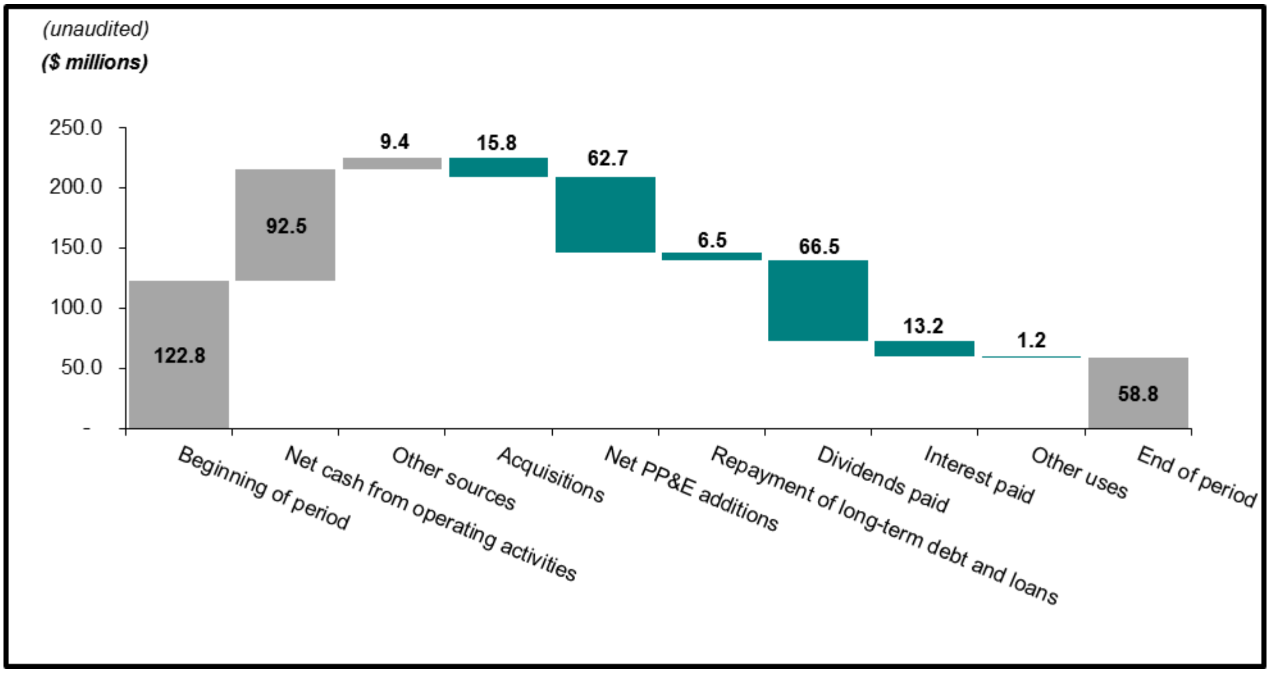
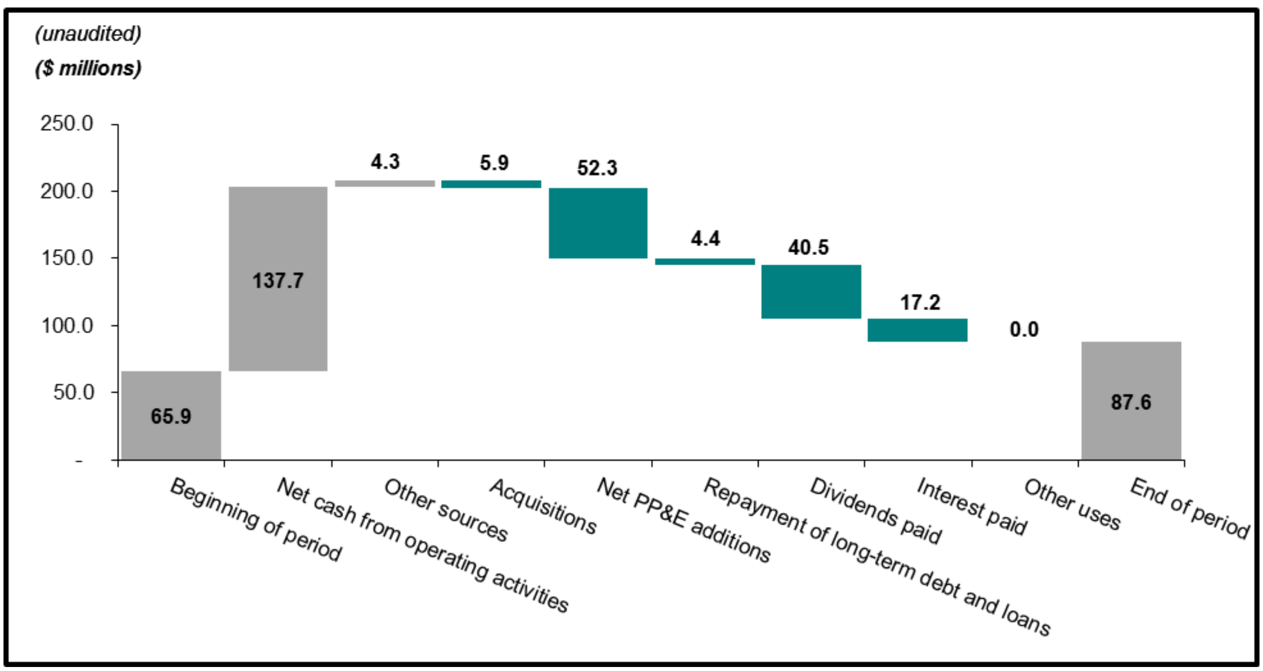
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

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

Six month period ended June 30, 2013



Six month period ended June 30, 2012



In addition to the $92.5 million of net cash from operating activities, Mullen Group also received $9.4 million of cash from other sources, which mainly consisted of the change in non-cash working capital items from investing activities, the exercise of stock options and interest income generated on cash and cash equivalents. Cash was used to pay dividends totalling $66.5 million (2012 – $40.5 million), fund acquisitions of $15.8 million (2012 – $5.9 million), acquire net property, plant and equipment of $62.7 million (2012 – $52.3 million), pay interest obligations of $13.2 million (2012 – $17.2 million) and repay long-term debt and loans of $6.5 million (2012 – $4.4 million).

At June 30, 2013, Mullen Group had $210.4 million of working capital, which included $58.8 million of cash and cash equivalents and $0.5 million representing the current portion of long-term debt. Mullen Group also had access to additional funding of $75.0 million from its July 30, 2012, 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 2013 are available to finance Mullen Group's ongoing working capital requirements, dividends declared by the Board, its 2013 capital expenditure budget, as well as various special projects and acquisition opportunities.

On January 15, 2013, Mullen Group's Board announced its intention to increase the annual dividend from $1.00 per Common Share to $1.20 per Common Share. In making its decision, the Board considered a wide range of economic issues, commodity pricing predictions and forecasted drilling activity for the WCSB. The Board also announced that the dividend would be paid on a monthly basis rather than on a quarterly basis. Mullen Group commenced the monthly dividend by declaring a $0.10 per Common Share dividend in January 2013 payable on February 15, 2013. The Board will determine on a monthly basis the amount of and the record date for the monthly dividend. At June 30, 2013, Mullen Group had 90,172,871 Common Shares outstanding and a dividend payable of $9.0 million. During the first six months of 2013, Mullen Group declared dividends of $0.60 per Common Share. During the first six months of 2012, Mullen Group declared and paid quarterly dividends of $0.25 per Common Share.

