Mullen Group Ltd.

INTERIM REPORT

Period Ended September 30, 2014

Q3

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CONTENTS

HIGHLIGHTS FOR THE QUARTER ..... **i**
MANAGEMENT'S DISCUSSION AND ANALYSIS **1**
ACCOUNTING PRINCIPLES 1
EXECUTIVE SUMMARY 2
OUTLOOK 4
CORPORATE OVERVIEW 5
SELECTED FINANCIAL HIGHLIGHTS 9
CONSOLIDATED FINANCIAL RESULTS – THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014 10
SEGMENTED INFORMATION – THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014 17
CONSOLIDATED FINANCIAL RESULTS – NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 25
SEGMENTED INFORMATION – NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 31
CAPITAL RESOURCES AND LIQUIDITY 37
SUMMARY OF QUARTERLY RESULTS 44
TRANSACTIONS WITH RELATED PARTIES 46
PRINCIPAL RISKS AND UNCERTAINTIES 46
CRITICAL ACCOUNTING ESTIMATES 46
SIGNIFICANT ACCOUNTING POLICIES 46
DISCLOSURE AND INTERNAL CONTROLS 47
FORWARD-LOOKING INFORMATION STATEMENTS 48
GLOSSARY OF TERMS AND RECONCILIATION OF NON-GAAP TERMS 50
INTERIM FINANCIAL REPORT **52**
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 53
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 54
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 55
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS 56
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS 57
CORPORATE INFORMATION ..... **BC**

HIGHLIGHTS FOR THE QUARTER

REVENUE	OPERATING INCOME	OPERATING MARGIN	EARNINGS PER SHARE	CASH FLOW PER SHARE
$357.3 million ↓	**$76.6 million** ↓	**21.4 %** ↓	**$0.11** ↓	**$0.56** ↓
(2013 - $374.0 million)	(2013 - $85.8 million)	(2013 - 22.9%)	(2013 - $0.56)	(2013 - $0.60)

Performance

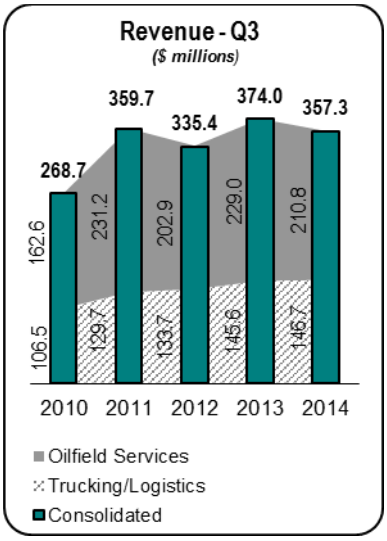
- Consolidated revenue down 4.5 percent to $357.3 million
- Operating income down 10.7 percent to $76.6 million
- Operating margin decreased to 21.4 percent from 22.9 percent
- Earnings per share decreased by 80.4 percent to $0.11
- Earnings per share – adjusted decreased by 14.9 percent to $0.40

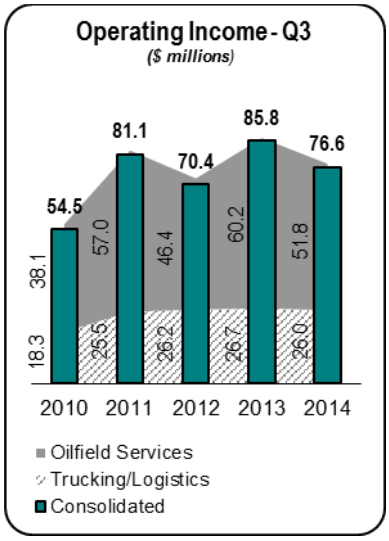
Position

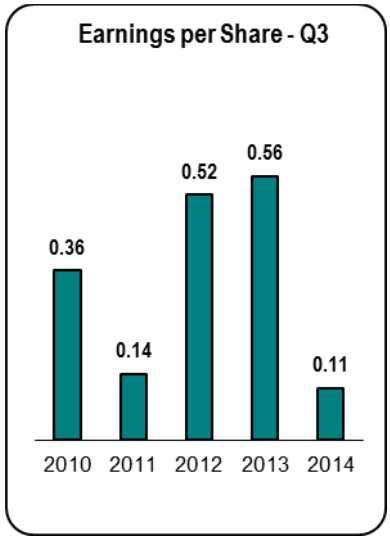
- Working capital: $249.5 million (includes $82.2 million of cash and cash equivalents)
- Net debt: $204.3 million (long-term debt plus the debt component of Debentures less working capital)
- Net debt to trailing twelve months' operating income: 0.70:1

Progress

- Strengthened the balance sheet:
  - Issued $400.0 million (U.S. $229.0 million and CDN. $171.0 million) of senior unsecured notes having an average term of 11 years and a weighted average fixed interest rate of approximately 3.95 percent per annum
  - Entered into cross-currency swaps totalling U.S. $229.0 million to mitigate the risk of foreign currency rate fluctuations on our new private placement debt
  - Recorded a $19.0 million one-time expense related to the prepayment of the Series A and Series B Notes to lower the Corporation's borrowing costs on its long-term debt
  - Signed an agreement to sell non-core real estate in Edmonton for approximately $31.0 million
- Announced a 30.0 percent equity investment in Kriska Transportation Group Limited, a new growth oriented transportation and logistics company in Ontario
- Closed the acquisition of Bernard Transport Ltd. on October 1, 2014 for total cash consideration of approximately $8.0 million







MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**"), dated October 22, 2014, has been prepared by Management of Mullen Group Ltd. ("**Mullen Group**" and/ or the "**Corporation**") for the three and nine month periods ended September 30, 2014, and should be read in conjunction with (i) the audited annual consolidated financial statements for the fiscal year ended December 31, 2013 (the "**Annual Financial Statements**"), together with the Management's Discussion and Analysis thereon (the "**2013 MD&A**"), and (ii) the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2014, (the "**Interim Financial Statements**"). Unless otherwise specified, information in this MD&A is provided as at such date and any reference to "Mullen Group", "we", "us", "our" or the "Corporation" means Mullen Group Ltd., a corporation incorporated under the laws of Alberta and includes its predecessors where context so requires. The Annual Financial Statements and other additional information are available on SEDAR at www.sedar.com and at www.mullen-group.com. These documents are also available upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com. This MD&A and the Interim Financial Statements were reviewed by Mullen Group's Audit Committee on October 21, 2014, and approved by the Board of Directors (the "**Board**") on October 22, 2014.

ACCOUNTING PRINCIPLES

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

ADVISORY:

Forward-looking statements - *This MD&A reflects management's expectations regarding Mullen Group's future growth, financial condition, results of operations, performance, business prospects, strategies and opportunities and contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Wherever possible, words such as "anticipate", "may", "will", "believe", "expect", "potential", "continue", "view", "objective", "should", "plan", "intend", "ongoing", "estimate", "project" or similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant inherent risks and uncertainties, numerous assumptions and the risk that the predictions and forward-looking statements will not be achieved and that the actual results or events may differ materially from those anticipated in such forward-looking statements. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable beliefs and assumptions, Mullen Group cannot assure readers that actual results will be consistent with these forward-looking statements. Some of the risks and uncertainties include, but are not limited to certain economic risks, most important of which are a slowdown in the general economy or reduced oil or natural gas drilling; prevailing interest rates, currency exchange rates, customer relationships, labour disruption and driver retention, accidents and costs of liability insurance and fuel prices. Given these risks and uncertainties, readers should not place undue reliance on the forward-looking statements contained in this MD&A. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors and risks that could affect the operations or financial results of Mullen Group may be found under the heading "Principle Risks and Uncertainties" starting on page 48 of the 2013 MD&A as well as in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website at www.sedar.com. The forward-looking statements contained in this MD&A are made as of the date hereof and Mullen Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities law. Mullen Group relies on litigation protection for "forward-looking" statements. Additional information regarding the forward-looking statements contained in this MD&A and the material assumptions made in preparing such statements may be found under the heading "Forward-Looking Information Statements" beginning on page 48 of this MD&A.*

Non-GAAP Terms *- Mullen Group reports on certain financial performance measures that are described and presented in order to provide shareholders and potential investors with additional measures to evaluate Mullen Group's ability to fund its operations and information regarding its liquidity. In addition, these measures are used by management in its evaluation of performance. These financial performance measures ("**Non-GAAP Terms**") are not recognized financial terms under Canadian generally accepted accounting principles ("**Canadian GAAP**"). For publicly accountable enterprises, such as Mullen Group, Canadian GAAP is governed by principles based on IFRS and IFRIC. Management believes these Non-GAAP Terms are useful supplemental measures. These Non-GAAP Terms do not have standardized meanings and may not be comparable to similar measures presented by other entities. Specifically, operating income[1], net income – adjusted[1], earnings per share – adjusted[1], net capital expenditures[1], net debt[1] and cash flow per share[1] are not measures recognized by Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. For the reader's reference, the definition, calculation and reconciliation of Non-GAAP Terms are provided in the "Glossary of Terms and Reconciliation of Non-GAAP Terms" section of this MD&A. The Non-GAAP Terms should not be considered in isolation or as a substitute for measures prepared in accordance with Canadian GAAP. Investors are cautioned that these indicators should not replace the forgoing Canadian GAAP terms: net income, earnings per share, purchases of property, plant and equipment, proceeds on sale of property, plant and equipment and debt.*

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

EXECUTIVE SUMMARY

A summary of Mullen Group's financial and operating results for the period ended September 30, 2014, with comparisons to the same period last year, is set forth below.

For the three month period ended September 30, 2014, Mullen Group generated revenue of $357.3 million, operating income[1] of $76.6 million and net cash from operations of $51.0 million. During the quarter Mullen Group paid dividends of $27.5 million, incurred net capital expenditures[1] of $24.7 million, paid interest obligations of $3.6 million and purchased investments of $3.5 million.

Consolidated revenue in the third quarter decreased by $16.7 million, or 4.5 percent, to $357.3 million as compared to $374.0 million in 2013. The decrease in revenue was directly attributable to the Oilfield Services segment, which decreased by $18.2 million, or 7.9 percent, to $210.8 million as compared to $229.0 million in the same period one year earlier. The decrease in segment revenue was primarily due to the decrease in revenue by those Operating Entities involved in the transportation of fluids and servicing of wells as well as the anticipated decline in revenue related to large diameter pipeline construction projects. Revenue in the Trucking/Logistics segment increased by $1.1 million, or 0.8 percent, to $146.7 million from $145.6 million primarily due to the greater demand for general freight services being offset by lower demand for pneumatic bulk transportation services resulting from the completion of a large construction project that occurred in 2013 and a decline in demand for heavy haul freight services in western Canada.

Mullen Group generated operating income[1] for the three month period ended September 30, 2014, of $76.6 million, a decrease of $9.2 million or 10.7 percent compared to the $85.8 million generated in 2013. The decrease of $9.2 million was due to the combination of an $8.4 million decrease in the Oilfield Services segment, a $0.7 million decrease in the Trucking/Logistics segment as well as an increase in Corporate costs that rose by $0.1 million on a year over year basis. As a percentage of consolidated revenue, operating income[1] decreased to 21.4 percent as compared to 22.9 percent in 2013 primarily due to a reduction in margin experienced by the Oilfield Services segment. Overall, margins came under pressure during the quarter, however, remained consistent when compared to the average third quarter margin experienced over the most recent five year period.

In the third quarter of 2014, Mullen Group generated net income of $10.5 million, or $0.11 per share, a decrease of $40.7 million, or 79.5 percent compared to $51.2 million, or $0.56 per share in 2013. The $40.7 million decrease in net income was mainly attributable to a $19.0 million one-time expense related to the prepayment of the Series A and Series B Notes, a $15.2 million negative variance in net unrealized foreign exchange, a $9.2 million decrease in operating income[1] and a $7.1 million negative variance in the fair value of investments. These decreases were partially offset by a $9.0 million reduction in income tax expense. Adjusting Mullen Group's net income and earnings per share to eliminate the impact of the one-time expense related to the prepayment of the Series A and Series B Notes, the net unrealized foreign exchange gains and losses and the change in fair value of investments during the third quarter of 2014 resulted in net income – adjusted[1] of $36.4 million and earnings per share – adjusted[1] of $0.40, as compared to $43.1 million and $0.47 per share in 2013, respectively. These adjustments more clearly reflect earnings from an operating perspective.

While we are disappointed with our third quarter performance the fact remains that our core business continues to generate solid results particularly giving consideration to the overall economic conditions in Canada, which is stable but certainly not showing any real growth, accompanied by the fact that the oil and gas industry in western Canada is not investing with the same intensity as in prior years. There were certain pockets of activity such as oil and gas drilling, but the reality is that markets are very competitive. Our results reflect this fact. In addition, when comparing our results to last year, it is important to note that last year's results were a record for the third quarter. As such we had some pretty difficult comparisons to match up against. It is also worth noting that we refrained from pursuing acquisitions, principally due to valuation concerns. We remained disciplined in terms of our allocation of shareholders' capital opting to take a longer term view of the markets.

Mullen Group's consolidated revenue in the first nine months of 2014 increased by $12.9 million, or 1.2 percent, to $1,082.7 million as compared to $1,069.8 million in 2013. The increase in revenue was directly attributable to the Trucking/Logistics segment, which increased by $12.8 million, or 3.1 percent, to $424.8 million from $412.0 million in the same period one year earlier. This increase was largely due to the $15.3 million of incremental revenue resulting from the acquisition of Jay's Moving & Storage Ltd. ("**Jay's**") and a $3.9 million increase in fuel surcharge revenue. These increases were partially offset by decreased demand for construction related services in northern Manitoba, over-dimensional and heavy haul freight services in western Canada and lower demand for pneumatic

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

bulk transportation services resulting from the completion of a large construction project in 2013. The Oilfield Services segment experienced a decrease in revenue of $0.9 million, or 0.1 percent, to $659.3 million as compared to $660.2 million in 2013. This decrease was mainly due to a reduction in demand for specialized transportation services to the oil sands being somewhat offset by a modest increase in drilling activity in western Canada and its impact on those Operating Entities most directly tied to oil and natural gas drilling activity.

Operating income[1] for the first nine months of 2014 decreased to $219.8 million, or 4.3 percent, as compared to $229.6 million generated in the same period last year. The decrease of $9.8 million was due to the Oilfield Services segment that experienced a $6.5 million decrease in operating income[1] and the Trucking/Logistics segment that experienced a $2.7 million decrease in operating income[1]. In addition, Corporate costs rose by $0.6 million on a year over year basis. As a percentage of revenue, operating income[1] decreased to 20.3 percent as compared to 21.5 percent in 2013. This 1.2 percent decrease in operating margin was due to a generally more competitive environment.

Net income in the first nine months of 2014 decreased to $72.4 million, or 41.1 percent, as compared to $123.0 million in 2013. The decrease of $50.6 million was mainly attributable to a $27.8 million negative variance in the fair value of investments, a $19.0 million one-time expense related to the prepayment of the Series A and Series B Notes, a $9.8 million decrease in operating income[1], and a $3.4 million increase in the loss on sale of property, plant and equipment. These decreases were offset by an $11.5 million reduction in income tax expense. Mullen Group's net income – adjusted[1] and earnings per share – adjusted[1] in the first nine months of 2014 was $98.7 million and $1.08 per share, as compared to $109.5 million and $1.22 per share in 2013, respectively.

Also today, Mullen Group closed the previous announced offering of senior unsecured notes on a private placement basis with a principal amount of $400.0 million, consisting of U.S. $229.0 million and Canadian $171.0 million (the "**2014 Notes**"). The 2014 Notes have an average term of 11 years and a weighted average fixed interest rate of approximately 3.95 percent per annum. Mullen Group intends to use a portion of the proceeds to repay portions of its existing private placement debt in the fourth quarter. Specifically, Mullen Group intends to repay its Series A (U.S. $100.0 million) and Series B (U.S. $50.0 million) Notes which will reduce its weighted average interest rate to 4.43 percent from 6.17 percent and to 4.80 percent from 5.65 percent on its U.S. and Canadian dollar denominated debt, respectively. In conjunction with repaying the Series A and Series B Notes, Mullen Group will be required to make a one-time $19.0 million payment to the Series A and Series B noteholders. This $19.0 million payment is a direct result of Mullen Group's decision to prepay the Series A and Series B Notes prior to maturity and consists of the net present value of the future interest payments on such notes that would have otherwise been paid to the noteholders. This $19.0 million payment was recognized as an expense in the third quarter of 2014 within finance costs in the statement of comprehensive income. Mullen Group also entered into cross-currency swap (as hereafter defined on page 6) contracts to swap the principal portion of the U.S. $229.0 million into Canadian dollars at foreign exchange rates of $1.1047 and $1.1148 to mitigate its exposure to foreign exchange risk.

These are uncertain times for Canada's energy sector. Commodity prices have adjusted significantly over the past few weeks, reflecting slowing demand at a time when supply is expanding. While the duration of the current pricing environment is open for debate the reality is that the risks associated with the oil and gas industry are heightened. Canada also remains at a crossroads in terms of our energy policy. The United States, currently Canada's only foreign buyer for crude oil and natural gas, is expanding production levels at an unprecedented pace, driven by multi-stage fracturing techniques which have unlocked massive shale deposits for both commodities. The choices for Canada's oil and gas industry are few; either we as Canadians support the development of new pipelines to our tidewater ports providing access to new markets or capital investment will decline. Our view is that in the absence of any real progress on the regulatory approval process the industry is vulnerable to a slow down. At Mullen Group we have already taken proactive measures to protect our shareholders and our company from any potential slowdown. This past quarter we monetized non core assets through the sale of older equipment, when buyers were in a buying mode. We also negotiated the sale of a large piece of land in Edmonton, Alberta, which was acquired as part of the Pe Ben Oilfield Services Ltd. transaction in 2006, for total proceeds of $31.0 million. We have slowed capital expenditures in our Oilfield Services segment until we see further evidence that the markets have stabilized. In addition, we will close the long-term private debt transaction this week. The net affect of these initiatives is really twofold. Firstly, our balance sheet has been strengthened by the long-term funding arrangement at very attractive interest rates. Secondly, Mullen Group will have cash reserves in excess of $340.0 million, funds that will be used primarily for acquisitions. However, we will stay disciplined with our shareholders' money, meaning that any acquisition must meet our strategic objectives and valuation criteria.

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

OUTLOOK

The modest pace of economic growth in Canada offers little opportunity for internal growth or pricing leverage. This reality was once again reflected in the performance of our Operating Entities in the Trucking/Logistics segment, which continued the pattern of steady and predictable performance, with limited opportunity to grow. The oil and gas sector in western Canada remains one of the best sectors in the Canadian economy, however, growth is slowing. As a result, a majority of our Operating Entities leveraged to the oilfield services sector of the economy experienced a challenging quarter. Slowing customer demand, accompanied by competitive pressures and changing markets combined to limit opportunities for the vast majority of our Operating Entities in the Oilfield Services segment. In addition, our decision to forgo acquisitions, primarily due to valuation concerns, limited our ability to grow.

Until recently our expectation was that our financial performance in the second half of 2014 would exceed the same prior year period, primarily due to our view that the fundamentals associated with the oil and natural gas sector in western Canada supported increased activity levels. Based upon our third quarter results, which were below our expectations, as well as the current weakening commodity pricing environment, accompanied by negative investor sentiment, it appears our previous outlook was too optimistic.

For the balance of 2014, we expect activity levels and our financial performance to be similar to 2013 based upon activity levels and customer demand continuing at current levels. Oil and gas drilling activity in western Canada is on pace to be slightly above last year, however, increased competition will limit growth opportunities and pricing levels. In addition, pipeline construction projects and related activity remains uncertain due to regulatory delays. Overall, Canadian economic activity, as measured by gross domestic product ("**GDP**"), is expected to show modest growth. As such, our Trucking/Logistics segment should continue the pattern of steady and predictable performance, in-line with last year.

Maintaining a strong balance sheet is one of the cornerstones of Mullen Group's strategic plan. We consider this as an integral component to our long-term stability and maintaining our status as a "safe asset" for our investors. Another component of our strategic plan is – growth through corporate acquisition. On this front we have quite purposely avoided deploying our shareholders' capital in search of growth just for growth, choosing to forgo a multitude of opportunities primarily due to valuation concerns. As a result our cash balance as at the end of September was $82.2 million. In addition, in the last quarter we announced that Mullen Group had secured a long-term funding arrangement of $400.0 million at an average interest rate below 4.0 percent. The purpose of this long-term funding is twofold. Firstly, approximately U.S. $165.0 million will be allocated to redeem two series of long-term U.S. dollar denominated debt due in 2016 and 2018. Secondly, the balance of the funds will be used to pursue our growth through corporate acquisition strategy. In the fourth quarter we will close the acquisition of Bernard Transport Ltd. ("**Bernard**"), a less-than-truckload ("**LTL**") carrier based in Grande Prairie, Alberta, located in the centre of a resource rich oil and gas play in western Canada – a quality company that will fit nicely into our self-managed business model. Mr. Herbert Bernard, founder of Bernard, will be staying on to manage, oversee and grow Bernard. It is also our intention to pursue additional opportunities that meet our strategic objectives.

In addition, we announced an investment in Kriska Transportation Group Limited ("**Kriska Transportation**"), based in Prescott, Ontario. Mullen Group will merge Mill Creek Motor Freight L.P. ("**Mill Creek**") into Kriska Transportation in exchange for a 30 percent interest in the combined entity. This new entity will be operated and led by Mark Seymour and his team at Kriska Holdings Limited ("**Kriska**") with a focus on trucking/logistics in eastern Canada. We view this as the very best way for Mullen Group and our shareholders to capitalize on the opportunities in the very large eastern Canadian trucking and logistics market.

CORPORATE OVERVIEW

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

Business

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

At September 30, 2014, the Oilfield Services segment consisted of 16 Operating Entities that utilize their highly trained personnel and equipment to provide specialized transportation services, drilling, well-servicing and dewatering services to the oil and natural gas industry. These services include transporting of oversize and overweight shipments, 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 Entity	Primary Service Provided
Production Services	
Brady Oilfield Services L.P.	Fluid Transportation - Saskatchewan
Cascade Energy Services L.P. [1]	Fluid Transportation - British Columbia & Alberta
E-Can Oilfield Services L.P.	Fluid Transportation - Heavy Oil
Heavy Crude Hauling L.P.	Fluid Transportation - Heavy Oil
Majestic Oilfield Services Inc. [2]	Fluid Transportation - British Columbia & Alberta
R. E. Line Trucking (Coleville) Ltd.	Fluid Transportation - Saskatchewan
Spearing Service L.P.	Fluid Transportation - Saskatchewan
Specialized Services	
Canadian Dewatering L.P.	Fluid Management Services
Premay Equipment L.P.	Specialized Heavy Haul
Premay Pipeline Hauling L.P.	Large Diameter Pipe Transportation
Drilling Services	
OK Drilling Services L.P.	Conductor Pipe Setting
TREO Drilling Services L.P.	Core Drilling
Drilling Related Services	
Formula Powell L.P. [3]	Mud / Fluid Transportation & Warehousing
Mullen Oilfield Services L.P.	Rig Relocation Services
Pe Ben Oilfield Services L.P.	Drill Pipe Transportation & Warehousing
Withers L.P.	Drill Pipe Transportation & Warehousing

[1] On January 1, 2013, the operations of Polaris Petroleum Ltd. were combined with Cascade Energy Services L.P.
[2] On August 15, 2013, Panda Tank & Vac Truck Services Inc. changed its name to Majestic Oilfield Services Inc.
[3] On January 1, 2013, the operations of Pro North Oilfield Services were combined with Formula Powell L.P.

At September 30, 2014, the Trucking/Logistics segment consisted of 10 Operating Entities, offering a diversified range of truckload and 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 Entity	Primary Service Provided
Cascade Carriers L.P.	Dry Bulk Freight
Grimshaw Trucking L.P.	Regional Scheduled LTL - Northern Alberta
Hi-Way 9 Group of Companies	Regional Scheduled LTL - Southern Alberta
Jay's Moving & Storage Ltd.[1]	Regional Scheduled LTL - Saskatchewan
Kleysen Group L.P.	Irregular Route Truckload & Multi-Modal
Mill Creek Motor Freight L.P.	Irregular Route Truckload
Mullen Trucking L.P.	Irregular Route Truckload & Specialized Transportation
Payne Transportation L.P.	Irregular Route Truckload & Specialized Transportation
Smook Contractors Ltd.	Civil Construction
Tenold Transportation Limited Partnership	Irregular Route Truckload (Cable)

[1] Acquired May 31, 2013

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

Private Placement and Capital Allocations

2014 Private Placement

On July 22, 2014 Mullen Group priced the 2014 Notes and subsequently executed a Note Purchase Agreement on September 16, 2014, with the proceeds being drawn on October 22, 2014. The details of the 2014 Notes are set forth below:

($ millions)		Principal Amount	Maturity	Interest Rate[1]
Notes:				
Series G	$	117.0 U.S.	October 22, 2024	3.84%
Series H	$	112.0 U.S.	October 22, 2026	3.94%
Series I	$	30.0 CDN.	October 22, 2024	3.88%
Series J	$	3.0 CDN.	October 22, 2026	4.00%
Series K	$	58.0 CDN.	October 22, 2024	3.95%
Series L	$	80.0 CDN.	October 22, 2026	4.07%

[1] Interest is payable semi-annually

In conjunction with the 2014 Notes offering, Mullen Group entered into two cross-currency swap contracts to swap the principal portion of the Series G (U.S. $117.0 million) and Series H (U.S. $112.0 million) Notes (collectively, the "**Cross-Currency Swaps**") into Canadian dollars at foreign exchange rates of $1.1047 and $1.1148 that mature on October 22, 2024 and October 24, 2026, respectively. The Cross-Currency Swaps converts the repayment of the principal portion of the Series G and Series H Notes into a Canadian currency equivalent of $129.2 million and $124.9 million, respectively.

A portion of the proceeds from the Series G and Series H Notes are expected to be used to repay portions of our existing Private Placement Debt (as hereafter defined on page 13). Specifically, on September 17, 2014, Mullen Group, at its sole discretion, gave conditional notice to the holders of Series A (U.S. $100.0 million) and Series B (U.S. $50.0 million) Notes of its intention to repay these notes on October 24, 2014. The 2014 Notes have

significantly lower interest rates than the Series A and Series B Notes. The Series A and Series B Notes mature on June 30, 2016 and June 30, 2018, respectively. In conjunction with repaying the Series A and Series B Notes on October 24, 2014, Mullen Group will be required to make a one-time $19.0 million payment to the Series A and Series B noteholders. This one-time $19.0 million payment is a direct result of Mullen Group's decision to prepay the Series A and Series B Notes prior to maturity and consists of the net present value of the future interest payments on such notes that would have otherwise been paid to the noteholders. The $19.0 million one-time prepayment expense was recognized within finance costs in the statement of comprehensive income during the period.

Going forward, after the expected repayment of the Series A and Series B Notes, our weighted average interest rate on our U.S. dollar long-term debt will be reduced to 4.43 percent from 6.17 percent. The weighted average interest rate on our Canadian dollar long-term debt will be reduced to 4.80 percent from 5.65 percent.

The following table details our long-term debt after the expected repayment of the Series A and Series B Notes:

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

[1] Interest is payable semi-annually
[2] Weighted average interest rate calculation

Acquisitions and Investment

2014

Bernard Transport Ltd. – On October 1, 2014, Mullen Group acquired all of the outstanding shares of Bernard for cash consideration of approximately $8.0 million. Bernard is headquartered in Edmonton, Alberta and provides LTL transportation services within Alberta. Mullen Group acquired Bernard as part of its strategy to invest in the transportation sector in western Canada. Bernard's financial results from operations will be included in the Trucking/Logistics segment. Due to the limited time between this acquisition and the preparation of the Interim Financial Statements, the purchase price allocation for this acquisition has not been completed and is pending the final assessment of the amount of working capital to be received, as well as the value of the assets acquired and the liabilities assumed.

Kriska Transportation Group Limited – On September 25, 2014, Mullen Group announced that it had entered into a letter of intent in which Mullen Group and Kriska have agreed to proportionate investments into the creation of Kriska Transportation, which will be a new growth oriented transportation and logistics company based in Prescott, Ontario. Mullen Group will be contributing Mill Creek in exchange for a 30.0 percent equity interest in Kriska Transportation. Kriska will be contributing its interest to Kriska Transportation in exchange for a 70.0 percent equity interest in Kriska Transportation. Mullen Group will be acquiring approximately $18.0 million of real property used in the operations of Kriska Transportation and will be entering into long-term leases with Kriska Transportation. This transaction is subject to regulatory approvals and customary closing conditions and is expected to close in the fourth quarter of 2014.

2013

Jay's Moving & Storage Ltd. – On May 31, 2013, Mullen Group acquired Jay's for cash consideration of $21.6 million, consisting of $15.7 million for the outstanding common shares and $5.9 million of associated debt. Jay's is a LTL transportation company operating predominantly within Saskatchewan. 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.

The acquisition of Jay's has been accounted for by the acquisition method and the financial results of operations have been included in the accompanying Interim Financial Statements from the date of acquisition.

Capital Expenditures

On January 20, 2014, Mullen Group's Board approved a $100.0 million capital expenditure budget for 2014, with $75.0 million allocated to the Oilfield Services segment and $25.0 million allocated to the Trucking/Logistics segment. These funds will be used to purchase new trucks, trailers and specialized equipment to support both growth opportunities and the ongoing operations of the Operating Entities. The capital required for acquisitions, the purchase and development of real property and facilities and other special projects is not included in this $100.0 million budget and will be considered by the Board throughout the year as the need arises.

In the first nine months of 2014, net capital expenditures[1] were $54.5 million (2013 - $92.7 million), consisting of $41.2 million of operating equipment (2013 - $57.8 million) and $13.3 million of real property and facilities (2013 - $34.9 million). The $38.2 million year over year decrease in net capital expenditures[1] was mainly due to a $21.6 million reduction in real property and facility expenditures coupled with a $12.0 million increase in proceeds on sale of operating equipment in 2014. Net capital expenditures[1] in the Oilfield Services segment decreased on a year over year basis, which primarily resulted from the timing between when equipment was ordered compared to when it was received from suppliers and from a $11.6 million increase in proceeds on sale of operating equipment in 2014. Net capital expenditures[1] in the Trucking/Logistics segment increased by $1.3 million on a year over year basis.

In the first nine months of 2014, the Corporate Office purchased $12.3 million (2013 - $32.7 million) of real property and facilities through its subsidiary MT to develop its network of real estate holdings, most notably in Fort McMurray, Alberta. MT is currently constructing two new shop and office complexes in Fort McMurray, which are expected to be completed by January 2015. These two new facilities will be used by certain Operating Entities and will replace some third party operating leases that are coming due, which will reduce the Corporation's rental costs. In 2013 real property and facility purchases mainly consisted of strategic parcels of land located in Fort McMurray and Fort Saskatchewan, Alberta that will be developed by the Corporate Office to capitalize on future growth opportunities. MT also acquired facilities in Drayton Valley, Alberta and Fort St. John, British Columbia, some of which had been leased from third parties thereby reducing the Corporation's rental costs. The Corporate Office entered into an agreement to sell non-core real estate located in Edmonton, Alberta for approximately $31.0 million. This transaction is subject to certain closing conditions and is expected to close in the fourth quarter of 2014.

Gross capital expenditures on a consolidated basis were $75.3 million in the first nine months of 2014 as compared to $101.5 million in 2013. These capital expenditures were comprised of $44.5 million in the Oilfield Services segment (2013 - $52.5 million), $17.9 million in the Trucking/Logistics segment (2013 - $16.7 million) and $12.9 million in the Corporate Office (2013 - $33.3 million). Gross dispositions on a consolidated basis were $20.8 million in the first nine months of 2014 as compared to $8.8 million in 2013. These gross dispositions were comprised of $19.1 million in the Oilfield Services segment (2013 - $7.5 million), $1.8 million in the Trucking/Logistics segment (2013 - $1.9 million) and nil in the Corporate Office (2013 - $0.4 million).

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

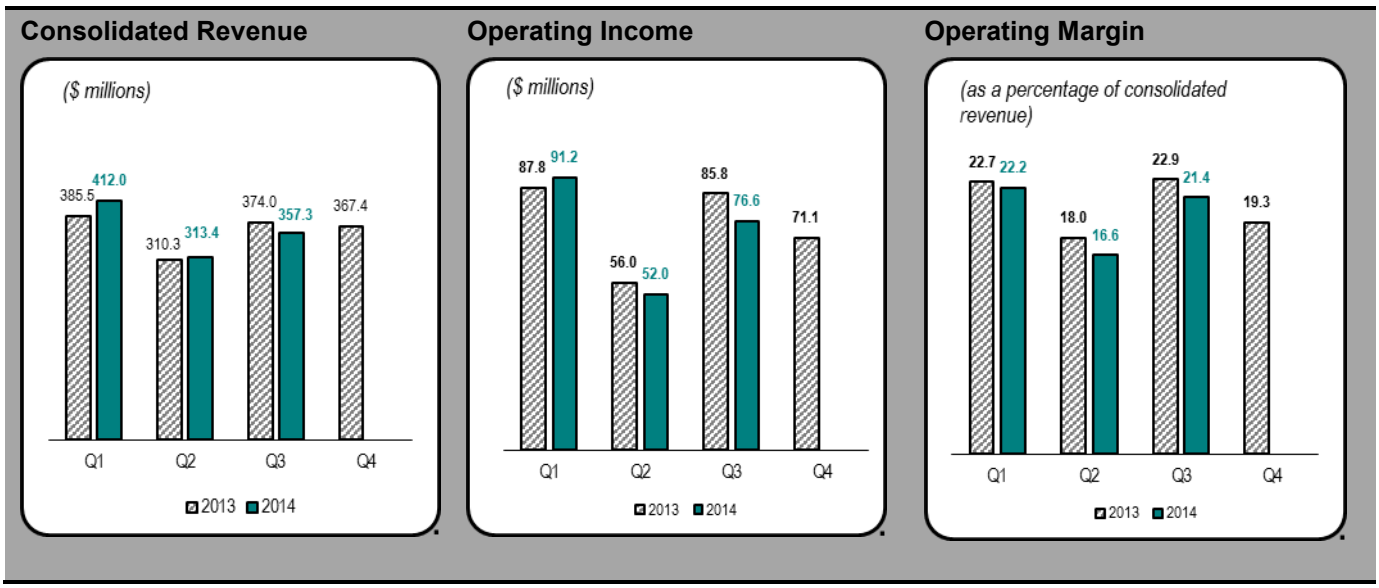
SELECTED FINANCIAL HIGHLIGHTS

(unaudited) *($ millions, except share price and per share amounts)*	Three month periods ended September 30			Nine month periods ended September 30		
	2014	2013	% Change	2014	2013	% Change
Financial Results						
Revenue	**$ 357.3**	$ 374.0	(4.5)	**$ 1,082.7**	$ 1,069.8	1.2
Operating income[1]	**76.6**	85.8	(10.7)	**219.8**	229.6	(4.3)
Net unrealized foreign exchange loss (gain)	**10.1**	(5.1)	(298.0)	**10.9**	8.3	31.3
Decrease (increase) in fair value of investments	**2.8**	(4.3)	(165.1)	**2.7**	(25.1)	(110.8)
Net income	**10.5**	51.2	(79.5)	**72.4**	123.0	(41.1)
Net income – adjusted[1]	**36.4**	43.1	(15.5)	**98.7**	109.5	(9.9)
Net cash from operating activities	**51.0**	54.3	(6.1)	**169.5**	146.8	15.5
Cash dividends declared to common shareholders	**27.5**	27.1	1.5	**82.2**	80.7	1.9
Financial Position						
Long-term debt (includes the current portion thereof and the debt component of Debentures)	**$ 453.8**	$ 418.0	8.6	**$ 453.8**	$ 418.0	8.6
Total assets	**1,612.9**	1,591.8	1.3	**1,612.9**	1,591.8	1.3
Share Information						
Cash dividends declared per Common Share	**$ 0.30**	$ 0.30	—	**$ 0.90**	$ 0.90	—
Earnings per share – basic	**$ 0.11**	$ 0.56	(80.4)	**$ 0.79**	$ 1.37	(42.3)
Earnings per share – diluted	**$ 0.11**	$ 0.56	(80.4)	**$ 0.78**	$ 1.36	(42.6)
Earnings per share – adjusted[1]	**$ 0.40**	$ 0.47	(14.9)	**$ 1.08**	$ 1.22	(11.5)
Share price – September 30	**$ 25.58**	$ 25.10	1.9	**$ 25.58**	$ 25.10	1.9
Other Information						
Net capital expenditures[1]	**$ 24.7**	$ 30.0	(17.7)	**$ 54.5**	$ 92.7	(41.2)
Acquisitions	**$ —**	$ —	—	**$ —**	$ 15.7	(100.0)

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

CONSOLIDATED FINANCIAL RESULTS – THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014

Summary – Trailing Seven Quarters



Consolidated third quarter financial results were below the prior year levels, and below our expectations, due to the under performance of the Oilfield Services segment. This decline was due to a number of factors including: drilling activity levels in western Canada that were lower than anticipated; increased competition experienced by those Operating Entities involved in the transportation of fluids and servicing of wells; and project delays related to large diameter pipeline construction projects. In terms of overall drilling industry activity levels, the demand for services was generally greater than the prior year, however, this increased demand was offset by even greater capacity and intense competition in a number of markets. Results in the Trucking/Logistics segment improved modestly as compared to the same period last year; consistent with the "slow growth" Canadian economy.

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**").*

Q3 Consolidated Revenue *(unaudited)* *($ millions)*	**2014**		**2013**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**214.1**	**59.9**	232.2	62.1	(18.1)	(7.8)
Contractors	**141.8**	**39.7**	140.3	37.5	1.5	1.1
Other	**1.4**	**0.4**	1.5	0.4	(0.1)	(6.7)
Total	**357.3**	**100.0**	374.0	100.0	(16.7)	(4.5)

Consolidated revenue in the third quarter decreased by $16.7 million, or 4.5 percent, to $357.3 million as compared to $374.0 million in 2013. The decrease in revenue was directly attributable to the Oilfield Services segment, which decreased by $18.2 million, or 7.9 percent, to $210.8 million as compared to $229.0 million in the same period one year earlier. The decrease in segment revenue was primarily due to the decrease in revenue by those Operating Entities involved in the transportation of fluids and servicing of wells as well as the anticipated decline in revenue

related to large diameter pipeline construction projects. Revenue in the Trucking/Logistics segment increased by $1.1 million, or 0.8 percent, to $146.7 million from $145.6 million primarily due to the greater demand for general freight services being largely offset by lower demand for pneumatic bulk transportation services resulting from the completion of a large construction project that occurred in 2013 and a decline in demand for heavy haul freight services in western Canada.