The following table provides a history of dividends declared on a year over year basis.

Dividends Per Common Share:
($ millions, except per share amounts)

Record Date	Payment Date		Amount Per Share		Total Dividends
June 30, 2013	**July 15, 2013**	**$**	**0.10**	**$**	**9.0**
May 31, 2013	**June 17, 2013**	**$**	**0.10**	**$**	**9.0**
April 30, 2013	**May 15, 2013**	**$**	**0.10**	**$**	**9.0**
March 31, 2013	**April 15, 2013**	**$**	**0.10**	**$**	**9.0**
February 28, 2013	**March 15, 2013**	**$**	**0.10**	**$**	**8.8**
January 31, 2013	**February 15, 2013**	**$**	**0.10**	**$**	**8.8**
December 31, 2012	January 15, 2013	$	0.25	$	21.9
September 30, 2012	October 15, 2012	$	0.25	$	21.8
June 30, 2012	July 16, 2012	$	0.25	$	20.3
March 31, 2012	April 16, 2012	$	0.25	$	20.3

On January 15, 2013, Mullen Group's Board approved an $80.0 million capital expenditure budget for 2013 for allocation to those Operating Entities that need new capital to grow or sustaining capital to meet their ongoing customer needs. On July 24, 2013, Mullen Group's Board increased its capital expenditure budget for 2013 by $20.0 million to $100.0 million. The majority of this increase will be allocated towards the purchase of specialized operating equipment within the Oilfield Services segment. As a result, Mullen Group expects to allocate $75.0 million to the Oilfield Services segment and $25.0 million to the Trucking/Logistics segment. The capital required for acquisitions, land purchases and other special projects is not included in this $80.0 million budget and will be authorized by the Board as the need arises. During the first six months of 2013, Mullen Group had net capital expenditures[1] of $62.7 million compared to $52.3 million in 2012. This decrease primarily resulted from the timing of when capital expenditures were received from suppliers.

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

Debt

As at June 30, 2013, Mullen Group had net debt[1] outstanding of $213.4 million, which consisted of total debt of $424.3 million less working capital (excluding the current portion of long-term debt) of $210.9 million. Total Debt is comprised of the Private Placement Debt, Debentures and Various Financing Loans. The following chart summarizes Mullen Group's total and net debt[1] as at June 30, 2013, and December 31, 2012:

	June 30, 2013				December 31, 2012			
(unaudited) ***($ millions)***		**U.S. Dollar**		**CDN. Dollar Equivalent**		**U.S. Dollar**		**CDN. Dollar Equivalent**
Private Placement Debt:								
Series A – matures June 30, 2016	**$**	**100.0**	**$**	**105.2**	$	100.0	$	99.5
Series B – matures June 30, 2018		**50.0**		**52.6**		50.0		49.7
Series C – matures June 30, 2016		**—**		**70.0**		—		70.0
Series D – matures June 30, 2018		**—**		**70.0**		—		70.0
Series E – matures September 27, 2017		**85.0**		**89.4**		85.0		84.6
Series F – matures September 27, 2017		**—**		**20.0**		—		20.0
Bank Credit Facility		**—**		**—**		—		—
Various Financing Loans		**—**		**0.5**		—		1.6
Less:								
Unamortized debt issuance costs		**—**		**(1.0)**		—		(1.1)
Long-term debt (including the current portion)		**235.0**		**406.7**		235.0		394.3
Debentures – debt component		**—**		**17.6**		—		39.8
Total debt	**$**	**235.0**	**$**	**424.3**	$	235.0	$	434.1
Less:								
Working capital (excluding the current portion of long-term debt)				**210.9**				239.5
Net debt(1)			**$**	**213.4**			$	194.6

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

Private Placement Debt Financial Covenants

Mullen Group has certain financial covenants under its Private Placement Debt. 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.

Total debt to operating cash flow was calculated as follows:

Total debt to operating cash flow		**June 30 2013**		**December 31 2012**
Total debt	**$**	**409.7**	$	396.7
Operating cash flow	**$**	**289.1**	$	297.4
Total debt to operating cash flow		**1.42:1**		1.33:1

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

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 chart below, is in compliance with both of the aforementioned covenants.

Financial Covenants	**Financial Covenant Threshold**	**June 30 2013**	**March 31 2013**	**December 31 2012**
Private Placement Debt Covenants				
(a) Total debt to operating cash flow cannot exceed	3.50:1	**1.42:1**	1.40:1	1.33:1
(b) Total earnings available for fixed charges to total fixed charges cannot be less than	1.75:1	**8.65:1**	8.58:1	8.84:1

Mullen Group's debt-to-equity ratio at June 30, 2013, was 0.49:1 compared to 0.52:1 at December 31, 2012. This decrease in the debt-to-equity ratio was due to a combination of a $9.7 million decrease in long-term debt (including the current portion) and a $47.2 million increase in equity compared to December 31, 2012. The $9.7 million decrease in long-term debt was mainly due to a $22.2 million reduction in the debt component of Debentures resulting from conversions in 2013 and the repayments on certain Various Financing Loans, including a mortgage. These items were somewhat offset by the effect of the $13.4 million unrealized foreign exchange loss on the Corporation's U.S. dollar denominated debt. The $47.2 million increase in equity mainly resulted from $71.8 million of net income recognized in 2013, a $22.9 million increase from the conversion of Debentures and $4.9 million from the exercise of stock options. These items were somewhat offset by $53.6 million of dividends declared to shareholders in 2013.

Capital Expenditures Consolidated

For the six month period ended June 30, 2013, net capital expenditures[1] increased by $10.4 million, or 19.9 percent, to $62.7 million in 2013 from $52.3 million in 2012. Gross capital expenditures totalled $67.5 million excluding acquisitions. These expenditures were comprised of $35.1 million in the Oilfield Services segment, $10.3 million in the Trucking/Logistics segment and $22.6 million in the Corporate Office. The $22.6 million of additions in the Corporate Office mainly consisted of the purchase of real property and facilities. Offsetting these expenditures were gross dispositions of $4.2 million in the Oilfield Services segment, $0.9 million in the Trucking/Logistics segment and $0.3 million in the Corporate Office. In 2012 gross capital expenditures totalled $61.8 million and gross dispositions were $9.5 million for net capital expenditures[1] of $52.3 million.

Contractual Obligations

An overview of Mullen Group's contractual obligations can be found on page 28 of the 2012 MD&A. As at June 30, 2013, Mullen Group's contractual obligations have not changed significantly from this overview.

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

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 of Directors of Mullen Group prior to the creation and issuance thereof. As at the date hereof, no series of Preferred Shares had been created.

Common Shares

Common Shares **Authorized: Unlimited Number**	**# of Common Shares**		**Amount** ***($ millions)***
Balance at December 31, 2012	87,667,838	$	720.8
Common Shares issued on conversion of Debentures	2,208,991		24.0
Common Shares issued on exercise of stock options	296,042		6.4
Balance at June 30, 2013	**90,172,871**	**$**	**751.2**

At June 30, 2013, Mullen Group had 90,172,871 Common Shares outstanding representing $751.2 million in share capital, an increase of $30.4 million as compared to $720.8 million at December 31, 2012. This increase was mainly due to an additional $24.0 million recorded on the issuance of 2,208,991 Common Shares in relation to the conversion of 23,305 Debentures including accrued and unpaid interest and $6.4 million recorded on the issuance of 296,042 Common Shares in relation to the exercise of stock options during the period.