Revenue related to Company Equipment decreased by $18.1 million, or 7.8 percent, to $214.1 million as compared to $232.2 million in 2013. This decrease was largely due to a decrease in revenue experienced by the Oilfield Services segment. Revenue related to Company Equipment represented 59.9 percent of consolidated revenue in the current period compared to 62.1 percent in 2013. Revenue related to Contractors increased by $1.5 million, or 1.1 percent, to $141.8 million as compared to $140.3 million in 2013 primarily due to an increase in Contractors required in the Trucking/Logistics segment. Revenue related to Contractors represented 39.7 percent of consolidated revenue in the current period as compared to 37.5 percent in 2013.

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.*

Q3 Consolidated Direct Operating Expenses *(unaudited)* *($ millions)*	**2014**		**2013**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**56.1**	**26.2**	62.4	26.9	(6.3)	(10.1)
Fuel	**18.4**	**8.6**	19.9	8.6	(1.5)	(7.5)
Repairs and maintenance	**32.3**	**15.1**	32.9	14.2	(0.6)	(1.8)
Operating supplies	**19.0**	**8.9**	18.2	7.8	0.8	4.4
Other	**8.8**	**4.1**	10.1	4.3	(1.3)	(12.9)
	134.6	**62.9**	143.5	61.8	(8.9)	(6.2)
Contractors	**107.2**	**75.6**	104.4	74.4	2.8	2.7
Total	**241.8**	**67.7**	247.9	66.3	(6.1)	(2.5)

**as a percentage of respective Consolidated revenue*

DOE were $241.8 million in the third quarter as compared to $247.9 million in 2013. The decrease of $6.1 million, or 2.5 percent, was directly related to the $16.7 million decrease in consolidated revenue. As a percentage of revenue these expenses increased by 1.4 percent to 67.7 percent as compared to 66.3 percent in 2013.

DOE associated with Company Equipment decreased to $134.6 million from $143.5 million in 2013. The decrease of $8.9 million, or 6.2 percent, was directly related to the decrease in Company revenue, most notably from the decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells. As a percentage of Company revenue these expenses increased by 1.1 percent to 62.9 percent as compared to 61.8 percent in 2013, primarily due to the rise in repair and maintenance expense as a percentage of Company revenue.

Contractors expense in the third quarter increased by $2.8 million to $107.2 million, as compared to $104.4 million in 2013. This increase was directly related to the $1.5 million increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense increased by 1.2 percent to 75.6 percent as compared to 74.4 percent in 2013 due to increased costs in both segments.

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.*

Q3 Consolidated Selling and Administrative Expenses *(unaudited)* *($ millions)*	**2014**		**2013**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**20.8**	**5.8**	19.4	5.2	1.4	7.2
Communications, utilities and general supplies	**9.6**	**2.7**	9.5	2.5	0.1	1.1
Profit share	**6.1**	**1.7**	7.0	1.9	(0.9)	(12.9)
Foreign exchange	**(0.9)**	**(0.3)**	0.5	0.1	(1.4)	(280.0)
Stock-based compensation	**0.3**	**0.1**	0.6	0.2	(0.3)	(50.0)
Rent and other	**3.0**	**0.9**	3.3	0.9	(0.3)	(9.1)
Total	**38.9**	**10.9**	40.3	10.8	(1.4)	(3.5)

**as a percentage of total Consolidated revenue*

S&A expenses were $38.9 million in the third quarter as compared to $40.3 million in 2013. The decrease of $1.4 million was mainly attributable to a $1.4 million positive variance in foreign exchange and the decrease in profit share expense, which resulted primarily from lower profits being generated in the Oilfield Services segment. S&A expenses as a percentage of consolidated revenue increased by 0.1 percent to 10.9 percent in comparison to 10.8 percent in 2013 due to the overall fixed nature of these expenses relative to the $16.7 million decrease in revenue.

Operating Income

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

Q3 Consolidated Operating Income[(1)] *(unaudited)* *($ millions)*	**2014**		**2013**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Oilfield Services	**51.8**	**67.6**	60.2	70.2	(8.4)	(14.0)
Trucking/Logistics	**26.0**	**33.9**	26.7	31.1	(0.7)	(2.6)
Corporate	**(1.2)**	**(1.5)**	(1.1)	(1.3)	(0.1)	9.1
Total	**76.6**	**100.0**	85.8	100.0	(9.2)	(10.7)

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

Operating income[1] for the third quarter decreased to $76.6 million, or 10.7 percent, compared to $85.8 million in 2013. The decrease of $9.2 million was due to the combination of an $8.4 million decrease in the Oilfield Services segment, a $0.7 million decrease in the Trucking/Logistics segment as well as an increase in Corporate costs that rose by $0.1 million on a year over year basis. As a percentage of consolidated revenue, operating income[1] decreased to 21.4 percent as compared to 22.9 percent in 2013 primarily due to a reduction in margin experienced by the Oilfield Services segment. Overall, margins came under pressure during the quarter, however, remained consistent when compared to the average third quarter margin experienced over the most recent five year period.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $17.2 million in the third quarter as compared to $17.6 million in 2013. The slight decrease of $0.4 million was attributable to a lower amount of depreciation being recorded in the Oilfield Services segment. Depreciation in the Oilfield Services segment decreased by $0.7 million due to the sale of older assets by certain Operating Entities combined with the Corporation's declining balance method of

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

depreciation. Somewhat offsetting this decrease was a $0.2 million increase in depreciation in the Trucking/Logistics segment. Depreciation in the Trucking/Logistics segment increased by $0.2 million due to the additional depreciation expense resulting from the capital expenditures made by certain Operating Entities to meet customer demand in western Canada. Depreciation in the Corporate Office increased slightly on a year over year basis primarily as a result of capital expenditures related to facilities.

Amortization of Intangible Assets

Intangible assets are acquired on acquisitions and are mainly comprised of customer relationship values and non-competition agreements that are amortized over their estimated life from the date of acquisition. For the three month period ended September 30, 2014, amortization of intangible assets remained consistent at $3.8 million as compared to the same period in 2013.

Finance Costs

Finance costs mainly consist of:

- a $19.0 million one-time expense related to the prepayment of the Series A and Series B Notes;
- 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, $70.0 million of Series C Notes, $70.0 million of Series D Notes, U.S. $85.0 million of Series E Notes, and $20.0 million of Series F Notes (collectively, the "**Private Placement Debt**");
  - the convertible unsecured subordinated debentures (the "**Debentures**") that were issued on May 1, 2009;
  - various financing loans that are secured by specific operating equipment (collectively, the "**Various Financing Loans**"); and
  - accretion expense on debt;
- less any interest income generated from cash and cash equivalents.

Finance costs were $25.8 million in the third quarter as compared to $6.4 million in 2013. The increase of $19.4 million was mainly attributable to a $19.0 million one-time expense related to the prepayment of the Series A and Series B Notes due to their expected payment on October 24, 2014. For more information regarding the $19.0 million one-time prepayment expense, refer to the Private Placement and Capital Allocations section beginning on page 6. This increase was also attributable to a greater amount of interest expense being recorded on the U.S. dollar debt as a result of a weakening in the Canadian dollar as compared to the U.S. dollar. These increases were somewhat offset by lower interest expense being recorded on the Debentures due to conversions.

Net Unrealized Foreign Exchange Loss (Gain)

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

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

Three month periods ended September 30	**CDN. $ Equivalent**	
(unaudited) ***($ millions)***	**2014**	**2013**
Unrealized foreign exchange loss (gain) on U.S. debt	**12.4**	(5.1)
Unrealized foreign exchange (gain) on Cross-Currency Swaps	**(2.3)**	—
Net unrealized foreign exchange loss (gain)	**10.1**	(5.1)

Unrealized Foreign Exchange Loss (Gain) on U.S. Debt

Mullen Group recorded an unrealized foreign exchange loss of $12.4 million in the third quarter related to the Corporation's $235.0 million of U.S. dollar denominated debt due to the $0.05 weakening of the Canadian dollar against the U.S. dollar in the third quarter of 2014. For the same period in 2013, Mullen Group recorded an unrealized foreign exchange gain of $5.1 million due to the $0.02 strengthening of the Canadian dollar against the U.S. dollar. The details of the unrealized foreign exchange loss (gain) on U.S. debt is summarized in the table below.

Three month periods ended September 30	**2014**			**2013**		
(unaudited) ***($ millions, except exchange rate amount)***	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**
Ending – September 30	**235.0**	**1.1200**	**263.2**	235.0	1.0303	242.1
Beginning – June 30	**235.0**	**1.0670**	**250.8**	235.0	1.0518	247.2
Unrealized foreign exchange loss (gain) on U.S. debt			**12.4**			(5.1)

Unrealized Foreign Exchange Gain on Cross-Currency Swaps

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

For the three month period ended September 30, 2014, Mullen Group recorded an unrealized foreign exchange gain on Cross-Currency Swaps of $2.3 million. This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below.

Three month periods ended September 30	**2014**		**2013**	
(unaudited) ***($ millions)***	**U.S. $ Swaps**	**CDN. $ Change in Fair Value of Swaps**	**U.S. $ Swaps**	**CDN. $ Change in Fair Value of Swaps**
Cross-Currency Swap maturing October 22, 2024	**117.0**	**(1.6)**	—	—
Cross-Currency Swap maturing October 22, 2026	**112.0**	**(0.7)**	—	—
Unrealized foreign exchange (gain) on Cross-Currency Swaps		**(2.3)**		—

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 expense in the third quarter was $2.5 million, a $6.3 million negative variance as compared to the $3.8 million of other income recorded in 2013. The $6.3 million negative variance was due to the factors set forth below.

Change in Fair Value of Investments (negative variance of $7.1 million). Mullen Group periodically invests in certain private and public corporations. Mullen Group recorded a decrease in the fair value of investments of $2.8 million in the third quarter as compared to a $4.3 million increase in 2013. Mullen Group purchased $3.5 million of investments in the third quarter of 2014.

(Gain) Loss on Sale of Property, Plant and Equipment (positive variance of $0.9 million). Mullen Group recognized a gain of $0.2 million on sale of property, plant and equipment on total consolidated proceeds on sale of $3.9 million in the third quarter as compared to a $0.7 million loss on sale of property, plant and equipment on total consolidated proceeds on sale of $4.0 million in 2013. The $0.2 million gain on sale of property, plant and equipment in 2014 resulted from the sale of older assets by Operating Entities in both the Oilfield Services and Trucking/Logistics segments.

Earnings from Equity Investment (negative variance of $0.1 million). Mullen Group recognized $0.1 million of earnings from an equity investment in the third quarter as compared to earnings of $0.2 million in 2013.

Income Taxes

(unaudited) *($ millions)*	Three month periods ended September 30			
		2014		**2013**
Income before income taxes	**$**	**17.2**	$	66.9
Combined statutory tax rate		**26%**		25%
Expected income tax		**4.5**		16.7
Add (deduct):				
Non-deductible (taxable) portion of net unrealized foreign exchange loss (gain)		**1.3**		(0.7)
Non-deductible (taxable) portion of the change in fair value of investments		**0.3**		(0.5)
Stock-based compensation expense		**—**		0.1
Other		**0.6**		0.1
Income tax expense	**$**	**6.7**	$	15.7

Income tax expense decreased to $6.7 million in the third quarter of 2014 as compared to $15.7 million in 2013. The decrease of $9.0 million was mainly attributable to the lower amount of income generated in 2014 as compared to 2013. Mullen Group's combined statutory tax rate increased slightly due to a greater proportion of its revenue being generated in tax jurisdictions with higher tax rates.

Net Income

(unaudited) *($ millions, except share and per share amounts)*	Three month periods ended September 30				
		2014		**2013**	**% Change**
Net income	**$**	**10.5**	$	51.2	(79.5)
Weighted average number of Common Shares outstanding		**91,602,296**		90,324,000	1.4
Earnings per share – basic	**$**	**0.11**	$	0.56	(80.4)

Net income decreased to $10.5 million in the third quarter as compared to $51.2 million in 2013. The factors contributing to the decrease in net income include:

- a $19.4 million increase in finance costs;
- a $15.2 million negative variance in net unrealized foreign exchange;
- a $9.2 million decrease in operating income[1];
- a $7.1 million negative variance in the fair value of investments; and
- a $0.1 million decrease in earnings from equity investment.

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

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

- a $9.0 million decrease in income tax expense;
- a $0.9 million increase in gain on sale of property, plant and equipment; and
- a $0.4 million decrease in depreciation of property, plant and equipment.

Basic earnings per share decreased to $0.11 in the third quarter of 2014 as compared to $0.56 in 2013. This decrease resulted from the combined effect of the $40.7 million decrease in net income and an increase in the weighted average number of Common Shares outstanding. The weighted average number of Common Shares outstanding increased from 90,324,000 to 91,602,296 due to the issuance of Common Shares on the conversion of Debentures and from 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 the one-time expense related to the prepayment of the Series A and Series B Notes, the net unrealized foreign exchange gains or losses and the change in fair value of investments. Net income and basic earnings per share have been adjusted to reflect earnings from a strictly operating perspective.

(unaudited)	**Three month periods ended September 30**	
($ millions, except share and per share amounts)	**2014**	**2013**
Income before income taxes	**$ 17.2**	$ 66.9
Add (deduct):		
Finance costs – adjustment (Series A and Series B Notes)	**19.0**	—
Net unrealized foreign exchange loss (gain)	**10.1**	(5.1)
Change in fair value of investments	**2.8**	(4.3)
Income before income taxes – adjusted	**49.1**	57.5
Income tax rate	**26%**	25%
Computed expected income tax expense	**12.7**	14.4
Net income – adjusted[1]	**36.4**	43.1
Weighted average number of Common Shares outstanding – basic	**91,602,296**	90,324,000
Earnings per share – adjusted[1]	**$ 0.40**	$ 0.47

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

SEGMENTED INFORMATION – THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014

Three month period ended September 30, 2014 *(unaudited)* *($ millions)*	**Oilfield Services**	**Trucking /Logistics**	**Corporate and intersegment eliminations**	**Total**
	$	**$**	**$**	**$**
Revenue	**210.8**	**146.7**	**(0.2)**	**357.3**
Direct operating expenses	**138.5**	**104.9**	**(1.6)**	**241.8**
Selling and administrative expenses	**20.5**	**15.8**	**2.6**	**38.9**
Operating income[1]	**51.8**	**26.0**	**(1.2)**	**76.6**

Three month period ended September 30, 2013 *(unaudited)* *($ millions)*	**Oilfield Services**	**Trucking /Logistics**	**Corporate and intersegment eliminations**	**Total**
	$	$	$	$
Revenue	229.0	145.6	(0.6)	374.0
Direct operating expenses	147.7	102.5	(2.3)	247.9
Selling and administrative expenses	21.1	16.4	2.8	40.3
Operating income[1]	60.2	26.7	(1.1)	85.8

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

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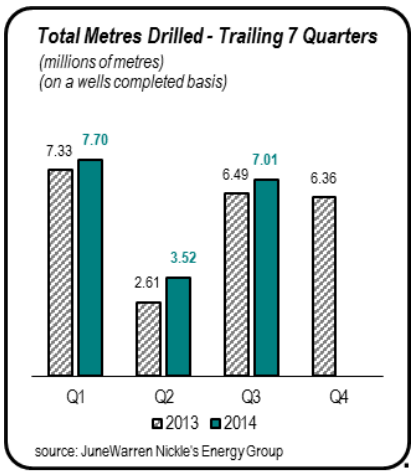
OILFIELD SERVICES SEGMENT

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 September 30, 2014, the Oilfield Services segment was comprised of 16 Operating Entities, that utilize both Company Equipment and Contractors.

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

Industry Statistics



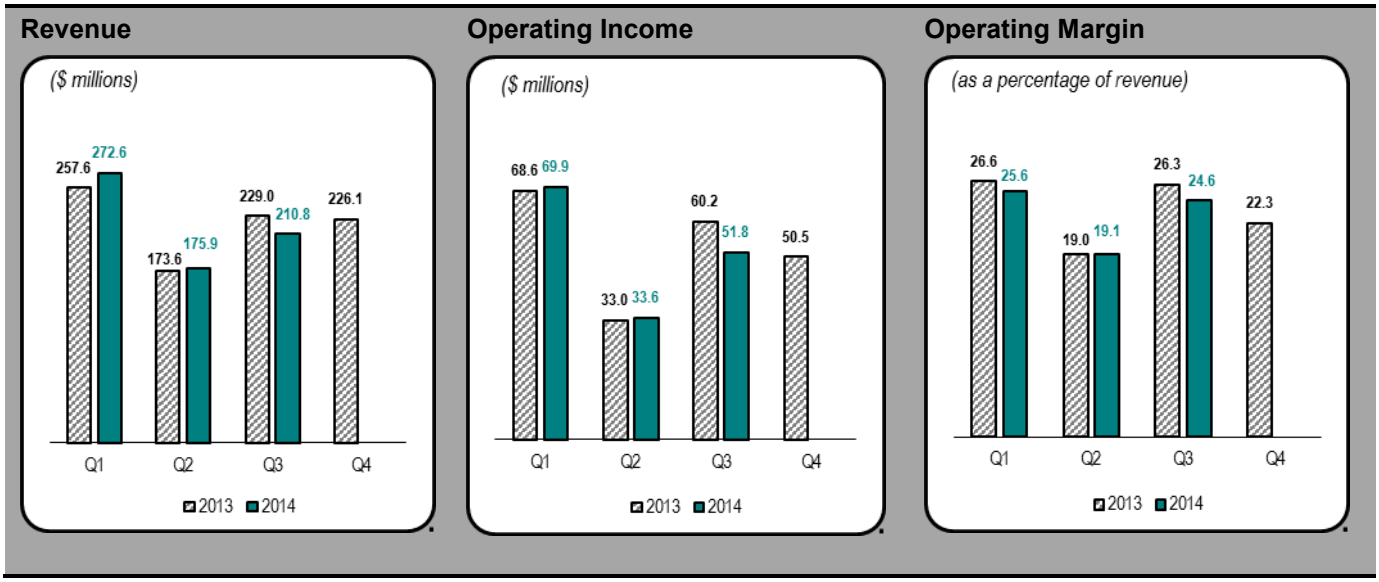
Mullen Group considers the number of active rigs operating, total wells drilled, length of metres drilled within such wells and the number of operating days, to be useful measures to gauge the strength of industry activity. Recent efforts to enhance drilling efficiency, combined with a movement to longer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

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, increased in the third quarter of 2014 as compared to the prior year. Industry statistics indicate that the average active rig count was 377 rigs during the quarter as compared to 338 active rigs in 2013, an increase of 39 rigs or 11.5 percent. Total wells drilled decreased by 0.4 percent to 3,198 wells drilled in the third quarter as compared to 3,212 wells drilled in 2013. The length of metres drilled within such wells increased by 8.0 percent to 7.01 million metres as compared to 6.49 million metres in 2013.

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

	Three month periods ended September 30			
	2014	**2013**	**# Change**	**% Change**
British Columbia	**176**	138	38	27.5
Alberta	**1,673**	1,753	(80)	(4.6)
Saskatchewan	**1,190**	1,162	28	2.4
Manitoba	**159**	159	—	—
Northwest Territories	**—**	—	—	—
Total	**3,198**	3,212	(14)	(0.4)

Summary – Trailing Seven Quarters



Revenue

Q3 Revenue – Oilfield Services *(unaudited)* *($ millions)*	**2014**		**2013**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**142.2**	**67.5**	159.3	69.6	(17.1)	(10.7)
Contractors	**67.7**	**32.1**	68.6	30.0	(0.9)	(1.3)
Other	**0.9**	**0.4**	1.1	0.4	(0.2)	(18.2)
Total	**210.8**	**100.0**	229.0	100.0	(18.2)	(7.9)

The Oilfield Services segment generated 59.0 percent of pre-consolidated revenue for the third quarter as compared to 61.1 percent in 2013. Revenue in this segment decreased by $18.2 million, or 7.9 percent, to $210.8 million as compared to $229.0 million in 2013. The $18.2 million decrease in segment revenue was due to the net effect of the following:

- a $10.3 million decrease in revenue generated by those Operating Entities providing specialized services, primarily due to a decrease in demand for large diameter pipeline construction related services;
- a $9.1 million decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells due to a combination of intense competition and infrastructure bottlenecks;
- a $0.3 million decrease in revenue generated by those Operating Entities providing drilling services; and
- a $0.7 million increase in revenue generated by those Operating Entities most directly tied to oil and natural gas drilling activity due to modestly improved industry activity.

Revenue related to Company Equipment decreased by $17.1 million, or 10.7 percent, to $142.2 million as compared to $159.3 million in 2013. This decrease was largely due to a reduction in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells as well as the decline in revenue related to large diameter pipeline construction projects. Revenue related to Company Equipment represented 67.5 percent of segment revenue in the current period compared to 69.6 percent in 2013. Revenue related to Contractors decreased by $0.9 million, or 1.3 percent, to $67.7 million as compared to $68.6 million in 2013. Revenue related to Contractors represented 32.1 percent of segment revenue in the current period as compared to 30.0 percent in 2013.

Direct Operating Expenses

Q3 Direct Operating Expenses – Oilfield Services *(unaudited)* *($ millions)*	2014		2013		Change	
	$	%*	$	%*	$	%
Company						
Wages and benefits	**35.6**	**25.0**	41.1	25.8	(5.5)	(13.4)
Fuel	**10.3**	**7.2**	11.5	7.2	(1.2)	(10.4)
Repairs and maintenance	**22.2**	**15.6**	23.4	14.7	(1.2)	(5.1)
Operating supplies	**14.6**	**10.3**	14.7	9.2	(0.1)	(0.7)
Other	**4.3**	**3.1**	5.4	3.4	(1.1)	(20.4)
	87.0	**61.2**	96.1	60.3	(9.1)	(9.5)
Contractors	**51.5**	**76.1**	51.6	75.2	(0.1)	(0.2)
Total	**138.5**	**65.7**	147.7	64.5	(9.2)	(6.2)

**as a percentage of respective Oilfield Services revenue*

DOE were $138.5 million in the third quarter as compared to $147.7 million in 2013. The decrease of $9.2 million, or 6.2 percent, was directly related to the $18.2 million decrease in segment revenue during the quarter. As a percentage of revenue these expenses increased by 1.2 percent to 65.7 percent compared to 64.5 percent in 2013.

DOE associated with Company Equipment in the third quarter decreased to $87.0 million from $96.1 million in 2013. The decrease of $9.1 million, or 9.5 percent, was directly related to the $17.1 million decrease in Company revenue. As a percentage of Company revenue these expenses increased to 61.2 percent as compared to 60.3 percent in 2013. Company expenses as a percentage of Company revenue increased by 0.9 percent due to the net effect of the following:

- the lower margin generated by those Operating Entities involved in the transportation of fluids and servicing of wells due to increased competition, competitive pricing and infrastructure bottlenecks; and

- the greater focus on efficiency and cost control, which was somewhat offset by higher repairs and maintenance expense as a percentage of revenue due to cost inflation related to a weaker Canadian dollar.

Contractors expense in the third quarter decreased by $0.1 million to $51.5 million as compared to $51.6 million in 2013. As a percentage of Contractors revenue, Contractors expense increased to 76.1 percent as compared to 75.2 percent in 2013 due to the increased use of subcontractors in certain markets.

Selling and Administrative Expenses

Q3 Selling and Administrative Expenses – Oilfield Services *(unaudited)* *($ millions)*	2014		2013		Change	
	$	%*	$	%*	$	%
Wages and benefits	**10.0**	**4.7**	10.0	4.4	—	—
Communications, utilities and general supplies	**5.1**	**2.4**	4.8	2.1	0.3	6.3
Profit share	**3.9**	**1.9**	4.7	2.1	(0.8)	(17.0)
Rent and other	**1.5**	**0.7**	1.6	0.6	(0.1)	(6.3)
Total	**20.5**	**9.7**	21.1	9.2	(0.6)	(2.8)

**as a percentage of total Oilfield Services revenue*

S&A expenses were $20.5 million in the third quarter as compared to $21.1 million in 2013. This $0.6 million decrease was primarily due to the decrease in profit share expense. S&A expenses as a percentage of segment revenue increased by 0.5 percent to 9.7 percent in comparison to 9.2 percent in 2013 due to the overall fixed nature of these expenses relative to the $18.2 million decrease in revenue.

Operating Income

Operating income[1] in the third quarter decreased 14.0 percent to $51.8 million. The $8.4 million year over year decrease can be attributed to the net effect of the following:

- a $4.5 million decrease in those Operating Entities involved in the transportation of fluids and servicing of wells;
- a $3.8 million decrease relating to both dewatering and pipeline construction services, which could not replicate the strong demand experienced in 2013 due to unprecedented flooding in southern Alberta and robust pipeline activity; and
- a $0.2 million decrease from Operating Entities tied to drilling related activity due to lower margins being generated from certain services that were somewhat offset by greater margins from rig relocation services, which resulted from stronger pricing and cost control measures.

Operating income[1] represented as a percentage of segment revenue decreased to 24.6 percent in the third quarter from 26.3 percent in 2013, primarily due to the lower margin generated by those Operating Entities involved in the transportation of fluids and the servicing of wells due to competitive pricing resulting from intense competition.

Capital Expenditures

Net capital expenditures[1] were $9.6 million in the third quarter of 2014, a decrease of $4.5 million as compared to $14.1 million in 2013. The Oilfield Services segment had gross capital expenditures of $12.8 million and dispositions of $3.2 million for net capital expenditures[1] of $9.6 million in 2014. Gross capital expenditures mainly consisted of additional equipment being purchased by those Operating Entities involved in the transportation of fluids and the servicing of wells, including new trailers to transport crude oil along with other specialized production services equipment to meet the demand for our services, predominately within the heavy oil region of Alberta. The majority of the dispositions related to the sale of older trucks and trailers. In 2013 gross capital expenditures were $17.4 million and dispositions were $3.3 million for net capital expenditures[1] of $14.1 million.

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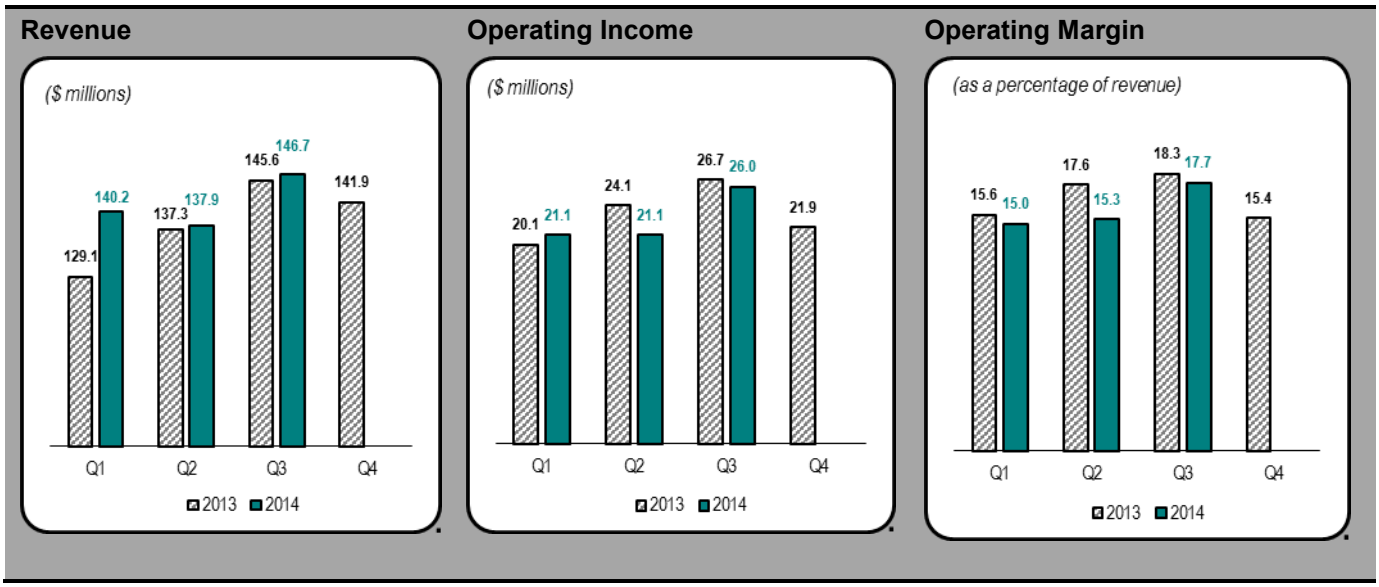
[1]Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

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 September 30, 2014, the Trucking/Logistics segment was comprised of 10 Operating Entities that utilize both Company Equipment and Contractors.

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

Summary – Trailing Seven Quarters



General economic activity, and in particular the western Canadian economy, is the main driver of demand levels for our Trucking/Logistics segment. Early estimates indicate that the Canadian economy grew by 2.8 percent during the third quarter of 2014. This represents a modest slowing from the 3.1 percent recorded in the second quarter but up strongly from the first quarter. GDP in the United States rebounded in the second quarter with an estimated increase of 4.2 percent. This compares favourably to the first quarter when the U.S. economy contracted by an estimated 2.1 percent, largely due to harsh winter weather conditions.

Revenue

Q3 Revenue – Trucking/Logistics

(unaudited) ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**72.0**	**49.1**	72.9	50.1	(0.9)	(1.2)
Contractors	**74.6**	**50.9**	72.6	49.9	2.0	2.8
Other	**0.1**	**—**	0.1	—	—	—
Total	**146.7**	**100.0**	145.6	100.0	1.1	0.8

The Trucking/Logistics segment generated 41.0 percent of pre-consolidated revenue for the third quarter as compared to 38.9 percent in 2013 mainly as a result of the revenue declines experienced in the Oilfield Services segment. Revenue in this segment increased by a modest $1.1 million, or 0.8 percent, to $146.7 million as compared to $145.6 million in 2013 due to increased demand for our general freight services and a $1.7 million increase in fuel surcharge revenue. Fuel surcharge revenue increased to $15.3 million from $13.6 million in 2013. These increases in revenue were largely offset by lower demand for pneumatic bulk transportation services, due to a large construction project requiring a large volume of cement that occurred in 2013, as well as a decline in demand for heavy haul freight services in western Canada.

Revenue related to Company Equipment decreased by $0.9 million, or 1.2 percent, to $72.0 million as compared to $72.9 million in 2013. Revenue related to Company Equipment represented 49.1 percent of segment revenue in the current period compared to 50.1 percent in 2013. Revenue related to Contractors increased by $2.0 million, or 2.8 percent, to $74.6 million as compared to $72.6 million in 2013. Revenue related to Contractors represented 50.9 percent of segment revenue in the current period as compared to 49.9 percent in 2013.

Direct Operating Expenses

Q3 Direct Operating Expenses – Trucking/Logistics

(unaudited) ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**20.5**	**28.5**	21.4	29.4	(0.9)	(4.2)
Fuel	**8.0**	**11.1**	8.4	11.5	(0.4)	(4.8)
Repairs and maintenance	**10.2**	**14.2**	9.5	13.0	0.7	7.4
Operating supplies	**4.3**	**6.0**	3.4	4.7	0.9	26.5
Other	**5.7**	**7.8**	6.1	8.3	(0.4)	(6.6)
	48.7	**67.6**	48.8	66.9	(0.1)	(0.2)
Contractors	**56.2**	**75.3**	53.7	74.0	2.5	4.7
Total	**104.9**	**71.5**	102.5	70.4	2.4	2.3

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

DOE were $104.9 million in the third quarter as compared to $102.5 million in 2013. The increase of $2.4 million, or 2.3 percent, was primarily due to higher DOE associated with Contractors. Overall as a percentage of revenue these expenses increased by 1.1 percent to 71.5 percent as compared to 70.4 percent in 2013.

DOE related to Company Equipment decreased by $0.1 million to $48.7 million from $48.8 million in 2013, primarily due to the $0.9 million decrease in Company revenue. In terms of a percentage of revenue, Company expenses increased by 0.7 percent to 67.6 percent as compared to 66.9 percent in 2013. This was due to the combined effect of the following:

- repairs and maintenance expense that increased by 1.2 percent of Company revenue to 14.2 percent, or $10.2 million, as compared to 13.0 percent or $9.5 million in 2013, mainly due to cost inflation associated with a weakening Canadian dollar;

- operating supplies that increased by 1.3 percent of Company revenue to 6.0 percent, or $4.3 million, as compared to 4.7 percent or $3.4 million in 2013, mainly due to an increase in sales of industrial and aggregate products; and

- fuel expenses that decreased by 0.4 percent of Company revenue to 11.1 percent, or $8.0 million, as compared to 11.5 percent or $8.4 million in 2013 as a result of decreased diesel prices and lagging fuel surcharge revenue.

Contractors expense in the third quarter increased by $2.5 million to $56.2 million as compared to $53.7 million in 2013 due to the $2.0 million increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense increased to 75.3 percent as compared to 74.0 percent in 2013 due to the increased use of subcontractors in certain markets.

Selling and Administrative Expenses

Q3 Selling and Administrative Expenses – Trucking/Logistics *(unaudited)* *($ millions)*	2014		2013		Change	
	$	%*	$	%*	$	%
Wages and benefits	**9.4**	**6.4**	9.1	6.3	0.3	3.3
Communications, utilities and general supplies	**3.7**	**2.5**	3.8	2.6	(0.1)	(2.6)
Profit share	**2.2**	**1.5**	2.3	1.6	(0.1)	(4.3)
Foreign exchange	**(0.6)**	**(0.4)**	0.3	0.2	(0.9)	(300.0)
Rent and other	**1.1**	**0.8**	0.9	0.6	0.2	22.2
Total	**15.8**	**10.8**	16.4	11.3	(0.6)	(3.7)

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

S&A expenses were $15.8 million in the third quarter as compared to $16.4 million in 2013. The decrease of $0.6 million was primarily due to the $0.9 million positive variance on foreign exchange. S&A expenses as a percentage of segment revenue decreased by 0.5 percent to 10.8 percent compared to 11.3 percent in 2013.

Operating Income

Operating income[1] for the third quarter decreased to $26.0 million, or 2.6 percent, compared to $26.7 million generated in the same period last year. The decrease of $0.7 million resulted primarily from lower operating income[1] related to pneumatic bulk transportation services. As a percentage of segment revenue, operating income[1] decreased to 17.7 percent as compared to 18.3 percent in 2013.

Capital Expenditures

Net capital expenditures[1] were $5.9 million in the third quarter, an increase of $0.5 million as compared to $5.4 million in 2013. The Trucking/Logistics segment had gross capital expenditures of $6.6 million and dispositions of $0.7 million for net capital expenditures[1] of $5.9 million in 2014. Gross capital expenditures mainly consisted of the purchase of trucks and trailers, as well as various pieces of operating equipment. In 2013 gross capital expenditures were $6.4 million and dispositions were $1.0 million for net capital expenditures[1] of $5.4 million.

CORPORATE

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

The Corporate Office experienced an operating loss of $1.2 million in the third quarter as compared to an operating loss of $1.1 million in 2013. The $0.1 million increase in operating loss was mainly attributable to a reduction in the amount of costs recovered from Operating Entities and an increase in various other administrative costs, including property taxes, which resulted from the purchase of real property and facilities by the Corporate Office. These increases were somewhat offset by a positive variance in foreign exchange and a reduction in stock-based compensation expense.

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

CONSOLIDATED FINANCIAL RESULTS – NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014

Revenue

Consolidated Revenue **Nine month periods ended September 30** ***(unaudited)*** ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**652.8**	**60.3**	651.0	60.9	1.8	0.3
Contractors	**425.7**	**39.3**	415.0	38.8	10.7	2.6
Other	**4.2**	**0.4**	3.8	0.3	0.4	10.5
Total	**1,082.7**	**100.0**	1,069.8	100.0	12.9	1.2

Mullen Group's consolidated revenue in the first nine months of 2014 increased by $12.9 million, or 1.2 percent, to $1,082.7 million as compared to $1,069.8 million in 2013. The majority of this increase in revenue, specifically $15.3 million was due to the acquisition of Jay's. Revenue in the first and second quarters of 2014 increased by $26.5 million and $3.1 million, respectively, which was partially offset by a $16.7 million decrease in revenue in the third quarter.

In the first nine months of 2014, revenue in the Oilfield Services segment decreased by $0.9 million, or 0.1 percent, to $659.3 million as compared to $660.2 million in the same period one year earlier. This decrease was due to:

- a decrease in revenue generated by those Operating Entities providing specialized transportation services to the oil sands;
- a decrease in revenue generated by those Operating Entities involved in the transportation of fluids and the servicing of wells; and
- a modest increase in drilling activity in western Canada and its impact on those Operating Entities most directly tied to oil and natural gas drilling activity.

Revenue in the Trucking/Logistics segment increased by $12.8 million, or 3.1 percent, to $424.8 million from $412.0 million in the same period one year earlier. This increase was largely due to incremental revenue resulting from the acquisition of Jay's as well as a $3.9 million increase in fuel surcharge revenue. These increases were partially offset by decreased demand for over-dimensional and heavy haul freight services and construction related services, especially in northern Manitoba.

Revenue related to Company Equipment increased by $1.8 million, or 0.3 percent, to $652.8 million as compared to $651.0 million in 2013. The majority of this increase was due to the incremental revenue resulting from the acquisition of Jay's. Revenue related to Company Equipment represented 60.3 percent of consolidated revenue in the current period as compared to 60.9 percent in 2013. Revenue related to Contractors increased by $10.7 million, or 2.6 percent, to $425.7 million as compared to $415.0 million in 2013 primarily due to increased revenue generated by Heavy Crude Hauling L.P. as a result of a major crude oil and fluid hauling contract in the Lloydminster region. Revenue related to Contractors represented 39.3 percent of consolidated revenue in the current period as compared to 38.8 percent in 2013.

Direct Operating Expenses

Consolidated Direct Operating Expenses **Nine month periods ended September 30** ***(unaudited)*** ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**174.6**	**26.7**	177.1	27.2	(2.5)	(1.4)
Fuel	**64.5**	**9.9**	60.4	9.3	4.1	6.8
Repairs and maintenance	**97.4**	**14.9**	93.7	14.4	3.7	3.9
Operating supplies	**57.6**	**8.8**	54.8	8.4	2.8	5.1
Other	**27.3**	**4.3**	29.0	4.5	(1.7)	(5.9)
	421.4	**64.6**	415.0	63.8	6.4	1.5
Contractors	**322.2**	**75.7**	310.9	74.9	11.3	3.6
Total	**743.6**	**68.7**	725.9	67.9	17.7	2.4

**as a percentage of respective Consolidated revenue*

DOE were $743.6 million in the first nine months of 2014 as compared to $725.9 million in 2013. The increase of $17.7 million, or 2.4 percent, was directly related to the $12.9 million increase in consolidated revenue. The majority of the DOE increase was directly attributable to expenses incurred during the first quarter. As a percentage of revenue these expenses increased by 0.8 percent to 68.7 percent as compared to 67.9 percent in 2013.