Convertible Unsecured Subordinated Debentures

On May 1, 2009, Mullen Group issued the 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:

		June 30, 2013				**December 31, 2012**			
Year of Maturity	**Nominal Interest Rate**		**Face Value**		**Carrying Amount**		**Face Value**		**Carrying Amount**
2018	10%	**$**	**18,375**	**$**	**17,611**	$	41,680	$	39,773

As at June 30, 2013, on a cumulative basis, a total of 106,625 Debentures representing $106.6 million of aggregate principal amount had been converted into 10,127,384 Common Shares of Mullen Group. As such, Mullen Group had 18,375 Debentures outstanding that could be converted into an aggregate of approximately 1,712,550 Common Shares of the Corporation. As subordinated debt, the accounting value assigned to the Debentures, including any related interest expense, is excluded from Mullen Group's financial covenant calculations on its Private Placement Debt. The Debentures are also subordinated to the Bank Credit Facility.

Stock Option Plan

	Options	Weighted average exercise price
Outstanding – December 31, 2012	2,389,485	$ 18.54
Granted	210,000	22.86
Exercised	(296,042)	(16.43)
Forfeited	(118,258)	(20.32)
Outstanding – June 30, 2013	**2,185,185**	**$ 19.14**
Exercisable – June 30, 2013	**715,185**	**$ 16.55**

The total number of options available to be issued under the stock option plan cannot exceed 4,000,000. On January 25, 2013, Mullen Group issued 210,000 stock options under its stock option plan at an exercise price of $22.86 with a vesting date of January 25, 2016. For the six month period ended June 30, 2013, there were 296,042 stock options exercised and 118,258 stock options forfeited. As at June 30, 2013, Mullen Group had 2,185,185 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. Mullen Group's 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

	2013		2012				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
($ millions, except per share amounts)	$	$	$	$	$	$	$	$
Revenue	310.3	**385.5**	**346.1**	**335.4**	**320.1**	**426.0**	394.1	359.7
Operating income[(1)]	56.0	**87.8**	**71.2**	**70.4**	**53.1**	**99.1**	83.8	81.1
Net income	27.4	**44.4**	**21.8**	**42.9**	**7.4**	**58.8**	47.5	11.3
Earnings per share								
Basic	0.30	**0.50**	**0.25**	**0.52**	**0.09**	**0.73**	0.59	0.14
Diluted	0.30	**0.49**	**0.25**	**0.49**	**0.09**	**0.67**	0.54	0.14
Other Information								
Unrealized foreign exchange loss (gain)	8.4	**5.0**	**2.7**	**(8.2)**	**4.9**	**(4.6)**	(7.3)	19.7
Decrease (increase) in fair value of investments	(16.3)	**(4.5)**	**6.0**	**(5.4)**	**7.1**	**(1.0)**	—	10.1

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

The $9.8 million decrease in revenue in the second quarter of 2013, as compared to 2012 was due to a $14.4 million decline in revenue in the Oilfield Services segment. The $14.4 million decrease in revenue experienced by the Oilfield Services segment mainly resulted from the completion of the TFT barge system project, which contributed $8.0 million of revenue in 2012 as well as a year over year decrease in demand for drilling rig relocation services. These decreases were somewhat offset by greater demand for pipeline stringing services, which resulted from certain ongoing large diameter pipeline construction projects, as well as increased revenue generated by Heavy Crude as a result of its major crude oil and fluid hauling contract in the Lloydminster region. The Trucking/Logistics segment experienced a $3.6 million increase in revenue by virtue of the incremental revenue generated from the acquisition of Jay's. Net income in the second quarter of 2013 was $27.4 million, an increase of $20.0 million from the $7.4 million generated in 2012. The $20.0 million increase in net income was mainly attributable to a $23.4 million increase in the fair value of investments. As a result, basic earnings per share in the second quarter of 2013 was $0.30, an increase of $0.21, from the $0.09 generated in 2012.

The $40.5 million decrease in revenue in the first quarter of 2013, compared to 2012, was mainly attributable to a decline in revenue in the Oilfield Services segment. The decrease in revenue experienced by the Oilfield Services segment mainly resulted from the completion of the TFT barge system project during the second quarter of 2012, a year over year decrease in drilling activity in western Canada coupled with a more competitive pricing environment. These decreases were somewhat offset by an increase in revenue generated by the commencement of certain pipeline construction projects as well as stronger demand for core drilling within the oil sands region of Alberta. The Trucking/Logistics segment experienced a slight decline in revenue by virtue of lower demand for transportation services in western Canada. Net income in the first quarter of 2013 was $44.4 million, a decrease of $14.4 million from the $58.8 million generated in 2012. The $14.4 million decrease in net income was mainly attributable to a $9.6 million negative variance in unrealized foreign exchange and an $11.3 million decrease in operating income[1]. These decreases were somewhat offset by the $3.5 million positive variance in the fair value of investments. As a result, basic earnings per share in the first quarter of 2013 was $0.50, a decrease of $0.23, from the $0.73 generated in 2012.

The $48.0 million decrease in revenue in the fourth quarter of 2012, compared to 2011, was attributable to a decline in revenue in the Oilfield Services segment. The decrease in revenue experienced by the Oilfield Services segment mainly resulted from the completion of the TFT barge system project, delays in pipeline construction projects and a year over year decrease in drilling activity in western Canada. The Trucking/Logistics segment revenue remained consistent in the fourth quarter of 2012 compared to the same period in 2011. Net income in the fourth quarter of 2012 was $21.8 million, a decrease of $25.7 million from the $47.5 million generated in 2011. The $25.7 million decrease in net income was mainly attributable to a $10.0 million negative variance in unrealized foreign exchange, a $6.0 million year over year decrease in the fair value of investments and a $12.6 million decrease in operating income[1]. As a result, basic earnings per share in the fourth quarter of 2012 was $0.25, a decrease of $0.34, from the $0.59 generated in 2011.

The $24.3 million decrease in revenue in the third quarter of 2012 compared to 2011 was attributable to a decline in revenue in the Oilfield Services segment. The decrease in revenue experienced by the Oilfield Services segment mainly resulted from a year over year decrease in drilling activity in western Canada and the completion of the TFT barge system project. These decreases were somewhat offset by stronger demand in 2012 for fluid hauling and related production services especially in southeastern Saskatchewan and the heavy oil region of Alberta. Somewhat offsetting the $28.3 million decrease in revenue experienced by the Oilfield Services segment was a $4.0 million increase in revenue in the Trucking/Logistics segment. The Trucking/Logistics segment revenue increased by virtue of greater demand for transportation services in western Canada. Net income in the third quarter of 2012 was $42.9 million, an increase of $31.6 million from the $11.3 million generated in 2011. The $31.6 million increase in net income was mainly attributable to a $27.9 million positive variance in unrealized foreign exchange and a $15.5 million year over year increase in the fair value of investments. These increases were somewhat offset by a $10.7 million decrease in operating income[1]. As a result, basic earnings per share in the third quarter of 2012 was $0.52, an increase of $0.38, or 271.4 percent, from the $0.14 generated in 2011.