In 2014 DOE associated with Company Equipment increased to $421.4 million from $415.0 million in 2013. The increase of $6.4 million, or 1.5 percent, was largely due to the acquisition of Jay's. As a percentage of Company revenue these expenses increased to 64.6 percent as compared to 63.8 percent in 2013. Company expenses as a percentage of Company revenue increased by 0.8 percent primarily due to a combination of a generally more competitive environment in the Oilfield Services segment and lower margin experienced by the Trucking/Logistics segment.

Contractors expense in the first nine months of 2014 increased by $11.3 million to $322.2 million, as compared to $310.9 million in 2013 due to the $10.7 million increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense increased by 0.8 percent to 75.7 percent as compared to 74.9 percent in 2013, due to higher costs experienced in both the Oilfield Services and Trucking/Logistics segments.

Selling and Administrative Expenses

Consolidated Selling and Administrative Expenses **Nine month periods ended September 30** **(*unaudited*)** ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**63.0**	**5.8**	59.2	5.5	3.8	6.4
Communications, utilities and general supplies	**31.2**	**2.9**	28.7	2.7	2.5	8.7
Profit share	**16.1**	**1.5**	16.5	1.5	(0.4)	(2.4)
Foreign exchange	**(1.0)**	**(0.1)**	(0.7)	(0.1)	(0.3)	42.9
Stock-based compensation	**1.4**	**0.1**	1.8	0.2	(0.4)	(22.2)
Rent and other	**8.6**	**0.8**	8.8	0.9	(0.2)	(2.3)
Total	**119.3**	**11.0**	114.3	10.7	5.0	4.4

**as a percentage of total Consolidated revenue*

S&A expenses were $119.3 million in the first nine months of 2014 as compared to $114.3 million in 2013. The increase of $5.0 million was mainly attributable to the acquisition of Jay's. S&A expenses as a percentage of consolidated revenue increased by 0.3 percent to 11.0 percent in comparison to 10.7 percent in 2013.

Operating Income

Operating income[1] for the first nine months of 2014 decreased to $219.8 million, or 4.3 percent, as compared to $229.6 million generated in the same period last year. The decrease of $9.8 million was due to the Oilfield Services segment that experienced a $6.5 million decrease in operating income[1] and the Trucking/Logistics segment that experienced a $2.7 million decrease in operating income[1]. In addition, Corporate costs rose by $0.6 million on a year over year basis. As a percentage of revenue, operating income[1] decreased to 20.3 percent as compared to 21.5 percent in 2013. This 1.2 percent decrease in operating margin was due to a generally more competitive environment.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $51.4 million in the first nine months of 2014 as compared to $51.0 million in 2013. The increase of $0.4 million was attributable to a greater amount of depreciation being recorded in the Trucking/Logistics segment. Depreciation in the Trucking/Logistics segment increased by $1.0 million due to the additional depreciation expense resulting from the acquisition of Jay's and from the capital expenditures made by certain Operating Entities to meet customer demand in western Canada. Depreciation in the Oilfield Services segment decreased by $1.0 million due to the sale of older assets by certain Operating Entities combined with the Corporation's declining balance method of depreciation. Somewhat offsetting this decrease was an increase in depreciation due to the capital expenditures made by those Operating Entities involved in the transportation of fluids and the servicing of wells. Depreciation in the Corporate Office increased by $0.4 million on a year over year basis primarily as a result of capital expenditures related to facilities.

Amortization of Intangible Assets

Amortization of intangible assets was $11.6 million in the first nine months of 2014 as compared to $12.9 million in 2013. The decrease of $1.3 million mainly resulted from the reduction in amortization recorded on certain Operating Entities intangible assets that have become fully amortized being somewhat offset by the additional amortization recorded on the intangible assets associated with the Jay's acquisition.

Finance Costs

Finance costs were $38.7 million in the first nine months of 2014 as compared to $19.7 million in 2013. The increase of $19.0 million was attributable to a $19.0 million one-time expense related to the prepayment of the Series A and Series B Notes. For more information regarding this adjustment, refer to the Private Placement and Capital Allocations section beginning on page 6. Finance costs also increased due to a greater amount of interest expense being recorded on the U.S. dollar debt as a result of a weakening Canadian dollar as compared to the U.S. dollar, which was offset by lower interest expense being recorded on the Debentures due to conversions.

Net Unrealized Foreign Exchange Loss (Gain)

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

Nine month periods ended September 30	**CDN. $ Equivalent**	
(unaudited) ***($ millions)***	**2014**	**2013**
Unrealized foreign exchange loss on U.S. debt	**13.2**	8.3
Unrealized foreign exchange (gain) on Cross-Currency Swaps	**(2.3)**	—
Net unrealized foreign exchange loss	**10.9**	8.3

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

Unrealized Foreign Exchange Loss (Gain) on U.S. Debt

Mullen Group recorded an unrealized foreign exchange loss of $13.2 million related to the Corporation's $235.0 million of U.S. dollar denominated debt due to the $0.06 weakening of the Canadian dollar against the U.S. dollar in the first nine months of 2014. For the same period in 2013, Mullen Group recorded an unrealized foreign exchange loss of $8.3 million due to the $0.04 weakening of the Canadian dollar against the U.S. dollar. The details of the unrealized foreign exchange loss on U.S. debt is summarized in the table below.

Nine month periods ended September 30	**2014**			**2013**		
(unaudited) ***($ millions, except exchange rate amount)***	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**
Ending – September 30	**235.0**	**1.1200**	**263.2**	235.0	1.0303	242.1
Beginning – January 1	**235.0**	**1.0636**	**250.0**	235.0	0.9949	233.8
Unrealized foreign exchange loss on U.S. debt			**13.2**			8.3

Unrealized Foreign Exchange Gain on Cross-Currency Swaps

Mullen Group recorded an unrealized foreign exchange gain on Cross-Currency Swaps of $2.3 million. This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below.

Nine month periods ended September 30	**2014**		**2013**	
(unaudited) *($ millions)*	**U.S. $ Swaps**	**CDN. $ Change in Fair Value of Swaps**	**U.S. $ Swaps**	**CDN. $ Change in Fair Value of Swaps**
Cross-Currency Swap maturing October 22, 2024	**117.0**	**(1.6)**	—	—
Cross-Currency Swap maturing October 22, 2026	**112.0**	**(0.7)**	—	—
Unrealized foreign exchange (gain) on Cross-Currency Swaps		**(2.3)**		—

Other (Income) Expense

Other expense was $6.5 million for the first nine months of 2014 as compared to other income of $25.1 million in 2013. The $31.6 million negative variance was due to the factors set forth below.

Change in fair value of investments (negative variance of $27.8 million). Mullen Group recorded a decrease in the fair value of investments of $2.7 million in the first nine months of 2014 as compared to a $25.1 million increase in 2013. This $27.8 million negative 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 $4.47, or 148.5 percent, during the nine month period in 2013 resulting in a $20.9 million increase in the fair value of this investment compared to a $0.8 million decrease during the same period in 2014. In 2014 Mullen Group purchased $3.5 million of investments.

Loss on sale of property, plant and equipment (negative variance of $3.4 million). Mullen Group recognized a loss of $4.3 million on sale of property, plant and equipment on consolidated proceeds on sale of $20.8 million in the first nine months of 2014 as compared to a $0.9 million loss on consolidated proceeds on sale of $8.8 million in 2013. The $4.3 million loss on sale of property, plant and equipment in 2014 mainly resulted from the sale of older assets by Operating Entities within the Oilfield Services segment. A significant amount of this equipment would have been too costly to repair or safety certify.

Earnings from Equity Investment (negative variance of $0.4 million). Mullen Group recognized $0.5 million of earnings from an equity investment in the first nine months of 2014 as compared to $0.9 million in 2013.

Income Taxes

(unaudited) *($ millions)*	Nine month periods ended September 30	
	2014	**2013**
Income before income taxes	**$ 100.7**	$ 162.8
Combined statutory tax rate	**26%**	25%
Expected income tax	**26.2**	40.7
Add (deduct):		
Non-deductible (taxable) portion of net unrealized foreign exchange loss	**1.4**	1.0
Non-deductible (taxable) portion of the change in fair value of investments	**0.3**	(3.1)
Stock-based compensation expense	**0.3**	0.4
Other	**0.1**	0.8
Income tax expense	**$ 28.3**	$ 39.8

Income tax expense was $28.3 million in the first nine months of 2014 as compared to $39.8 million in 2013. The decrease of $11.5 million was mainly attributable to the lower amount of income generated in the first nine months of 2014 as compared to 2013. Mullen Group's combined statutory tax rate increased slightly due to a greater proportion of its revenue being generated in higher taxed jurisdictions.

Net Income

(unaudited) *($ millions, except share and per share amounts)*	Nine month periods ended September 30		
	2014	**2013**	**% Change**
Net income	**$ 72.4**	$ 123.0	(41.1)
Weighted average number of Common Shares outstanding	**91,299,203**	89,495,754	2.0
Earnings per share – basic	**$ 0.79**	$ 1.37	(42.3)

Net income decreased to $72.4 million in the first nine months of 2014 as compared to $123.0 million in 2013. The factors contributing to the decrease in net income include:

- a $27.8 million negative variance in the fair value of investments;
- a $19.0 million increase in finance costs;
- a $9.8 million decrease in operating income[1];
- a $3.4 million increase in loss on sale of property, plant and equipment;
- a $2.6 million negative variance in net unrealized foreign exchange;
- a $0.4 million increase in depreciation of property, plant and equipment; and
- a $0.4 million decrease in earnings from equity investment.

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

- an $11.5 million decrease in income tax expense; and
- a $1.3 million decrease in amortization of intangibles.

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

Basic earnings per share decreased to $0.79 in the first nine months of 2014 as compared to $1.37 in 2013. This decrease resulted from the combined effect of the $50.6 million decrease in net income and an increase in the weighted average number of Common Shares outstanding. The weighted average number of Common Shares outstanding increased from 89,495,754 to 91,299,203 due to the issuance of Common Shares on the conversion of Debentures and from 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 the one-time expense related to the prepayment of the Series A and Series B Notes, the net unrealized foreign exchange gains or losses and the change in fair value of investments. Net income and basic earnings per share have been adjusted to reflect earnings from a strictly operating perspective.

(unaudited)	**Nine month periods ended September 30**	
($ millions, except share and per share amounts)	**2014**	**2013**
Income before income taxes	**$ 100.7**	$ 162.8
Add (deduct):		
Finance costs – adjustment (Series A and Series B Notes)	**19.0**	—
Net unrealized foreign exchange loss	**10.9**	8.3
Change in fair value of investments	**2.7**	(25.1)
Income before income taxes – adjusted	**133.3**	146.0
Income tax rate	**26%**	25%
Computed expected income tax expense	**34.6**	36.5
Net income – adjusted[1]	**98.7**	109.5
Weighted average number of Common Shares outstanding – basic	**91,299,203**	89,495,754
Earnings per share – adjusted[1]	**$ 1.08**	$ 1.22

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

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SEGMENTED INFORMATION – NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014

Nine month period ended September 30, 2014 *(unaudited)* *($ millions)*	Oilfield Services	Trucking /Logistics	Corporate and Intersegment eliminations	Total
	$	$	$	$
Revenue	**659.3**	**424.8**	**(1.4)**	**1,082.7**
Direct operating expenses	**441.1**	**308.1**	**(5.6)**	**743.6**
Selling and administrative expenses	**62.9**	**48.5**	**7.9**	**119.3**
Operating income[1]	**155.3**	**68.2**	**(3.7)**	**219.8**

Nine month period ended September 30, 2013 *(unaudited)* *($ millions)*	Oilfield Services	Trucking /Logistics	Corporate and Intersegment eliminations	Total
	$	$	$	$
Revenue	660.2	412.0	(2.4)	1,069.8
Direct operating expenses	435.8	296.6	(6.5)	725.9
Selling and administrative expenses	62.6	44.5	7.2	114.3
Operating income[1]	161.8	70.9	(3.1)	229.6

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

OILFIELD SERVICES SEGMENT

Drilling activity in the WCSB, as reported in terms of active rig count, total wells drilled and length of metres drilled within such wells, improved in the first nine months of 2014 as compared to the prior year. Industry statistics indicate that the average active rig count was 365 rigs during the first nine months of 2014 as compared to 328 active rigs in 2014, an increase of 37 rigs or 11.3 percent. In addition, total wells drilled in 2014 increased by 1.4 percent to 8,154 wells drilled in the period as compared to 8,043 wells drilled in 2013. The length of metres drilled within such wells increased by 11.0 percent during the period to 18.23 million metres as compared to 16.43 million metres in 2014.

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

	Nine month periods ended September 30			
	2014	**2013**	**# Change**	**% Change**
British Columbia	**522**	398	124	31.2
Alberta	**4,754**	4,865	(111)	(2.3)
Saskatchewan	**2,578**	2,370	208	8.8
Manitoba	**297**	409	(112)	(27.4)
Northwest Territories	**3**	1	2	200.0
Total	**8,154**	8,043	111	1.4

Revenue

Revenue – Oilfield Services Nine month periods ended September 30 *(unaudited)* *($ millions)*	2014		2013		Change	
	$	%	$	%	$	%
Company	**443.3**	**67.2**	454.8	68.9	(11.5)	(2.5)
Contractors	**213.1**	**32.3**	202.7	30.7	10.4	5.1
Other	**2.9**	**0.5**	2.7	0.4	0.2	7.4
Total	**659.3**	**100.0**	660.2	100.0	(0.9)	(0.1)

The Oilfield Services segment generated 60.8 percent of pre-consolidated revenue in the first nine months of 2014 as compared to 61.6 percent in 2013. Revenue in this segment decreased by $0.9 million, or 0.1 percent, to $659.3 million as compared to $660.2 million in 2013. Revenue in the first and second quarters of 2014 increased year over year by $15.0 million and $2.3 million, respectively, which was more than offset by a year over year decrease in revenue of $18.2 million in the third quarter. As the year progressed, slowing customer demand accompanied by competitive pressures, limited pricing power and changing markets combined to limit opportunities for the vast majority of our Operating Entities in the Oilfield Services segment. Specific factors affecting the Oilfield Services segment's year to date revenue were:

- a $6.0 million decrease in revenue generated by those Operating Entities providing specialized transportation services to the oil sands;
- a $3.0 million increase in revenue generated by those Operating Entities most directly tied to oil and natural gas drilling activity;
- a $0.3 million increase in revenue generated by those Operating Entities providing drilling services including core drilling for the oil sands; and
- no change in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells.

Direct Operating Expenses

Direct Operating Expenses – Oilfield Services Nine month periods ended September 30 *(unaudited)* *($ millions)*	2014		2013		Change	
	$	%*	$	%*	$	%
Company						
Wages and benefits	**116.1**	**26.2**	121.4	26.7	(5.3)	(4.4)
Fuel	**37.8**	**8.5**	36.5	8.0	1.3	3.6
Repairs and maintenance	**67.8**	**15.3**	66.6	14.6	1.2	1.8
Operating supplies	**43.3**	**9.8**	41.6	9.1	1.7	4.1
Other	**14.2**	**3.2**	16.6	3.8	(2.4)	(14.5)
	279.2	**63.0**	282.7	62.2	(3.5)	(1.2)
Contractors	**161.9**	**76.0**	153.1	75.5	8.8	5.7
Total	**441.1**	**66.9**	435.8	66.0	5.3	1.2

**as a percentage of respective Oilfield Services revenue*

DOE were $441.1 million in the first nine months of 2014 as compared to $435.8 million in 2013. The increase of $5.3 million, or 1.2 percent, was directly related to a greater amount of DOE Contractor expense, which was somewhat offset by a reduction in expenses associated with Company Equipment due to the $11.5 million decline in Company revenue. As a percentage of revenue these expenses increased by 0.9 percent to 66.9 percent compared to 66.0 percent in 2013.

In the first nine months of 2014, DOE associated with Company Equipment decreased by $3.5 million, or 1.2 percent, to $279.2 million from $282.7 million in 2013. This $3.5 million decrease was directly related to the $11.5 million decrease in Company revenue. As a percentage of Company revenue these expenses increased to 63.0 percent compared to 62.2 percent in 2013, primarily due to a generally more competitive operating environment experienced by those Operating Entities involved in the transportation of fluids and the servicing of wells as well as cost inflation.

Contractors expense in the first nine months of 2014 increased to $161.9 million, as compared to $153.1 million in 2013. This $8.8 million increase was directly related to the $10.4 million increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense increased slightly to 76.0 percent as compared to 75.5 percent in 2013 due to the increased use of subcontractors in certain markets.

Selling and Administrative Expenses

Selling and Administrative Expenses – Oilfield Services
Nine month periods ended September 30

(unaudited) ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**31.7**	**4.8**	31.0	4.7	0.7	2.3
Communications, utilities and general supplies	**16.6**	**2.5**	15.8	2.4	0.8	5.1
Profit share	**10.5**	**1.6**	10.6	1.6	(0.1)	(0.9)
Rent and other	**4.1**	**0.6**	5.2	0.8	(1.1)	(21.2)
Total	**62.9**	**9.5**	62.6	9.5	0.3	0.5

**as a percentage of total Oilfield Services revenue*

S&A expenses in the first nine months of 2014 increased by $0.3 million to $62.9 million as compared to $62.6 million in 2013. S&A expenses as a percentage of segment revenue remained constant at 9.5 percent due to the overall fixed nature of these expenses.

Operating Income

Operating income[1] in the first nine months of 2014 decreased by 4.0 percent to $155.3 million. The $6.5 million year over year decrease can be attributed to the following:

- an $8.3 million decrease in those Operating Entities involved in the transportation of fluids and servicing of wells;
- a $1.6 million decrease relating to those Operating Entities leveraged to the oil sands and pipeline construction projects;
- a $1.8 million increase from Operating Entities tied to drilling related activity; and
- a $1.6 million increase from Operating Entities providing drilling services.

Operating income[1] represented as a percentage of segment revenue, decreased to 23.6 percent in the first nine months of 2014 from 24.5 percent in 2013. The 0.9 percent decrease in operating margin was a direct result of the combined effect of a shift to a greater amount of lower margin Contractors revenue and increased operating expenses such as fuel and repairs and maintenance costs that could not be fully recovered from customers. These decreases in operating margin were partially offset by a slight increase in drilling activity that resulted in higher demand for certain services.

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

Capital Expenditures

Net capital expenditures[1] were $25.4 million in the first nine months of 2014, a decrease of $19.6 million as compared to $45.0 million in 2013. The Oilfield Services segment had gross capital expenditures of $44.5 million and dispositions of $19.1 million for net capital expenditures[1] of $25.4 million in 2014. Gross capital expenditures mainly consisted of additional equipment being purchased by those Operating Entities involved in the transportation of fluids and the servicing of wells, including new trailers to transport crude oil along with other specialized production services equipment to meet the demand for our services, predominately within the heavy oil region of Alberta. Gross capital expenditures also consisted of purchasing trucks and trailers for those Operating Entities tied to drilling related activity as well as purchasing specialized equipment to service the demand for dewatering and other specialized services within Alberta's oil sands. The majority of the dispositions related to the sale of older trucks and trailers. In 2013 gross capital expenditures were $52.5 million and dispositions were $7.5 million for net capital expenditures[1] of $45.0 million.