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

TRANSACTIONS WITH RELATED PARTIES

A description of transactions with related parties can be found on page 46 of the 2012 MD&A. As at June 30, 2013, the transactions with related parties have not changed significantly from these descriptions.

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

PRINCIPAL RISKS AND UNCERTAINTIES

A description of principal risks and uncertainties can be found beginning on page 47 of the 2012 MD&A. As at June 30, 2013, these business risks and uncertainties have not changed significantly from those descriptions.

CRITICAL ACCOUNTING ESTIMATES

This MD&A summarizes Mullen Group's financial condition and results of operations and is based upon its Interim Financial Statements, which have been prepared in accordance with Canadian GAAP and comply with IAS 34 Interim Financial Reporting. The Interim Financial Statements require management to select significant accounting policies and make certain critical accounting estimates that affect the reported assets, liabilities, revenue and expenses. A description of critical accounting estimates can be found beginning on page 56 of the 2012 MD&A. As at June 30, 2013, Mullen Group's critical accounting estimates have not changed significantly from such description.

CHANGES IN ACCOUNTING POLICIES

New Canadian GAAP Pronouncements

A description of new IFRS pronouncements can be found on page 59 of the 2012 MD&A. As at June 30, 2013, there are no IFRS or IFRIC interpretations that are newly pronounced or effective for the first time since January 1, 2013, that had a material impact on Mullen Group.

Effective January 1, 2013, Mullen Group adopted IFRS 10 – Consolidated Financial Statements; IFRS 11 – Joint Arrangements; IFRS 12 – Disclosure of Interests in Other Entities; and IFRS 13 – Fair Value Measurement. IFRS 10, 11 and 12 were applied retrospectively. IFRS 13 was applied prospectively.

IFRS 10 establishes the principles under which Mullen Group is required to present its consolidated financial statements. IFRS 10 introduces a new control model that is applicable to all investees, requiring the consolidation of an investee when Mullen Group has control or de facto control of an entity. Mullen Group assessed the impact of this change in control framework and concluded this standard does not have a material effect on Mullen Group.

IFRS 11 establishes the principles under which Mullen Group accounts for its interest in a joint arrangement. Mullen Group classifies its interest in joint arrangements as either joint operations or joint ventures. The classification of a joint arrangement as either a joint operation or a joint venture is determined by Mullen Group's power over the relevant activities and exposure to variability in returns arising from the arrangement. Joint ventures are accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures (amended in 2011). Mullen Group's share of the joint venture's financial results is recognized in the Statement of Comprehensive Income within other (income) expense and the corresponding carrying amount is recognized in the Statement of Financial Position within investments. Mullen Group assessed the impact of this change and concluded this standard does not have a material effect on Mullen Group.

IFRS 12 establishes the disclosure requirements for Mullen Group's interests in subsidiaries, joint arrangements, associates or other unconsolidated investments. Mullen Group assessed the impact of this change in disclosure requirements and concluded this standard does not have a material effect on Mullen Group.

IFRS 13 replaces individual regulations governing the determination and disclosure regarding items that are measured at fair value. The standard does not introduce any significant new valuation methodologies, however, it does introduce new disclosure requirements. As a result, Mullen Group discloses the fair value of certain assets and liabilities on a quarterly basis.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Internal Controls over Financial Reporting

As at June 30, 2013, 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**"), the Co-Chief Executive Officer ("**Co-CEO**") and the Chief Financial Officer ("**CFO**"). Based on this evaluation, the CEO, Co-CEO and the CFO concluded that, as at June 30, 2013, 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 Canadian GAAP. 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, Co-CEO and CFO, management conducted an evaluation of the effectiveness of its internal control over financial reporting.

Based on this evaluation, management concluded that internal control over financial reporting was effective as at June 30, 2013, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. In 2013 there was no change in Mullen Group's internal control over financial reporting that materially affected or is reasonably likely to materially affect Mullen Group's internal control over financial reporting.

Mullen Group's CEO, Co-CEO and CFO have filed certifications with the Canadian securities regulators regarding the quality of Mullen Group's public disclosures relating to its fiscal 2013 reports.

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GLOSSARY OF TERMS AND RECONCILIATION OF NON-GAAP TERMS

The Interim Financial Statements attached and referred to in this MD&A were prepared according to Canadian GAAP. References to operating income, net income – adjusted, earnings per share – adjusted, net capital expenditures and net debt are not measures recognized by Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. These Non-GAAP Terms may not be comparable to similar measures presented by other issuers. Investors are cautioned that these indicators should not replace net income, earnings per share, purchases of property, plant and equipment, proceeds on sale of property, plant and equipment and debt as indicators of Canadian GAAP performance.

Operating Income

Operating income is defined as net income before depreciation on property, plant and equipment, amortization on intangible assets, finance costs, unrealized foreign exchange gains and losses, other (income) expense and income taxes. Management relies on operating income as a measurement since it provides an indication of the results generated by Mullen Group's principal business activities and the performance of its operations 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

(unaudited) *($ millions)*	**Three month periods ended June 30**		**Six month periods ended June 30**	
	2013	**2012**	**2013**	**2012**
Net income	**$ 27.4**	$ 7.4	**$ 71.8**	$ 66.2
Add (deduct):				
Income tax expense	**8.4**	5.3	**24.1**	24.1
Unrealized foreign exchange loss	**8.4**	4.9	**13.4**	0.3
Other (income) expense	**(15.9)**	6.7	**(21.3)**	4.2
Finance costs	**6.5**	8.7	**13.3**	17.4
Depreciation on property, plant and equipment	**16.7**	15.6	**33.4**	30.9
Amortization on intangible assets	**4.5**	4.5	**9.1**	9.1
Operating income	**$ 56.0**	$ 53.1	**$ 143.8**	$ 152.2

Net Income – Adjusted and Earnings per Share – Adjusted

Net income – adjusted and earnings per share – adjusted are calculated by adjusting net income and basic earnings per share by the amount of any unrealized foreign exchange gains and losses and from the change in fair value of investments. See pages 12 and 26 for detailed calculations of net income – adjusted and earnings per share – adjusted on a quarterly and year to date 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.

(unaudited) *($ millions)*	Three month periods ended June 30		Six month periods ended June 30	
	2013	**2012**	**2013**	**2012**
Purchase of property, plant and equipment	**$ 51.2**	$ 40.5	**$ 67.5**	$ 61.8
Proceeds on sale of property, plant and equipment	**(2.2)**	(3.3)	**(4.8)**	(9.5)
Net capital expenditures	**$ 49.0**	$ 37.2	**$ 62.7**	$ 52.3

Net Debt

Net debt is calculated by subtracting total working capital (current assets less current liabilities) from total debt (long-term debt plus the debt component of Debentures).