TRUCKING/LOGISTICS SEGMENT

Revenue

Revenue – Trucking/Logistics **Nine month periods ended September 30** ***(unaudited)*** ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**209.5**	**49.3**	196.2	47.6	13.3	6.8
Contractors	**214.8**	**50.6**	215.3	52.3	(0.5)	(0.2)
Other	**0.5**	**0.1**	0.5	0.1	—	—
Total	**424.8**	**100.0**	412.0	100.0	12.8	3.1

The Trucking/Logistics segment generated 39.2 percent of pre-consolidated revenue in the first nine months of 2014 as compared to 38.4 percent in 2013. Revenue in this segment increased by $12.8 million, or 3.1 percent, to $424.8 million as compared to $412.0 million in 2013. This increase was due to the $15.3 million of incremental revenue generated by the acquisition of Jay's as well as a $3.9 million increase in fuel surcharge revenue. Fuel surcharge revenue increased to $45.0 million from $41.1 million in 2013. These increases were partially offset by decreased demand for construction services in northern Manitoba as well as over-dimensional and heavy haul freight services in western Canada.

Direct Operating Expenses

Direct Operating Expenses – Trucking/Logistics **Nine month periods ended September 30** ***(unaudited)*** ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**58.5**	**27.9**	55.7	28.4	2.8	5.0
Fuel	**26.7**	**12.7**	23.9	12.2	2.8	11.7
Repairs and maintenance	**29.7**	**14.2**	27.1	13.8	2.6	9.6
Operating supplies	**14.2**	**6.8**	13.1	6.7	1.1	8.4
Other	**16.4**	**7.9**	16.0	8.1	0.4	2.5
	145.5	**69.5**	135.8	69.2	9.7	7.1
Contractors	**162.6**	**75.7**	160.8	74.7	1.8	1.1
Total	**308.1**	**72.5**	296.6	72.0	11.5	3.9

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

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

DOE in the first nine months of 2014 were $308.1 million as compared to $296.6 million in 2013. The increase of $11.5 million, or 3.9 percent, was due to higher DOE associated with Company Equipment. Overall as a percentage of revenue these expenses increased by 0.5 percent to 72.5 percent as compared to 72.0 percent in 2013.

DOE related to Company Equipment increased by $9.7 million to $145.5 million from $135.8 million, primarily due to incremental DOE as a result of the acquisition of Jay's and, to a lesser degree, an increase in fuel expense. In terms of a percentage of revenue, Company expenses increased to 69.5 percent as compared to 69.2 percent in 2013. This 0.3 percent increase as a percentage of Company revenue was primarily due to the combined effect of the following:

- fuel expenses that increased by 0.5 percent of Company revenue to 12.7 percent, or $26.7 million, as compared to 12.2 percent or $23.9 million in 2013, due to the combined effect of the rise in diesel fuel prices in western Canada and lagging fuel surcharge revenue;

- repairs and maintenance expense that increased by 0.4 percent of Company revenue to 14.2 percent, or $29.7 million, as compared to 13.8 percent or $27.1 million in 2013, mainly due to inflation associated with a weakening Canadian dollar; and

- wages and benefit expenses that decreased by 0.5 percent to 27.9 percent of Company revenue, or $58.5 million, as compared to 28.4 percent or $55.7 million in 2013, due to wage increases in certain Operating Entities to remain competitive.

Contractors expense in the first nine months of 2014 increased by $1.8 million to $162.6 million, as compared to $160.8 million in 2013. As a percentage of Contractors revenue, Contractors expense increased to 75.7 percent as compared to 74.7 percent in 2013 due to the increased use of subcontractors in certain markets.

Selling and Administrative Expenses

Selling and Administrative Expenses – Trucking/Logistics
Nine month periods ended September 30

(unaudited) ***($ millions)***	**2014**		**2013**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**28.1**	**6.6**	25.4	6.2	2.7	10.6
Communications, utilities and general supplies	**12.3**	**2.9**	11.0	2.7	1.3	11.8
Profit share	**5.6**	**1.3**	5.9	1.4	(0.3)	(5.1)
Foreign exchange	**(0.7)**	**(0.2)**	(0.4)	(0.1)	(0.3)	75.0
Rent and other	**3.2**	**0.8**	2.6	0.6	0.6	23.1
Total	**48.5**	**11.4**	44.5	10.8	4.0	9.0

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

S&A expenses were $48.5 million in the first nine months of 2014 as compared to $44.5 million in 2013. The increase of $4.0 million was primarily due to the acquisition of Jay's. S&A expenses as a percentage of segment revenue increased by 0.6 percent to 11.4 percent in comparison to 10.8 percent in 2013.

Operating Income

Operating income[1] for the first nine months of 2014 decreased by $2.7 million to $68.2 million, or 3.8 percent, compared to $70.9 million generated in the same period last year. As a percentage of segment revenue, operating income[1] decreased by 1.1 percent to 16.1 percent as compared to 17.2 percent in 2013.

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

Capital Expenditures

Net capital expenditures[1] were $16.1 million in the first nine months of 2014, an increase of $1.3 million as compared to $14.8 million in 2013. The Trucking/Logistics segment had gross capital expenditures of $17.9 million and dispositions of $1.8 million for net capital expenditures[1] of $16.1 million in 2014. Gross capital expenditures mainly consisted of the purchase of trucks and trailers as well as various pieces of operating equipment. In 2013 gross capital expenditures were $16.7 million and dispositions were $1.9 million for net capital expenditures[1] of $14.8 million.

CORPORATE

The Corporate Office experienced an operating loss of $3.7 million in the first nine months of 2014 as compared to an operating loss of $3.1 million in 2013. The $0.6 million increase in operating loss was mainly attributable to an increase in various administrative costs including salaries and property taxes, which resulted from the purchase of real property and facilities by the Corporate Office. These increases were somewhat offset by a reduction in stock-based compensation expense.

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[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)*	Nine month periods ended September 30	
	2014	**2013**
Net cash from operating activities	**$ 169.5**	$ 146.8
Net cash used in financing activities	**(89.0)**	(110.4)
Net cash used in investing activities	**(57.1)**	(109.4)
Change in cash and cash equivalents	**23.4**	(73.0)
Effect of exchange rate fluctuations on cash held	**0.6**	0.4
Cash and cash equivalents, beginning of period	**58.2**	122.8
Cash and cash equivalents, end of period	**$ 82.2**	$ 50.2

Sources and Uses of Cash

Net cash from operating activities in the first nine months of 2014 increased to $169.5 million as compared to $146.8 million in 2013. The increase of $22.7 million, or 15.5 percent, was mainly due to a $13.0 million change in non-cash working capital items from operating activities and a $20.1 million reduction in the amount of income taxes paid in 2014 as compared to 2013. Mullen Group's final tax payments for fiscal 2013 were required to be paid in the first quarter of 2014. Mullen Group paid higher monthly tax instalments during 2013, which lowered the amount of the final tax payments made in 2014. These items were somewhat offset by a $9.8 million decrease in operating income[1].

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)*	Nine month periods ended September 30		
	2014	**2013**	**Variance**
	$	**$**	**$**
Sources (uses) of cash			
Trade and other receivables	**(1.9)**	(23.7)	21.8
Inventory	**(3.5)**	(0.6)	(2.9)
Prepaid expenses	**(3.6)**	(1.7)	(1.9)
Accounts payable and accrued liabilities	**2.1**	6.1	(4.0)
Total sources (uses) of cash from non-cash working capital items	**(6.9)**	(19.9)	13.0

Operating Activities

In the first nine months of 2014, Mullen Group used $6.9 million of cash from changes in non-cash working capital items from operating activities as compared to using $19.9 million of cash in 2013. This $13.0 million variance was mainly due to the factor listed below.

- An additional $21.8 million of cash was generated from trade and other receivables that resulted from the combined effect of a $1.9 million use of cash in 2014 as compared to a $23.7 million use of cash in 2013. These uses of cash resulted from Mullen Group generating more receivables than it collected during the nine month periods in 2014 and 2013. In 2013, the $23.7 million use of cash resulted from Mullen Group financing a greater amount of its receivables due to business expansion until such time as those receivables were collected.

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

Somewhat offsetting this item was the following:

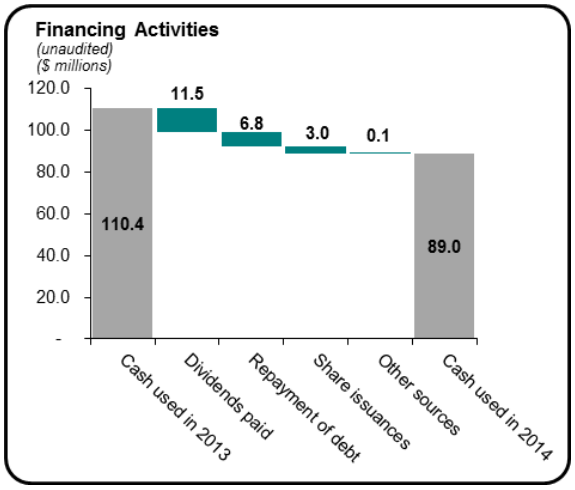
- An additional $2.9 million of cash was used in inventory that resulted from the combined effect of a $3.5 million use of cash in 2014 as compared to a $0.6 million use of cash in 2013. Inventory increased in both 2014 and 2013 resulting in a use of cash.

- An additional $1.9 million of cash was used in prepaid expenses that resulted from the combined effect of a $3.6 million use of cash in 2014 and a $1.7 million use of cash in 2013.

- An additional $4.0 million of cash was used in accounts payable and accrued liabilities that resulted from the combined effect of a $2.1 million source of cash in 2014 and a $6.1 million source of cash in 2013. Accounts payable and accrued liabilities increased in both 2014 and 2013 resulting from Mullen Group paying less of its payables than it incurred during those periods.

Financing Activities

Net cash used in financing activities decreased to $89.0 million in the first nine months of 2014 as compared to $110.4 million in 2013. This $21.4 million decrease was mainly due to the factors set forth below.



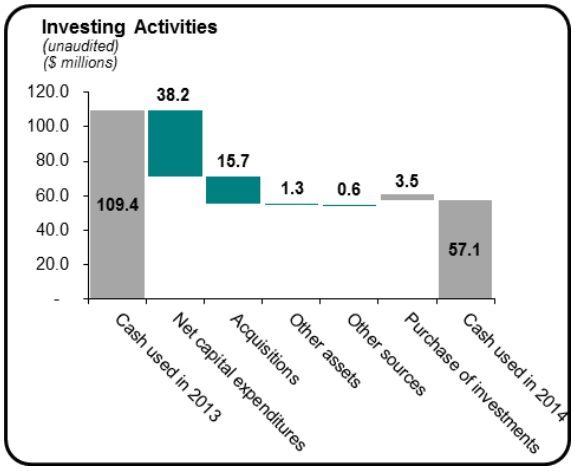
- An $11.5 million decrease in dividends paid to shareholders in the first nine months of 2014 as compared to 2013, which resulted from the Board's decision to declare and pay dividends of $0.10 per Common Share on a monthly basis starting in January 2013 as compared to paying $0.25 per Common Share on a quarterly basis in 2012. The $0.25 dividend declared in the fourth quarter of 2012 resulted in $21.9 million of dividends being paid in January 2013. Subsequent to this payment, Mullen Group commenced paying monthly dividends of $0.10 per Common Share, which resulted in monthly dividend payments ranging from $8.8 million to $9.2 million. The amount of dividends paid on a monthly basis has slowly increased over time due to an increase in the number of Common Shares outstanding, which primarily resulted from the conversion of Debentures and the exercise of stock options.

- A $6.8 million decrease in the repayment of long-term debt and loans, which resulted from repaying $5.9 million of debt assumed in the Jay's acquisition in 2013.

- An additional $3.0 million of cash received from the exercise of stock options.

Investing Activities

Net cash used in investing activities decreased to $57.1 million in the first nine months of 2014 as compared to $109.4 million in 2013. This $52.3 million decrease was mainly due to the factors set forth below.



- A $38.2 million decrease in net capital expenditures[1]. In 2014 Mullen Group incurred $54.5 million of net capital expenditures[1] as compared to $92.7 million in 2013.

- A $15.7 million decrease in acquisition costs due to the 2013 acquisition of Jay's.

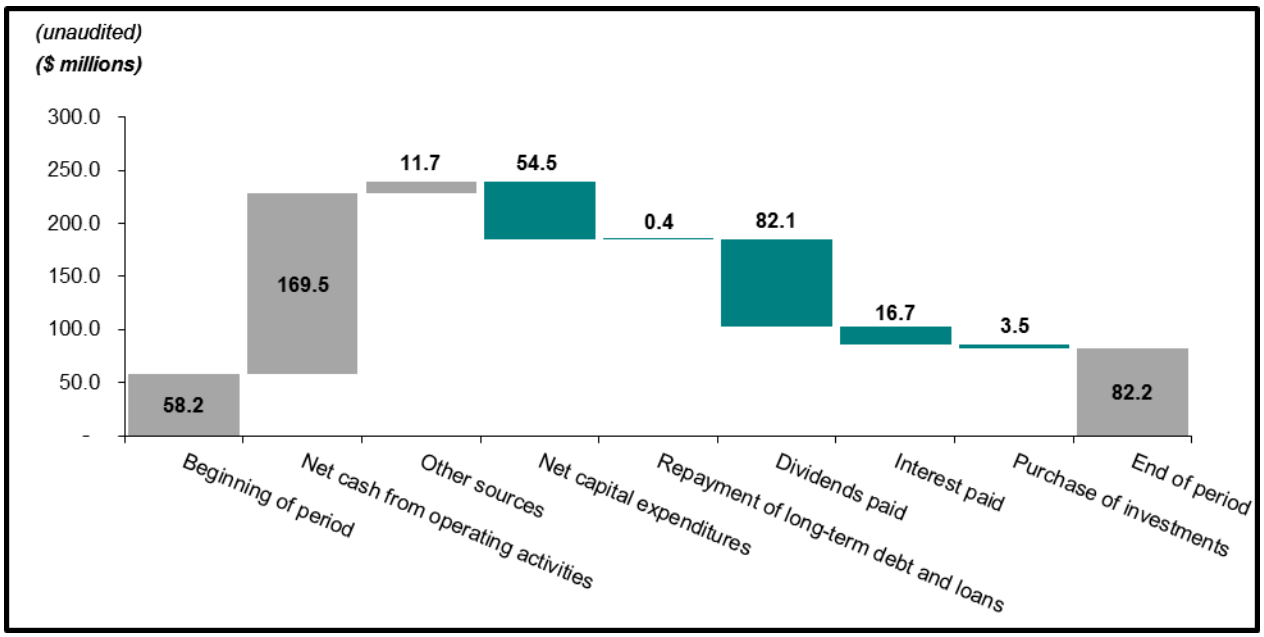
- A $1.3 million decrease in other assets that was mainly due to the $1.2 million promissory note issued in conjunction with the equity investment in Canol Oilfield Services Inc. in January 2013.

- A $3.5 million increase due to the purchase of investments.

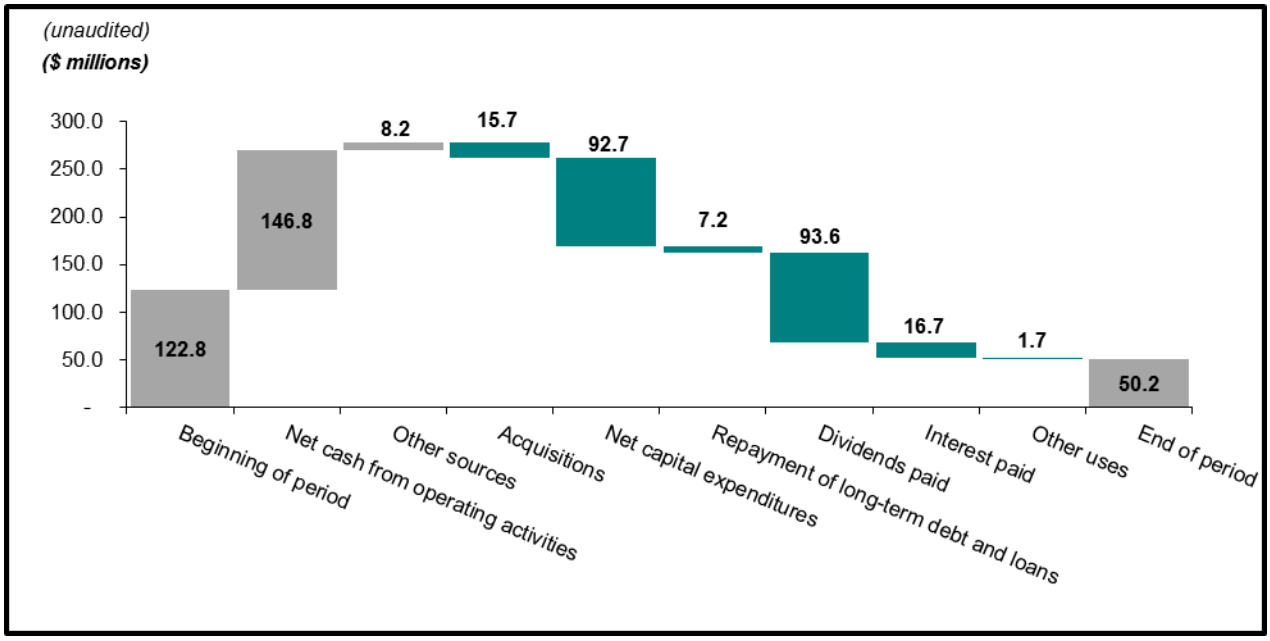
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

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

Nine month period ended September 30, 2014



Nine month period ended September 30, 2013



In addition to the $169.5 million (2013 – $146.8 million) of net cash from operating activities, Mullen Group also received $11.7 million (2013 – $8.2 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 $82.1 million (2013 – $93.6 million), incur net capital expenditures[1] of $54.5 million (2013 – $92.7 million), fund acquisitions of nil (2013 – $15.7 million), pay interest obligations of $16.7 million (2013 – $16.7 million), purchase investments of $3.5 million (2013 – nil) and repay long-term debt and loans of $0.4 million (2013 – $7.2 million).

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

Working Capital

At September 30, 2014, Mullen Group had $249.5 million (December 31, 2013 – $220.8 million) of working capital, which included $82.2 million (December 31, 2013 – $58.2 million) of cash and cash equivalents and nil (December 31, 2013 – $0.3 million) representing the current portion of long-term debt. Mullen Group also had access to additional funding of $75.0 million from its credit facility with the Royal Bank of Canada (the "**Bank Credit Facility**"). This working capital, the Bank Credit Facility and the anticipated cash flow from operating activities in 2014 are available to finance Mullen Group's ongoing working capital requirements, dividends declared by the Board, its 2014 capital expenditure budget, as well as various special projects and acquisition opportunities.

Dividends

Mullen Group declared dividends of $1.20 per Common Share ($0.10 per Common Share on a monthly basis) in 2013. On January 20, 2014 Mullen Group's Board announced its intention to continue declaring monthly dividends of $0.10 per Common Share in 2014 or $1.20 per Common Share on an annualized basis. The Board will continue to consider the amount of and the record date for the monthly dividend.

Mullen Group declared monthly dividends of $0.10 per Common Share in the first nine months of 2014 totalling $0.90 per Common Share (2013 – $0.90 per Common Share). At September 30, 2014, Mullen Group had 91,607,937 Common Shares outstanding and a dividend payable of $9.2 million (2013 – $9.0 million), which was paid on October 15, 2014. Mullen Group also declared its monthly dividend of $0.10 per Common Share on October 15, 2014 to the holders of record at the close of business on October 31, 2014.