(unaudited) *($ millions)*	**June 30, 2013**	**December 31, 2012**
Long-term debt	**$ 406.2**	$ 392.8
Convertible debentures - debt component	**17.6**	39.8
Total debt	**423.8**	432.6
Less working capital:		
Current assets	**326.1**	387.1
Current liabilities	**(115.7)**	(149.1)
Total working capital	**210.4**	238.0
Net debt	**$ 213.4**	$ 194.6

OUTLOOK

Our second quarter performance was consistent with previously stated expectations reflecting overall economic conditions and the deep slowdown in western Canada's oil and natural gas drilling activity, issues we anticipated and forecasted. Our outlook for the balance of 2013 is generally more positive as a result of higher crude oil pricing, improved netback differential pricing, as well as the optimistic outlook for future exports of Canadian natural gas through west coast LNG facilities. These are positive trends that we expect will provide the foundation for an improved operating environment for our Oilfield Services segment in the second half of 2013. We have increased our capital expenditure budget for the balance of 2013 by $20.0 million to meet anticipated growth. In terms of our Trucking/Logistics segment demand levels are expected to remain steady given the outlook for the overall Canadian economy. While growth remains a challenge the acquisition of Jay's will be incremental to this segment.

Our balance sheet remains strong, including $58.8 million of cash and a $75.0 million credit facility that remains undrawn allowing the opportunity to continue investing in our Operating Entities as well as pursue growth through acquisitions.

This MD&A contains information as of July 24, 2013.

JUNE 30, 2013

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited) *(thousands)*	Note		**June 30** **2013**		**December 31** **2012**
Assets					
Current assets:					
Cash and cash equivalents		**$**	**58,816**	$	122,772
Trade and other receivables			**212,222**		219,423
Inventory			**32,325**		32,097
Prepaid expenses			**17,123**		10,663
Current tax receivable			**5,570**		2,083
			326,056		387,038
Non-current assets:					
Property, plant and equipment			**883,553**		843,318
Goodwill			**241,984**		239,595
Intangible assets			**52,748**		52,985
Investments			**49,118**		27,612
Deferred tax assets			**2,973**		5,029
Other assets			**1,572**		327
			1,231,948		1,168,866
Total Assets		**$**	**1,558,004**	$	1,555,904
Liabilities and Equity					
Current liabilities:					
Accounts payable and accrued liabilities		**$**	**105,022**	$	104,810
Dividends payable	**6**		**9,017**		21,917
Current tax payable			**1,118**		20,902
Current portion of long-term debt	**8**		**493**		1,471
			115,650		149,100
Non-current liabilities:					
Long-term debt	**8**		**406,239**		392,814
Convertible debentures – debt component	**9**		**17,611**		39,773
Deferred tax liabilities			**144,215**		147,092
			568,065		579,679
Equity:					
Share capital	**10**		**751,209**		720,836
Convertible debentures – equity component	**9**		**812**		1,843
Contributed surplus			**11,753**		12,125
Retained earnings			**110,515**		92,321
			874,289		827,125
Total Liabilities and Equity		**$**	**1,558,004**	$	1,555,904

The notes which begin on page 53 are an integral part of these condensed interim consolidated financial statements.

Approved by the Board of Directors on July 24, 2013, after review by the Audit Committee.

"Signed: Murray K. Mullen"

Murray K. Mullen, Director

"Signed: Dennis J. Hoffman"

Dennis J. Hoffman, Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited) *(thousands, except per share amounts)*	Note	Three month periods ended June 30 2013	 2012	Six month periods ended June 30 2013	 2012
Revenue		**$ 310,369**	$ 320,159	**$ 695,844**	$ 746,115
Direct operating expenses		**219,916**	232,282	**478,028**	517,738
Selling and administrative expenses		**34,512**	34,835	**74,051**	76,198
		55,941	53,042	**143,765**	152,179
Depreciation on property, plant and equipment		**16,646**	15,575	**33,405**	30,915
Amortization on intangible assets		**4,505**	4,511	**9,117**	9,077
Finance costs		**6,515**	8,698	**13,339**	17,460
Unrealized foreign exchange loss	**8**	**8,413**	4,842	**13,372**	259
Other (income) expense	**13**	**(15,914)**	6,746	**(21,331)**	4,208
Income before income taxes		**35,776**	12,670	**95,863**	90,260
Income tax expense	**7**	**8,362**	5,263	**24,082**	24,084
Net income and total comprehensive income		**$ 27,414**	$ 7,407	**$ 71,781**	$ 66,176
Earnings per share:	**11**				
Basic		**$ 0.30**	$ 0.09	**$ 0.81**	$ 0.82
Diluted		**$ 0.30**	$ 0.09	**$ 0.80**	$ 0.77
Weighted average number of Common Shares outstanding:	**11**				
Basic		**90,033**	81,092	**89,075**	81,040
Diluted		**92,091**	81,363	**92,120**	91,239

The notes which begin on page 53 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited) (*thousands*)	Share capital	Convertible debentures – equity component	Contributed surplus	Retained earnings	Total
Balance at January 1, 2013	**$ 720,836**	**$ 1,843**	**$ 12,125**	**$ 92,321**	**$ 827,125**
Total comprehensive income for the period	**—**	**—**	**—**	**71,781**	**71,781**
Common Shares issued on conversion of convertible debentures	**23,959**	**(1,031)**	**—**	**—**	**22,928**
Stock-based compensation expense	**—**	**—**	**1,177**	**—**	**1,177**
Common Shares issued on exercise of stock options	**6,414**	**—**	**(1,549)**	**—**	**4,865**
Dividends declared to common shareholders	**—**	**—**	**—**	**(53,587)**	**(53,587)**
Balance at June 30, 2013	**$ 751,209**	**$ 812**	**$ 11,753**	**$ 110,515**	**$ 874,289**

(unaudited) (*thousands*)	Share capital	Convertible debentures – equity component	Contributed surplus	Retained earnings	Total
Balance at January 1, 2012	$ 641,918	$ 4,826	$ 11,844	$ 45,711	$ 704,299
Total comprehensive income for the period	—	—	—	66,176	66,176
Common Shares issued on conversion of convertible debentures	2,534	(110)	—	—	2,424
Stock-based compensation expense	—	—	1,312	—	1,312
Common Shares issued on exercise of stock options	980	—	(324)	—	656
Dividends declared to common shareholders	—	—	—	(40,546)	(40,546)
Balance at June 30, 2012	**$ 645,432**	**$ 4,716**	**$ 12,832**	**$ 71,341**	**$ 734,321**

The notes which begin on page 53 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) *(thousands)*	Note	Six month periods ended June 30 2013	2012
Cash provided by (used in):			
Cash flows from operating activities:			
Net income		**$ 71,781**	$ 66,176
Adjustments for:			
Depreciation on property, plant and equipment		**33,405**	30,915
Amortization on intangible assets		**9,117**	9,077
Finance costs		**13,339**	17,460
Stock-based compensation expense		**1,177**	1,312
Foreign exchange		**12,682**	180
Change in fair value of investments		**(20,793)**	6,131
Loss (gain) on sale of property, plant and equipment		**152**	(1,923)
Earnings from equity investment		**(690)**	—
Income tax expense		**24,082**	24,084
		144,252	153,412
Changes in non-cash working capital items from operating activities:			
Trade and other receivables		**11,341**	30,077
Inventory		**50**	5,546
Prepaid expenses		**(6,187)**	(6,099)
Accounts payable and accrued liabilities		**(5,357)**	(13,580)
Cash generated from operating activities		**144,099**	169,356
Income tax paid		**(51,592)**	(31,645)
Net cash from operating activities		**92,507**	137,711
Cash flows from financing activities:			
Cash dividends paid to common shareholders		**(66,487)**	(40,478)
Interest paid		**(13,151)**	(17,225)
Repayment of long-term debt and loans		**(6,460)**	(4,445)
Net proceeds from Common Share issuances		**4,865**	656
Changes in non-cash working capital items from financing activities		**71**	1
Net cash used in financing activities		**(81,162)**	(61,491)
Cash flows from investing activities:			
Acquisitions	**5**	**(15,806)**	(5,931)
Purchase of property, plant and equipment		**(67,457)**	(61,803)
Proceeds on sale of property, plant and equipment		**4,849**	9,520
Purchases of investments		**(23)**	—
Interest received		**517**	360
Other assets		**(1,245)**	(44)
Changes in non-cash working capital items from investing activities		**3,174**	3,279
Net cash used in investing activities		**(75,991)**	(54,619)
Change in cash and cash equivalents		**(64,646)**	21,601
Cash and cash equivalents at January 1		**122,772**	65,934
Effect of exchange rate fluctuations on cash held		**690**	79
Cash and cash equivalents at June 30		**$ 58,816**	$ 87,614

The notes which begin on page 53 are an integral part of these condensed interim 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 ("**Operating Entities**"). The business of Mullen Group is a diversified transportation and oilfield service organization with its activities divided into two distinct operating segments, namely Oilfield Services and Trucking/Logistics. These unaudited condensed interim consolidated financial statements ("**Interim Financial Statements**") include the accounts of the Corporation, its subsidiaries and its limited partnerships.

2. Basis of Presentation

(a) Statement of Compliance

These Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with International Accounting Standard 34 Interim Financial Reporting. These Interim Financial Statements should not be compared to financial statements prepared prior to January 1, 2011, as those financial statements were prepared in accordance with accounting policies and practices in effect prior to the adoption of IFRS.

(b) Basis of Measurement

These Interim Financial Statements have been prepared on the historical cost basis except for investments, which are measured at fair value through profit or loss.

(c) Functional and Presentation Currency

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

3. Significant Accounting Policies

(a) Significant Accounting Policies

The accompanying Interim Financial Statements should be read in conjunction with Note 3 to Mullen Group's audited annual consolidated financial statements for the year ended December 31, 2012, (the "**Annual Financial Statements**") as the accounting policies applied by the Corporation in these Interim Financial Statements are the same as those disclosed therein.

(b) Changes in Accounting Practices

Effective January 1, 2013, Mullen Group adopted IFRS 10 – Consolidated Financial Statements; IFRS 11 – Joint Arrangements; IFRS 12 – Disclosure of Interests in Other Entities; and IFRS 13 – Fair Value Measurement. IFRS 10, 11 and 12 were applied retrospectively. IFRS 13 was applied prospectively.

IFRS 10 establishes the principles under which Mullen Group is required to present its consolidated financial statements. IFRS 10 introduces a new control model that is applicable to all investees, requiring the consolidation of an investee when Mullen Group has control or de facto control of an entity. Mullen Group assessed the impact of this change in control framework and concluded this standard does not have a material effect on Mullen Group.

(Tabular amounts in thousands, except share and per share amounts)

IFRS 11 establishes the principles under which Mullen Group accounts for its interest in a joint arrangement. Mullen Group classifies its interest in joint arrangements as either joint operations or joint ventures. The classification of a joint arrangement as either a joint operation or a joint venture is determined by Mullen Group's power over the relevant activities and exposure to variability in returns arising from the arrangement. Joint ventures are accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures (amended in 2011). Mullen Group's share of the joint venture's financial results is recognized in the Statement of Comprehensive Income within other (income) expense and the corresponding carrying amount is recognized in the Statement of Financial Position within investments. Mullen Group assessed the impact of this change and concluded this standard does not have a material effect on Mullen Group.

IFRS 12 establishes the disclosure requirements for Mullen Group's interests in subsidiaries, joint arrangements, associates or other unconsolidated investments. Mullen Group assessed the impact of this change in disclosure requirements and concluded this standard does not have a material effect on Mullen Group.

IFRS 13 replaces individual regulations governing the determination and disclosure regarding items that are measured at fair value. This standard does not introduce any significant new valuation methodologies, however, it does introduce new disclosure requirements. As a result, Mullen Group discloses the fair value of certain assets and liabilities on a quarterly basis. ▶ **For more information refer to Note 4.**

4. Determination of Fair Values

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

June 30, 2013 **Financial Instrument**	**Fair Value** **Hierarchy**		**Carrying** **Amount**		**Fair** **Value**
Investments	Level 1	$	49,118	$	49,118
Private Placement Debt	Level 2	$	406,197	$	426,530
Debentures – debt component	Level 2	$	17,611	$	28,391

5. Acquisition

2013 Acquisition

On May 31, 2013, Mullen Group acquired all the outstanding common shares of Jay's Moving & Storage Ltd. ("**Jay's**") for net cash consideration of $15.8 million. Jay's is a less-than-truckload transportation company operating predominantly within Saskatchewan, Canada. Mullen Group acquired Jay's as part of its strategy to invest in the transportation sector in western Canada. The results from operations are included in the Trucking/Logistics segment.

This acquisition has been accounted for by the acquisition method, and results of operations have been included in these Interim Financial Statements from the date of acquisition. The goodwill acquired in this acquisition primarily relates to the assembled workforce and the synergies from the integration of the acquired business.

Due to the limited time between the acquisition of Jay's and the preparation of these Interim Financial Statements, the amount of working capital to be received, as well as the value of the assets acquired and the liabilities assumed on the acquisition are based upon preliminary financial information available to management as of the date of this report. The $15.8 million of net cash consideration is based upon preliminary information and is subject to change.

(Tabular amounts in thousands, except share and per share amounts)

6. Dividends Payable

For the six month period ended June 30, 2013, Mullen Group declared dividends totalling $0.60 per Common Share (2012 – $0.50 per Common Share). In 2013, Mullen Group commenced declaring and paying dividends on a monthly basis rather than on a quarterly basis as in 2012. Mullen Group commenced the monthly dividend by declaring a $0.10 per Common Share dividend in January 2013 payable on February 15, 2013. At June 30, 2013, Mullen Group had dividends payable of $9.0 million (2012 – $20.3 million) and had 90,172,871 Common Shares outstanding. The following table provides a history of dividends declared during 2013 and 2012.

Dividends Per Share:

Record Date	Payment Date		Amount Per Share		Total Dividends Paid
June 30, 2013	**July 15, 2013**	**$**	**0.10**	**$**	**9,017**
May 31, 2013	**June 17, 2013**	**$**	**0.10**	**$**	**9,012**
April 30, 2013	**May 15, 2013**	**$**	**0.10**	**$**	**9,012**
March 31, 2013	**April 15, 2013**	**$**	**0.10**	**$**	**8,964**
February 28, 2013	**March 15, 2013**	**$**	**0.10**	**$**	**8,796**
January 31, 2013	**February 15, 2013**	**$**	**0.10**	**$**	**8,786**
December 31, 2012	January 15, 2013	$	0.25	$	21,917
September 30, 2012	October 15, 2012	$	0.25	$	21,836
June 30, 2012	July 16, 2012	$	0.25	$	20,277
March 31, 2012	April 16, 2012	$	0.25	$	20,269