Debt

As at September 30, 2014, Mullen Group had net debt[1] outstanding of $204.3 million, (December 31, 2013 – $204.5 million), which consisted of total debt of $453.8 million (December 31, 2013 – $425.6 million) less working capital (excluding the current portion of long-term debt) of $249.5 million (December 31, 2013 – $221.1 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 September 30, 2014, and December 31, 2013:

		September 30, 2014		December 31, 2013	
($ millions)	**Interest Rate**	**U.S. Dollar**	**CDN. Dollar Equivalent**	**U.S. Dollar**	**CDN. Dollar Equivalent**
Private Placement Debt:					
Series A – matures June 30, 2016[(1)]	6.29%	$ 100.0	$ 112.0	$ 100.0	$ 106.4
Series B – matures June 30, 2018[(1)]	6.39%	50.0	56.0	50.0	53.2
Series C – matures June 30, 2016	5.60%	—	70.0	—	70.0
Series D – matures June 30, 2018	5.76%	—	70.0	—	70.0
Series E – matures September 27, 2017	5.90%	85.0	95.2	85.0	90.4
Series F – matures September 27, 2017	5.47%	—	20.0	—	20.0
Adjustment to Series A and Series B carrying amount	—	17.0	19.0	—	—
Bank Credit Facility	variable[(2)]	—	—	—	—
Various Financing Loans	6.3%	—	—	—	0.4
Less:					
Unamortized debt issuance costs		—	(0.5)	—	(0.9)
Long-term debt (including the current portion)		252.0	441.7	235.0	409.5
Debentures – debt component	10.0%	—	12.1	—	16.1
Total debt		$ 252.0	$ 453.8	$ 235.0	$ 425.6
Less:					
Working capital (excluding the current portion of long-term debt)			249.5		221.1
Net debt[(3)]			$ 204.3		$ 204.5

(1) The carry amount of the Series A and Series B Notes rose by $19.0 million during the third quarter due to their anticipated repayment in the fourth quarter.
(2) Bank prime rate plus 0.5 percent or bankers' acceptance rates plus 1.5 percent.
(3) 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".

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	**September 30 2014**	**June 30 2014**	**March 31 2014**	**December 31 2013**
Total debt	**$ 443.3**	$ 411.8	$ 422.2	$ 412.5
Operating cash flow	**$ 293.7**	$ 303.2	$ 307.6	$ 304.1
Total debt to operating cash flow	**1.51:1**	1.36:1	1.37:1	1.36:1

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

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

Financial Covenants	**Financial Covenant Threshold**	**September 30 2014**	**June 30 2014**	**March 31 2014**	**December 31 2013**
Private Placement Debt Covenants					
(a) Total debt to operating cash flow cannot exceed	3.50:1	**1.51:1**	1.36:1	1.37:1	1.36:1
(b) Total earnings available for fixed charges to total fixed charges cannot be less than	1.75:1	**5.67:1**	9.07:1	9.11:1	9.06:1

Mullen Group's debt-to-equity ratio was 0.50 at September 30, 2014, as compared to 0.47 at December 31, 2013. This slight increase in the debt-to-equity ratio was due to the net effect of a $28.2 million increase in long-term debt (including the current portion) and a $5.7 million increase in equity as compared to December 31, 2013. The $28.2 million increase in long-term debt was mainly due to the $19.0 million one-time expense related to the prepayment of the Series A and Series B Notes and the effect of the $13.2 million unrealized foreign exchange loss on the Corporation's U.S. dollar denominated debt. These items were somewhat offset by a $4.0 million reduction in the debt component of Debentures resulting from conversions and the repayments on certain Various Financing Loans. The $5.7 million increase in equity mainly resulted from the $72.4 million of net income recognized in the first nine months of 2014, a $4.2 million increase from the conversion of Debentures and $10.0 million from the exercise of stock options. These items were somewhat offset by $82.2 million of dividends declared to shareholders in 2014.

On October 22, 2014, Mullen Group closed its previously announced 2014 Notes, consisting of U.S. $229.0 million and $171.0 million, as referred to under the Private Placement and Capital Allocations section beginning on page 6.

Contractual Obligations

An overview of Mullen Group's contractual obligations can be found on page 29 of the 2013 MD&A. As at September 30, 2014, Mullen Group's contractual obligations have not changed significantly from this overview, other than the 2014 Notes and the Cross-Currency Swaps as described on page 6.

Share Capital

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

Common Shares

Common Shares **Authorized: Unlimited Number**	**# of Common Shares**		**Amount** ***($ millions)***
Balance at December 31, 2013	90,662,413	$	760.3
Common Shares issued on conversion of Debentures	401,229		4.4
Common Shares issued on exercise of stock options	544,295		12.5
Balance at September 30, 2014	**91,607,937**	**$**	**777.2**

At September 30, 2014, Mullen Group had 91,607,937 Common Shares outstanding representing $777.2 million in share capital, an increase of $16.9 million as compared to $760.3 million at December 31, 2013. This increase was mainly due to an additional $4.4 million recorded on the issuance of 401,229 Common Shares in relation to the conversion of 4,250 Debentures including accrued and unpaid interest and $12.5 million recorded on the issuance of 544,295 Common Shares in relation to the exercise of stock options during the period.

Convertible Unsecured Subordinated Debentures

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

The details of the Debentures are as follows:

($ millions)		**September 30, 2014**				**December 31, 2013**			
Year of Maturity	**Nominal Interest Rate**		**Face Value**		**Carrying Amount**		**Face Value**		**Carrying Amount**
2018	10%	**$**	**12.4**	**$**	**12.1**	$	16.7	$	16.1

As at September 30, 2014, on a cumulative basis, a total of 112,555 Debentures representing $112.6 million of aggregate principal amount had been converted into 10,686,804 Common Shares of Mullen Group. As such, Mullen Group had 12,445 Debentures outstanding that could be converted into an aggregate of approximately 1,159,874 Common Shares of the Corporation. As subordinated debt, the accounting value assigned to the Debentures, including any related interest expense, is excluded from Mullen Group's financial covenant calculations on its Private Placement Debt. The Debentures are also subordinated to the Bank Credit Facility.

Stock Option Plan

	Options	Weighted average exercise price
Outstanding – December 31, 2013	1,898,834	$ 19.82
Granted	115,000	27.78
Exercised	(544,295)	(18.46)
Forfeited	(45,000)	(21.67)
Outstanding – September 30, 2014	**1,424,539**	**$ 20.92**
Exercisable – September 30, 2014	**659,539**	**$ 18.18**

The total number of options available to be issued under the stock option plan cannot exceed 4,000,000. On March 12, 2014, Mullen Group issued 15,000 stock options under its stock option plan at an exercise price of $27.25 with a vesting date of March 12, 2017. On August 5, 2014, Mullen Group issued 100,000 stock options under its stock option plan at an exercise price of $27.86 with a vesting date of August 5, 2017. There were 544,295 stock options exercised and 45,000 stock options forfeited in the first nine months of 2014. As at September 30, 2014, Mullen Group had 1,424,539 stock options outstanding under the stock option plan.

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SUMMARY OF QUARTERLY RESULTS

Seasonality of Operations

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

Financial Results

	TTM[1]	2014			2013				2012
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
($ millions, except per share amounts)	$	$	$	$	$	$	$	$	$
Revenue	1,450.1	**357.3**	**313.4**	**412.0**	367.4	**374.0**	310.3	385.5	346.1
Operating income[2]	290.9	**76.6**	**52.0**	**91.2**	71.1	**85.8**	56.0	87.8	71.2
Net income	92.7	**10.5**	**25.6**	**36.3**	20.3	**51.2**	27.4	44.4	21.8
Earnings per share									
Basic	1.01	**0.11**	**0.28**	**0.40**	0.22	**0.56**	0.30	0.50	0.25
Diluted	1.00	**0.11**	**0.28**	**0.39**	0.22	**0.56**	0.30	0.49	0.25
Other Information									
Net unrealized foreign exchange loss (gain)	18.8	**10.1**	**(9.0)**	**9.8**	7.9	**(5.1)**	8.4	5.0	2.7
Decrease (increase) in fair value of investments	6.9	**2.8**	**(3.0)**	**2.9**	4.2	**(4.3)**	(16.3)	(4.5)	6.0

(1) TTM represents the "trailing twelve months" and consists of a summary of the Corporation's financial results for the most recently completed four quarters.
(2) Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Consolidated revenue in the third quarter of 2014 decreased by $16.7 million, or 4.5 percent, to $357.3 million as compared to $374.0 million in 2013. The decrease of $16.7 million was attributable to a reduction in revenue experienced in the Oilfield Services segment. Revenue in the Oilfield Services segment decreased by $18.2 million and was mainly due to lower demand for services related to large diameter pipeline construction projects and from a decrease in revenue generated by those Operating Entities involved in the transportation of fluids and servicing of wells, which resulted from a combination of intense competition in certain markets, as well as pipeline and infrastructure bottlenecks. The Trucking/Logistics segment experienced a $1.1 million increase in revenue as this segment continues to operate in an environment reflective of a slow growth economy as greater demand for general freight services was largely offset by lower demand for the transportation of pneumatic bulk commodities and heavy haul freight services in western Canada. Net income in the third quarter of 2014 was $10.5 million, a decrease of $40.7 million from the $51.2 million generated in 2013. The $40.7 million decrease in net income was mainly attributable to a $19.0 million one-time expense related to the prepayment of the Series A and Series B Notes, a $15.2 million negative variance in net unrealized foreign exchange, a $9.2 million decrease in operating income[1] and a $7.1 million negative variance in the fair value of investments. These decreases were partially offset by a $9.0 million decrease in income tax expense. As a result, basic earnings per share in the third quarter of 2014 was $0.11, a decrease of $0.45 per share from the $0.56 generated in 2013.

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

Consolidated revenue in the second quarter increased by $3.1 million, or 1.0 percent, to $313.4 million as compared to $310.3 million in 2013. The increase of $3.1 million was attributable to greater revenue experienced in both the Trucking/Logistics and Oilfield Services segments. Revenue in the Oilfield Services segment increased by $2.3 million and was primarily due to increased demand for services from those Operating Entities most directly tied to oil and natural gas drilling activity in western Canada. The Trucking/Logistics segment experienced a $0.6 million increase in revenue and was mainly due to the acquisition of Jay's. Net income in the second quarter of 2014 was $25.6 million, a decrease of $1.8 million from the $27.4 million generated in 2013. The $1.8 million decrease in net income was mainly attributable to a $13.3 million negative variance in the fair value of investments, a $4.0 million decrease in operating income[1] and a $3.8 million increase in loss on sale of property, plant and equipment. These decreases were somewhat offset by a $17.4 million positive variance in net unrealized foreign exchange. As a result, basic earnings per share in the second quarter of 2014 was $0.28, a decrease of $0.02 per share, or 6.7 percent, from the $0.30 generated in 2013.

Consolidated revenue in the first quarter of 2014 increased by $26.5 million, or 6.9 percent, to $412.0 million as compared to $385.5 million in 2013. The increase of $26.5 million was attributable to greater revenue experienced in both the Oilfield Services and Trucking/Logistics segments. Revenue in the Oilfield Services segment increased by $15.0 million and was primarily due to increased demand for fluid hauling and related production services and greater demand for services related to large diameter pipeline construction projects. The Trucking/Logistics segment experienced an increase in revenue due to the acquisition of Jay's. Net income in the first quarter of 2014 was $36.3 million, a decrease of $8.1 million from the $44.4 million generated in 2013. The $8.1 million decrease in net income was mainly attributable to a $7.4 million negative variance in the fair value of investments and a $4.8 million negative variance in net unrealized foreign exchange. These decreases were partially offset by a $3.4 million increase in operating income[1] and a $0.9 million decrease in income tax expense. As a result, basic earnings per share in the first quarter of 2014 was $0.40, a decrease of $0.10, from the $0.50 generated in 2013.

Consolidated revenue in the fourth quarter of 2013 increased by $21.3 million, or 6.2 percent, to $367.4 million as compared to $346.1 million in 2012. The increase of $21.3 million was attributable to greater revenue experienced in both the Oilfield Services and Trucking/Logistics segments. Revenue in the Oilfield Services segment increased by $16.3 million, which was mainly due to greater demand for services related to large diameter pipeline construction projects, the incremental revenue generated from a new crude oil and fluid hauling contract in the Lloydminster region and from additional revenue generated from those Operating Entities most directly tied to oil and natural gas drilling activity in western Canada. The Trucking/Logistics segment experienced an increase in revenue by virtue of the incremental revenue generated from the acquisition of Jay's. Net income in the fourth quarter of 2013 was $20.3 million, a decrease of $1.5 million from the $21.8 million generated in 2012. The $1.5 million decrease in net income was mainly attributable to a $5.2 million negative variance in net unrealized foreign exchange and a $2.0 million negative variance in gain on contingent consideration. These negative variances were somewhat offset by a $3.0 million positive variance in the impairment of goodwill, a $1.8 million positive variance in the fair value of investments and a $0.8 million decrease in amortization of intangibles. As a result, basic earnings per share in the fourth quarter of 2013 was $0.22, a decrease of $0.03, from the $0.25 generated in 2012.

[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 47 of the 2013 MD&A. As at September 30, 2014, the transactions with related parties have not changed significantly from these descriptions.

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

PRINCIPAL RISKS AND UNCERTAINTIES

A description of principal risks and uncertainties can be found beginning on page 48 of the 2013 MD&A. As at September 30, 2014, these business risks and uncertainties have not changed significantly from those descriptions other than the Cross-Currency Swaps as described below.

Foreign exchange risk arises as Mullen Group enters into commercial transactions that are not denominated in its functional currency. Mullen Group is exposed to foreign exchange risk, primarily with respect to its U.S. dollar denominated debt. Mullen Group has mitigated its foreign exchange risk with respect to the majority of the principal portion of its U.S. dollar denominated debt by entering into Cross-Currency Swaps. Mullen Group is also exposed to foreign exchange risk related to the interest payable on its U.S. dollar denominated debt. This foreign exchange risk is mitigated as some of Mullen Group's Operating Entities generate U.S. dollar revenue in excess of U.S. dollar expenses.

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 57 of the 2013 MD&A. As at September 30, 2014, Mullen Group's critical accounting estimates have not changed significantly from such description other than as described below.

Derivative Financial Instruments

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

SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

Effective January 1, 2014, Mullen Group adopted IFRIC 21 – Levies and the amendments made to IAS 32 – Financial Instruments: presentation and IAS 36 – Impairment of Assets. IFRIC 21 and the amendments made to IAS 32 and IAS 36 were applied retrospectively.

IFRIC 21 established the principles under which Mullen Group accounts for government levies. This standard provided guidance on when to recognize a liability to pay a government levy. The adoption of this standard did not have a material effect on Mullen Group.

The amendments made to IAS 32 clarified existing requirements for offsetting financial assets and financial liabilities. The amendments made to this standard did not have a material effect on Mullen Group.

The amendments made to IAS 36 changed certain disclosure requirements regarding the recoverable amount of goodwill and indefinite lived intangible assets. The amendments made to this standard did not have a material effect on Mullen Group.

Derivatives consist of financial contracts that derive their value from underlying changes in foreign exchange rates, interest rates, credit spreads or other financial measures. Mullen Group uses Derivatives such as cross-currency swaps to manage its foreign exchange risk. Derivatives are measured initially at fair value. Subsequent to initial recognition, Derivatives are measured at fair value through profit or loss and are recorded in the statement of comprehensive income. Mullen Group has not designated any Derivatives as hedges for accounting purposes.

New Standards and Interpretations Not Yet Adopted

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

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

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

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

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Internal Controls over Financial Reporting

As at September 30, 2014, an evaluation of the effectiveness of Mullen Group's disclosure controls and procedures as defined under the rules adopted by the Canadian securities regulatory authorities was carried out under the supervision and with the participation of management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"). Based on this evaluation, the CEO and the CFO concluded that, as at September 30, 2014, 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 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 September 30, 2014, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. In 2014 there was no change in Mullen Group's internal control over financial reporting that materially affected or is reasonably likely to materially affect Mullen Group's internal control over financial reporting.

Mullen Group's CEO and CFO have filed certifications with the Canadian securities regulators regarding the quality of Mullen Group's public disclosures relating to its fiscal 2014 reports.

FORWARD-LOOKING INFORMATION STATEMENTS

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

- Mullen Group's expectation that for the balance of 2014, we expect activity levels and our financial performance to be similar to 2013, as referred to in the Outlook section beginning on page 4;

- Mullen Group's expectation that a portion of the proceeds from the Series G (U.S. $117.0 million) and Series H (U.S. $112.0 million) Notes will be used to repay its Series A (U.S. $100.0 million) and Series B (U.S. $50.0 million) Notes on October 24, 2014, as referred to in the Private Placement and Capital Allocations section beginning on page 6;

- Mullen Group's expectation that it will be required to make a one-time payment of approximately $19.0 million to the holders of Series A and Series B Notes, as referred to in the Private Placement and Capital Allocations section beginning on page 6;

- Mullen Group's expectation that it will contribute Mill Creek in exchange for a 30.0 percent equity interest in Kriska Transportation, that it will acquire approximately $18.0 million of real property used in the operations of Kriska Transportation and that it will enter into long-term leases with Kriska Transportation, as referred to in the Private Placement and Capital Allocations section beginning on page 6;

- Mullen Group's expectation to allocate the $100.0 million capital expenditure budget approved by the Board for 2014 on the basis of $75.0 million to the Oilfield Services segment and $25.0 million to the Trucking/Logistics segment referred to in the Private Placement and Capital Allocations section beginning on page 6;

- Mullen Group's expectation that it will complete the construction of two new shop and office complexes in Fort McMurray, Alberta by January 2015 and that these facilities will replace some third party operating leases, as referred to in the Private Placement and Capital Allocations section beginning on page 6;

- Mullen Group's expectation that it will sell non-core real estate located in Edmonton, Alberta for approximately $31.0 million, as referred to in the Private Placement and Capital Allocations section beginning on page 6; and

- Mullen Group's intent to use working capital, the Bank Credit Facility (as defined on page 40), and the anticipated cash flow from operating activities in 2014 to finance its 2014 capital expenditures budget referred to under the Private Placement and Capital Allocations section beginning on page 6, as well as ongoing working capital requirements and dividends declared by the Board referred to in the Capital Resources and Liquidity section beginning on page 37.

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

- Mullen Group's expectation that for the balance of 2014, we expect activity levels and our financial performance to be similar to 2013 is based on the assumption that activity and customer demand will continue at current levels.

- Mullen Group's expectation to use the proceeds from the Series G (U.S. $117.0 million) and Series H (U.S. $112.0 million) Notes to repay its Series A (U.S. $100.0 million) and Series B (U.S. $50.0 million) Notes on October 24, 2014 is based on the assumption that the holders of Series A and Series B Notes will accept the conditional notices sent to them on September 17, 2014 and consent to the prepayment of such notes on October 24, 2014.

- Mullen Group's expectation that it will be required to make a one-time payment of approximately $19.0 million to the holders of Series A and Series B Notes is based on the assumption that it will prepay the Series A and Series B Notes prior to maturity.

- Mullen Group's expectation that it will contribute Mill Creek in exchange for a 30.0 percent equity interest in Kriska Transportation, that it will acquire approximately $18.0 million of real property used in the operations of Kriska Transportation and that it will enter into long-term leases with Kriska Transportation is based on the assumption that certain regulatory approvals and customary closing conditions will be satisfied and that the transaction will close in the fourth quarter.

- 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 purchase new trucks, trailers and specialized equipment to support both growth opportunities and their ongoing operations.