7. Income Taxes

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

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

	Three month periods ended June 30				Six month periods ended June 30			
		2013		**2012**		**2013**		**2012**
Income before income taxes	**$**	**35,776**	$	12,670	**$**	**95,863**	$	90,260
Combined statutory tax rate		**25%**		25%		**25%**		25%
Expected income tax		**8,944**		3,167		**23,966**		22,565
Add (deduct):								
Non-taxable portion of unrealized foreign exchange loss		**1,051**		605		**1,671**		32
Non-taxable portion of the change in fair value of investments		**(2,035)**		892		**(2,599)**		766
Stock-based compensation expense		**145**		181		**294**		338
Other		**257**		418		**750**		383
Income tax expense	**$**	**8,362**	$	5,263	**$**	**24,082**	$	24,084

(Tabular amounts in thousands, except share and per share amounts)

8. Long-Term Debt and Credit Facilities

Mullen Group has a $75.0 million revolving demand unsecured credit facility (the "**Bank Credit Facility**"). Interest on the Bank Credit Facility is payable monthly and is based on either the bank prime rate plus 0.50 percent or bankers' acceptance rates plus an acceptance fee of 1.50 percent. As at June 30, 2013, 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 $3.0 million of Letters of Credit outstanding, which were issued to guarantee certain performance and payment obligations. These Letters of Credit reduce the amount available under the Bank Credit Facility.

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

Notes		**Principal amount**	**Maturity**	**Interest Rate** [1]
Series A	$	100,000 U.S.	June 30, 2016	6.29%
Series B	$	50,000 U.S.	June 30, 2018	6.39%
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%

[1] *Interest is payable semi-annually.*

Mullen Group's unamortized debt issuance costs of $1.0 million related to Private Placement Debt have been netted against its carrying value at June 30, 2013 (December 31, 2012 – $1.1 million). Mullen Group has financial covenants that must be met under its Private Placement Debt agreements, including a total debt to operating cash flow ratio and a total earnings available for fixed charges to total fixed charges ratio, as defined in such agreements. Mullen Group is in compliance with all the Private Placement Debt financial covenants. Mullen Group also has debt comprised of various financing loans, which are secured by specific operating equipment (collectively, the "**Various Financing Loans**").

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

		June 30, 2013		**December 31, 2012**
Current liabilities:				
Bank Credit Facility	**$**	**—**	$	—
Various Financing Loans		**493**		1,471
		493		1,471
Non-current liabilities:				
Private Placement Debt		**406,197**		392,700
Various Financing Loans		**42**		114
		406,239		392,814
	$	**406,732**	$	394,285

(Tabular amounts in thousands, except share and per share amounts)

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

	Year of Maturity	Nominal Interest Rate	June 30, 2013 Face Value	June 30, 2013 Carrying Amount	December 31, 2012 Face Value	December 31, 2012 Carrying Amount
			$	**$**	$	$
Bank Credit Facility	—	Variable	**—**	**—**	—	—
Private Placement Debt	2016 - 2018	5.47%-6.39%	**407,173**	**406,197**	393,801	392,700
Various Financing Loans	2013 - 2014	4.6%-6.3%	**535**	**535**	1,585	1,585
			407,708	**406,732**	395,386	394,285

For the six month period ended June 30, 2013, Mullen Group recorded an unrealized foreign exchange loss of $13.4 million. This was due to the impact of the change over the period in the value of the CDN. dollar relative to the U.S. dollar on the Corporation's $235.0 million of U.S. dollar denominated debt as summarized in the table below.

(*thousands, except exchange rate amount*)		**U.S. $ Debt**	**Exchange Rate**		**CDN. $ Equivalent**
December 31, 2012 – beginning balance	$	235,000	0.9949	$	233,801
June 30, 2013 – ending balance		**235,000**	**1.0518**		**247,173**
Unrealized foreign exchange loss in 2013				**$**	**13,372**

For the same period in 2012 there was an unrealized foreign exchange loss of $0.3 million related to the Corporation's $235.0 million of U.S. dollar denominated Private Placement Debt.

9. Convertible Unsecured Subordinated Debentures

Mullen Group has issued an aggregate principal amount of $125.0 million of convertible unsecured subordinated debentures (the "**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 six month period ended June 30, 2013, 23,305 Debentures (2012 – 2,500) were converted into 2,208,991 Common Shares (2012 – 235,200) of Mullen Group. As at June 30, 2013, Mullen Group had 18,375 Debentures outstanding, which would be converted into an aggregate of approximately 1,712,550 Common Shares of the Corporation if all holders converted their principal amount.

(Tabular amounts in thousands, except share and per share amounts)

The details of the Debentures are as follows:

		June 30, 2013		December 31, 2012	
Year of Maturity	**Nominal Interest Rate**	**Face Value**	**Carrying Amount**	**Face Value**	**Carrying Amount**
2018	10%	**$ 18,375**	**$ 17,611**	$ 41,680	$ 39,773

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

	Cumulative as at	
	June 30, 2013	**December 31, 2012**
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	**(106,625)**	(83,320)
Accretion on debt	**8,771**	7,628
Carrying amount of Debentures	**$ 17,611**	$ 39,773

10. Share Capital

The authorized share capital of Mullen Group consists of an unlimited number of no par value Common Shares and an unlimited number of Preferred Shares, issuable in series. All of the issued Common Shares of Mullen Group are fully paid.

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.

	# of Common Shares	
	2013	**2012**
Issued Common Shares at January 1	**87,667,838**	80,837,777
Stock options exercised	**296,042**	34,330
Common Shares issued on conversion of Debentures	**2,208,991**	235,200
Issued Common Shares at June 30	**90,172,871**	81,107,307

(Tabular amounts in thousands, except share and per share amounts)

11. Earnings per Share

(a) Basic Earnings per Share

Basic earnings per share is calculated as net income attributable to common shareholders divided by the weighted average number of Common Shares outstanding for the period. Net income attributable to common shareholders for the three and six month periods ended June 30, 2013, were \$27.4 million and \$71.8 million (2012 – \$7.4 million and \$66.2 million), respectively. The weighted average number of Common Shares outstanding for the three and six month periods ended June 30, 2013 and 2012 was calculated as follows:

		Three month periods ended June 30		Six month periods ended June 30	
	Note	**2013**	**2012**	**2013**	**2012**
Issued Common Shares at beginning of period	**10**	**89,643,374**	81,077,977	**87,667,838**	80,837,777
Effect of stock options exercised		**11,071**	14,357	**194,944**	10,613
Effect of Debentures converted		**378,772**	—	**1,211,985**	191,775
Weighted average number of Common Shares at end of period – basic		**90,033,217**	81,092,334	**89,074,767**	81,040,165

(b) Diluted Earnings per Share

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

	Three month periods ended June 30		Six month periods ended June 30	
	2013	**2012**	**2013**	**2012**
Net income	**\$ 27,414**	\$ 7,407	**\$ 71,781**	\$ 66,176
Effect on finance costs from conversion of Debentures (net of tax)	**474**	—	**1,670**	4,352
Net income – adjusted	**\$ 27,888**	\$ 7,407	**\$ 73,451**	\$ 70,528

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

	Three month periods ended June 30		Six month periods ended June 30	
	2013	**2012**	**2013**	**2012**
Weighted average number of Common Shares – basic	**90,033,217**	81,092,334	**89,074,767**	81,040,165
Effect of "in the money" stock options	**227,401**	270,917	**336,088**	255,983
Effect of conversion of Debentures	**1,830,775**	—	**2,709,556**	9,942,576
Weighted average number of Common Shares at end of period – diluted	**92,091,393**	81,363,251	**92,120,411**	91,238,724

For the three month period ended June 30, 2012, 9,942,576 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 all other periods listed above, the Common Shares that would be issued upon conversion of the Debentures were included in the calculation as their effect was dilutive.

(Tabular amounts in thousands, except share and per share amounts)

For the three and six month periods ended June 30, 2013, 640,000 stock options (2012 – 1,300,000) 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 share options was based on quoted market prices for the periods ended June 30, 2013 and 2012.

12. Seasonality of Operations

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

13. Other (Income) Expense

	Three month periods ended June 30		Six month periods ended June 30	
	2013	**2012**	**2013**	**2012**
Change in fair value of investments	**$ (16,282)**	$ 7,138	**$ (20,793)**	$ 6,131
Loss (gain) on sale of property, plant and equipment	**718**	(392)	**152**	(1,923)
Earning from equity investment	**(350)**	—	**(690)**	—
	$ (15,914)	$ 6,746	**$ (21,331)**	$ 4,208

Earnings from Equity Investment. For the three and six month periods ended June 30, 2013, Mullen Group recognized $0.4 million and $0.7 million of earnings from an equity investment, respectively. There were no equity investments in 2012. On January 1, 2013, Mullen Group entered into a unanimous shareholders agreement and an asset purchase agreement whereby it sold certain operating assets to Canol Oilfield Services Inc. ("**Canol**") in exchange for a $1.2 million promissory note and a 45.0 percent equity interest in Canol. Canol is an oilfield transportation company headquartered in Norman Wells, Northwest Territories and is strategically located in the Canol Shale Oil Region. Mullen Group acquired an equity interest in Canol as part of its strategy to invest in the energy sector.

(Tabular amounts in thousands, except share and per share amounts)

14. Operating Segments

Mullen Group has two operating segments. The Oilfield Services segment primarily provides specialized transportation, drilling, well-servicing and dewatering services to the oil and natural gas industry in western Canada, which includes exploration and development companies and production and natural gas transmission companies. The Trucking/Logistics segment provides both long haul and local transportation services to customers in various industries in Canada, the United States and Mexico. The following provides financial results by segment:

				Intersegment eliminations		
Three month period ended June 30, 2013	**Oilfield Services**	**Trucking/ Logistics**	**Corporate**	**Oilfield Services**	**Trucking/ Logistics**	**Total**
Revenue	**$ 173,665**	**$ 137,262**	**$ 164**	**$ (156)**	**$ (566)**	**$ 310,369**
Income before income taxes	**15,079**	**17,070**	**3,627**	**—**	**—**	**35,776**
Depreciation on property, plant and equipment	**11,911**	**3,712**	**1,023**	**—**	**—**	**16,646**
Amortization on intangible assets	**3,406**	**1,099**	**—**	**—**	**—**	**4,505**
Capital expenditures [(1)]	**22,330**	**6,875**	**21,920**	**—**	**(4)**	**51,121**
Total assets at June 30, 2013	**$ 782,442**	**$ 320,983**	**$ 454,579**	**$ —**	**$ —**	**$ 1,558,004**

[(1)] *Excludes business acquisitions*

				Intersegment eliminations		
Three month period ended June 30, 2012	**Oilfield Services**	**Trucking/ Logistics**	**Corporate**	**Oilfield Services**	**Trucking/ Logistics**	**Total**
Revenue	$ 187,971	$ 133,785	$ 431	$ (642)	$ (1,386)	$ 320,159
Income (loss) before income taxes	13,888	17,269	(18,487)	—	—	12,670
Depreciation on property, plant and equipment	11,224	3,356	995	—	—	15,575
Amortization on intangible assets	3,305	1,206	—	—	—	4,511
Capital expenditures [(1)]	23,226	10,673	6,627	(13)	—	40,513
Total assets at December 31, 2012	$ 801,395	$ 282,998	$ 471,511	$ —	$ —	$ 1,555,904

[(1)] *Excludes business acquisitions*

(Tabular amounts in thousands, except share and per share amounts)

Six month period ended June 30, 2013	Oilfield Services	Trucking/ Logistics	Corporate	Intersegment eliminations Oilfield Services	Intersegment eliminations Trucking/ Logistics	Total
Revenue	**$ 431,244**	**$ 266,352**	**$ 345**	**$ (699)**	**$ (1,398)**	**$ 695,844**
Income (loss) before income taxes	**66,689**	**30,312**	**(1,138)**	**—**	**—**	**95,863**
Depreciation on property, plant and equipment	**24,152**	**7,230**	**2,023**	**—**	**—**	**33,405**
Amortization on intangible assets	**6,813**	**2,304**	**—**	**—**	**—**	**9,117**
Capital expenditures [1]	**35,141**	**10,300**	**22,583**	**(563)**	**(4)**	**67,457**
Total assets at June 30, 2013	**$ 782,442**	**$ 320,983**	**$ 454,579**	**$ —**	**$ —**	**$ 1,558,004**

[1] *Excludes business acquisitions*

Six month period ended June 30, 2012	Oilfield Services	Trucking/ Logistics	Corporate	Intersegment eliminations Oilfield Services	Intersegment eliminations Trucking/ Logistics	Total
Revenue	$ 484,607	$ 264,343	$ 444	$ (861)	$ (2,418)	$ 746,115
Income (loss) before income taxes	74,931	32,856	(17,527)	—	—	90,260
Depreciation on property, plant and equipment	22,587	6,463	1,865	—	—	30,915
Amortization on intangible assets	6,611	2,466	—	—	—	9,077
Capital expenditures [1]	36,572	15,176	10,087	(32)	—	61,803
Total assets at December 31, 2012	$ 801,395	$ 282,998	$ 471,511	$ —	$ —	$ 1,555,904

[1] *Excludes business acquisitions*

Performance is measured based on segment income before income tax, as included in the internal management reports that are reviewed by Mullen Group's CEO and Co-CEO. Segment income is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to other entities that operate within these industries. Transfer pricing is based on third-party rates.

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

Murray K. Mullen
Chairman of the Board,
Chief Executive Officer and Director

Alan D. Archibald [(1), (4)]
Lead Director

Greg Bay, CFA [(2), (4)]
Director

Steven C. Grant [(2), (4)]
Director

Dennis J. Hoffman, FCA [(2), (3)]
Director

Stephen H. Lockwood, Q.C.
President,
Co-Chief Executive Officer and Director

David E. Mullen
Director

P. Stephen Clark, CMA
Chief Financial Officer

Roberta A. Wheatcroft
Corporate Secretary

(1) Chairman of the Compensation, Nomination and Governance Committee

(2) Member of the Compensation, Nomination and Governance Committee

(3) Chairman of the Audit Committee

(4) Member of the Audit Committee

CORPORATE OFFICE

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BANKER

The Royal Bank of Canada
Calgary, Alberta

LAWYERS

Burnet, Duckworth & Palmer LLP
Calgary, Alberta

AUDITORS

KPMG LLP
Calgary, Alberta

STOCK EXCHANGE

Toronto Stock Exchange
Trading Symbol: MTL

TRANSFER AGENT AND REGISTRAR

Valiant Trust Company
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Mullen Group

MTL

20 Years Public
(1993 - 2013)

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