- Mullen Group's expectation that it will complete the construction of two new shop and office complexes in Fort McMurray, Alberta by January 2015 and that these facilities will replace some third party operating leases is based on the assumption that construction will be finalized by January 2015 and that third party operating leases will not be renewed as they come due, which will reduce the Corporation's rental costs.

- Mullen Group's expectation that it will sell non-core real estate located in Edmonton, Alberta for approximately $31.0 million is based on the assumption that certain customary closing conditions will be satisfied and that the transaction will close in the fourth quarter.

- Mullen Group's intention to use working capital, the Bank Credit Facility, and the anticipated cash flow from operating activities in 2014 to finance its 2014 capital expenditures budget and its ongoing working capital requirements and dividends declared by the Board. This assumption is based on Mullen Group's belief that its access to cash will exceed its expected requirements.

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

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

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

GLOSSARY OF TERMS AND RECONCILIATION OF NON-GAAP TERMS

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

Operating Income

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

Reconciliation of Net Income to Operating Income

(unaudited) *($ millions)*	Three month periods ended September 30		Nine month periods ended September 30	
	2014	**2013**	**2014**	**2013**
Net income	**$ 10.5**	$ 51.2	**$ 72.4**	$ 123.0
Add (deduct):				
Income tax expense	**6.7**	15.7	**28.3**	39.8
Net unrealized foreign exchange loss (gain)	**10.1**	(5.1)	**10.9**	8.3
Other (income) expense	**2.5**	(3.8)	**6.5**	(25.1)
Finance costs	**25.8**	6.4	**38.7**	19.7
Depreciation of property, plant and equipment	**17.2**	17.6	**51.4**	51.0
Amortization of intangible assets	**3.8**	3.8	**11.6**	12.9
Operating income	**$ 76.6**	$ 85.8	**$ 219.8**	$ 229.6

Net Income – Adjusted and Earnings per Share – Adjusted

Net income – adjusted and earnings per share – adjusted are calculated by adjusting net income and basic earnings per share by the impact of the one-time expense related to the prepayment of the Series A and Series B Notes, the net unrealized foreign exchange gains and losses and from the change in fair value of investments. Management adjusts net income and earnings per share by excluding these specific factors to more clearly reflect earnings from an operating perspective. See pages 16 and 30 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. Management calculates net capital expenditures to evaluate and manage its capital expenditure budget and to assist in allocating capital amongst its Operating Entities.

(unaudited) *($ millions)*	Three month periods ended September 30		Nine month periods ended September 30	
	2014	**2013**	**2014**	**2013**
Purchase of property, plant and equipment	**$ 28.6**	$ 34.0	**$ 75.3**	$ 101.5
Proceeds on sale of property, plant and equipment	**(3.9)**	(4.0)	**(20.8)**	(8.8)
Net capital expenditures	**$ 24.7**	$ 30.0	**$ 54.5**	$ 92.7

Net Debt

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

(unaudited) *($ millions)*	**September 30, 2014**	**December 31, 2013**
Long-term debt	**$ 441.7**	$ 409.2
Convertible debentures - debt component	**12.1**	16.1
Total debt	**453.8**	425.3
Less working capital:		
Current assets	**373.7**	344.1
Current liabilities	**(124.2)**	(123.3)
Total working capital	**249.5**	220.8
Net debt	**$ 204.3**	$ 204.5

Cash Flow per Share

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

(unaudited) *($ millions, except share and per share amounts)*	Three month periods ended September 30		Nine month periods ended September 30	
	2014	**2013**	**2014**	**2013**
Net cash from operating activities	**$ 51.0**	$ 54.3	**$ 169.5**	$ 146.8
Weighted average number of Common Shares outstanding	**91,602,296**	90,324,000	**91,299,203**	89,495,754
Cash flow per share	**$ 0.56**	$ 0.60	**$ 1.86**	$ 1.64

SEPTEMBER 30, 2014

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited) *(thousands)*	Note		September 30 2014		December 31 2013
Assets					
Current assets:					
Cash and cash equivalents		**$**	**82,184**	$	58,236
Trade and other receivables			**236,359**		234,485
Inventory			**37,660**		34,143
Prepaid expenses			**14,610**		10,946
Current tax receivable			**2,898**		6,318
			373,711		344,128
Non-current assets:					
Property, plant and equipment			**902,042**		903,256
Goodwill			**244,440**		244,440
Intangible assets			**30,182**		41,742
Investments			**50,766**		49,463
Deferred tax assets			**7,877**		3,015
Derivative financial instruments	**8**		**2,323**		—
Other assets			**1,538**		1,565
			1,239,168		1,243,481
Total Assets		**$**	**1,612,879**	$	1,587,609
Liabilities and Equity					
Current liabilities:					
Accounts payable and accrued liabilities		**$**	**114,631**	$	108,963
Dividends payable	**5**		**9,161**		9,066
Current tax payable			**397**		4,993
Current portion of long-term debt	**7**		**—**		277
			124,189		123,299
Non-current liabilities:					
Long-term debt	**7**		**441,734**		409,209
Convertible debentures – debt component	**9**		**12,057**		16,070
Deferred tax liabilities			**129,054**		138,919
			582,845		564,198
Equity:					
Share capital	**10**		**777,192**		760,310
Convertible debentures – equity component	**9**		**550**		738
Contributed surplus			**10,224**		11,327
Retained earnings			**117,879**		127,737
			905,845		900,112
Subsequent events	**17**				
Total Liabilities and Equity		**$**	**1,612,879**	$	1,587,609

The notes which begin on page 57 are an integral part of these condensed interim consolidated financial statements.

Approved by the Board of Directors on October 22, 2014, after review by the Audit Committee.

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

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited) *(thousands, except per share amounts)*	Note	Three month periods ended September 30 2014	Three month periods ended September 30 2013	Nine month periods ended September 30 2014	Nine month periods ended September 30 2013
Revenue		**$ 357,315**	$ 373,934	**$ 1,082,691**	$ 1,069,778
Direct operating expenses		**241,808**	247,860	**743,653**	725,888
Selling and administrative expenses		**38,895**	40,203	**119,247**	114,254
		76,612	85,871	**219,791**	229,636
Depreciation of property, plant and equipment		**17,163**	17,596	**51,371**	51,001
Amortization of intangible assets		**3,818**	3,753	**11,560**	12,870
Finance costs	**13**	**25,773**	6,375	**38,705**	19,714
Net unrealized foreign exchange loss (gain)	**8**	**10,132**	(5,053)	**10,931**	8,319
Other (income) expense	**14**	**2,581**	(3,730)	**6,536**	(25,061)
Income before income taxes		**17,145**	66,930	**100,688**	162,793
Income tax expense	**6**	**6,714**	15,767	**28,326**	39,849
Net income and total comprehensive income		**$ 10,431**	$ 51,163	**$ 72,362**	$ 122,944
Earnings per share:	**11**				
Basic		**$ 0.11**	$ 0.56	**$ 0.79**	$ 1.37
Diluted		**$ 0.11**	$ 0.56	**$ 0.78**	$ 1.36
Weighted average number of Common Shares outstanding:	**11**				
Basic		**91,602**	90,324	**91,299**	89,496
Diluted		**93,088**	92,399	**93,099**	92,280

The notes which begin on page 57 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, 2014	**$ 760,310**	**$ 738**	**$ 11,327**	**$ 127,737**	**$ 900,112**
Total comprehensive income for the period	**—**	**—**	**—**	**72,362**	**72,362**
Common Shares issued on conversion of convertible debentures	**4,379**	**(188)**	**—**	**—**	**4,191**
Stock-based compensation expense	**—**	**—**	**1,352**	**—**	**1,352**
Common Shares issued on exercise of stock options	**12,503**	**—**	**(2,455)**	**—**	**10,048**
Dividends declared to common shareholders	**—**	**—**	**—**	**(82,220)**	**(82,220)**
Balance at September 30, 2014	**$ 777,192**	**$ 550**	**$ 10,224**	**$ 117,879**	**$ 905,845**

(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	—	—	—	122,944	122,944
Common Shares issued on conversion of convertible debentures	25,217	(1,085)	—	—	24,132
Stock-based compensation expense	—	—	1,752	—	1,752
Common Shares issued on exercise of stock options	9,388	—	(2,348)	—	7,040
Dividends declared to common shareholders	—	—	—	(80,697)	(80,697)
Balance at September 30, 2013	$ 755,441	$ 758	$ 11,529	$ 134,568	$ 902,296

The notes which begin on page 57 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) *(thousands)*	Note	Nine month periods ended September 30 2014	2013
Cash provided by (used in):			
Cash flows from operating activities:			
Net income		**$ 72,362**	$ 122,944
Adjustments for:			
Depreciation of property, plant and equipment		**51,371**	51,001
Amortization of intangible assets		**11,560**	12,870
Finance costs	**13**	**38,705**	19,714
Stock-based compensation expense		**1,352**	1,752
Unrealized foreign exchange gain on cross-currency swaps	**8**	**(2,323)**	—
Foreign exchange		**12,613**	7,914
Change in fair value of investments		**2,757**	(25,141)
Loss on sale of property, plant and equipment		**4,296**	945
Earnings from equity investment		**(517)**	(865)
Income tax expense		**28,326**	39,849
		220,502	230,983
Changes in non-cash working capital items from operating activities:			
Trade and other receivables		**(1,874)**	(23,717)
Inventory		**(3,517)**	(610)
Prepaid expenses		**(3,664)**	(1,721)
Accounts payable and accrued liabilities		**2,143**	6,125
Cash generated from operating activities		**213,590**	211,060
Income tax paid		**(44,191)**	(64,300)
Net cash from operating activities		**169,399**	146,760
Cash flows from financing activities:			
Cash dividends paid to common shareholders		**(82,125)**	(93,572)
Interest paid		**(16,733)**	(16,734)
Repayment of long-term debt and loans		**(391)**	(7,185)
Net proceeds from Common Share issuances		**10,048**	7,040
Changes in non-cash working capital items from financing activities		**205**	78
Net cash used in financing activities		**(88,996)**	(110,373)
Cash flows from investing activities:			
Acquisitions		**—**	(15,665)
Purchase of property, plant and equipment		**(75,266)**	(101,478)
Proceeds on sale of property, plant and equipment		**20,813**	8,755
Purchases of investments		**(3,543)**	(23)
Interest received		**589**	672
Other assets		**27**	(1,241)
Changes in non-cash working capital items from investing activities		**284**	(440)
Net cash used in investing activities		**(57,096)**	(109,420)
Change in cash and cash equivalents		**23,307**	(73,033)
Cash and cash equivalents at January 1		**58,236**	122,772
Effect of exchange rate fluctuations on cash held		**641**	405
Cash and cash equivalents at September 30		**$ 82,184**	$ 50,144

The notes which begin on page 57 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**"), which include the International Accounting Standards ("**IAS**") and the interpretations developed by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as issued by the International Accounting Standards Board ("**IASB**"). These Interim Financial Statements comply with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

3. Significant Accounting Policies

(a) Significant Accounting Policies

The accompanying Interim Financial Statements should be read in conjunction with Note 3 to Mullen Group's audited annual consolidated financial statements for the year ended December 31, 2013, (the "**Annual Financial Statements**") as the accounting policies applied by the Corporation in these Interim Financial Statements are the same as those disclosed therein, except as described in Note 3(b) and (d).

(b) Changes in Accounting Policies

Effective January 1, 2014, Mullen Group adopted IFRIC 21 – Levies and the amendments made to IAS 32 – Financial Instruments: presentation and IAS 36 – Impairment of Assets. IFRIC 21 and the amendments made to IAS 32 and IAS 36 were applied retrospectively.

IFRIC 21 established the principles under which Mullen Group accounts for government levies. This standard provided guidance on when to recognize a liability to pay a government levy. The adoption of this standard did not have a material effect on Mullen Group.

The amendments made to IAS 32 clarified existing requirements for offsetting financial assets and financial liabilities. The amendments made to this standard did not have a material effect on Mullen Group.

The amendments made to IAS 36 changed certain disclosure requirements regarding the recoverable amount of goodwill and indefinite lived intangible assets. The amendments made to this standard did not have a material effect on Mullen Group.

(c) New Standards and Interpretations not yet adopted

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

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

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

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

(d) Financial Instruments

(i) Derivative Financial Instruments

Derivatives consist of financial contracts that derive their value from underlying changes in foreign exchange rates, interest rates, credit spreads or other financial measures. Mullen Group uses Derivatives such as cross-currency swaps to manage its foreign exchange risk. Derivatives are measured initially at fair value. Subsequent to initial recognition, Derivatives are measured at fair value through profit or loss and are recorded in the statement of comprehensive income. Mullen Group has not designated any Derivatives as hedges for accounting purposes.

4. Determination of Fair Values

(a) Derivative Financial Instruments

During the third quarter of 2014, Mullen Group entered into Derivatives. The fair value of Derivatives is determined using Level 2 of the fair value hierarchy. Level 2 fair values are determined by referencing observable market data, including future foreign currency curves, interest rates, credit spreads and other financial measures. Transaction costs are recognized in net income as incurred.

Fair Values Versus Carrying Amounts

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

September 30, 2014 Financial Instrument	Fair Value Hierarchy		Carrying Amount		Fair Value
Investments (excluding investments accounted for by using the equity method)	Level 1	$	49,333	$	49,333
Derivative Financial Instruments	Level 2	$	2,323	$	2,323
Private Placement Debt	Level 2	$	441,734	$	449,180
Debentures – debt component	Level 2	$	12,057	$	14,854

5. Dividends Payable

For the nine month period ended September 30, 2014, Mullen Group declared monthly dividends of $0.10 per Common Share totalling $0.90 per Common Share (2013 – $0.90 per Common Share). At September 30, 2014, Mullen Group had 91,607,937 Common Shares outstanding and a dividend payable of $9.2 million (December 31, 2013 – $9.1 million), which was paid on October 15, 2014. Mullen Group also declared a dividend of $0.10 per Common Share on October 15, 2014, to the holders of record at the close of business on October 31, 2014.

6. 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 September 30				Nine month periods ended September 30			
		2014		**2013**		**2014**		**2013**
Income before income taxes	**$**	**17,145**	$	66,930	**$**	**100,688**	$	162,793
Combined statutory tax rate		**26%**		25%		**26%**		25%
Expected income tax		**4,458**		16,732		**26,179**		40,698
Add (deduct):								
Non-deductible (taxable) portion of net unrealized foreign exchange loss (gain)		**1,266**		(631)		**1,366**		1,040
Non-deductible (taxable) portion of the change in fair value of investments		**357**		(544)		**345**		(3,143)
Stock-based compensation expense		**68**		144		**338**		438
Other		**565**		66		**98**		816
Income tax expense	**$**	**6,714**	$	15,767	**$**	**28,326**	$	39,849

7. 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 September 30, 2014, no amounts were drawn on this facility. This facility does not have any financial covenants, however, Mullen Group must be in compliance with certain reporting and general covenants. Mullen Group is in compliance with all of these reporting and general covenants.

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

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

Notes		Principal amount	Maturity	Interest Rate [1]
Series 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 $0.5 million related to its Private Placement Debt have been netted against its carrying value at September 30, 2014 (December 31, 2013 – $0.9 million). Mullen Group has financial covenants that must be met under its Private Placement Debt agreements, including a total debt to operating cash flow ratio and a total earnings available for fixed charges to total fixed charges ratio, as defined in such agreements. Mullen Group is in compliance with all the Private Placement Debt financial covenants. Mullen Group also had debt comprised of various financing loans, which were secured by specific operating equipment (collectively, the "**Various Financing Loans**").

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

		September 30, 2014		December 31, 2013
Current liabilities:				
Bank Credit Facility	$	—	$	—
Various Financing Loans		—		277
		—		277
Non-current liabilities:				
Private Placement Debt		441,734		409,095
Various Financing Loans		—		114
		441,734		409,209
	$	441,734	$	409,486

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

			September 30, 2014		December 31, 2013	
	Year of Maturity	Nominal Interest Rate	Face Value	Carrying Amount	Face Value	Carrying Amount
			$	$	$	$
Bank Credit Facility	—	Variable	—	—	—	—
Private Placement Debt	2016 - 2018	5.47% - 6.39%	442,186	441,734	409,946	409,095
Various Financing Loans	2014	6.3%	—	—	391	391
			442,186	441,734	410,337	409,486

8. Derivative Financial Instruments

In conjunction with the pricing of the 2014 Notes (as hereafter defined on page 64), on July 25, 2014, Mullen Group entered into two cross-currency swap contracts with a Canadian bank to swap $117.0 million U.S. dollars and $112.0 million U.S. dollars into Canadian dollars (the "**Cross-Currency Swaps**") at foreign exchange rates of $1.1047 and $1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. For the nine month period ended September 30, 2014, Mullen Group recorded a net unrealized foreign exchange loss of $10.9 million (2013 – $8.3 million). This was due to the impact of the change over the period in the value of the Canadian dollar relative to the U.S. dollar on the Corporation's $235.0 million of U.S. dollar debt and from the change in the fair value of its Cross-Currency Swaps as summarized in the table below:

Net Unrealized Foreign Exchange Loss	**CDN. $ Equivalent**	
	2014	**2013**
Unrealized foreign exchange loss on U.S. debt	**$ 13,254**	$ 8,319
Unrealized foreign exchange loss (gain) on Cross-Currency Swaps	**(2,323)**	—
Net unrealized foreign exchange loss	**$ 10,931**	$ 8,319

For the nine month period ending September 30, 2014, Mullen Group recorded an unrealized foreign exchange loss on U.S. debt of $13.2 million (2013 - $8.3 million) as summarized in the table below:

Unrealized Foreign Exchange Loss on U.S. Debt (*thousands, except exchange rate amount*)	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**
September 30, 2014 – ending balance	$ **235,000**	**1.1200**	$ **263,199**
December 31, 2013 – beginning balance	235,000	1.0636	249,945
Unrealized foreign exchange loss on U.S. debt			**$ 13,254**

For the nine month period ended September 30, 2014, Mullen Group recorded an unrealized foreign exchange gain on its Cross-Currency Swaps of $2.3 million (2013 – nil). This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below:

Unrealized Foreign Exchange Loss (Gain) on Cross-Currency Swaps	**U.S. $ Swaps**	**CDN. $ change in fair value of Swaps**
Cross-Currency Swap maturing October 22, 2024	$ 117,000	$ (1,577)
Cross-Currency Swap maturing October 22, 2026	112,000	(746)
Unrealized foreign exchange loss (gain) on Cross-Currency Swaps		**$ (2,323)**

9. Convertible Unsecured Subordinated Debentures

On May 1, 2009, Mullen Group 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 nine month period ended September 30, 2014, 4,250 Debentures (2013 – 24,535) were converted into 401,229 Common Shares (2013 – 2,324,629) of Mullen Group. As at September 30, 2014, Mullen Group had 12,445 Debentures outstanding, which would be converted into an aggregate of approximately 1,159,874 Common Shares of the Corporation if all holders converted their principal amount.

The details of the Debentures are as follows:

		September 30, 2014		**December 31, 2013**	
Year of Maturity	**Nominal Interest Rate**	**Face Value**	**Carrying Amount**	**Face Value**	**Carrying Amount**
2018	10%	**$ 12,445**	**$ 12,057**	$ 16,695	$ 16,070

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

	Cumulative as at	
	September 30, 2014	**December 31, 2013**
Proceeds from issue of Debentures	**$ 125,000**	$ 125,000
Debt issuance costs	**(2,335)**	(2,335)
Net proceeds	**122,665**	122,665
Amount classified as equity	**(7,200)**	(7,200)
Debentures converted to Common Shares	**(112,555)**	(108,305)
Accretion on debt	**9,147**	8,910
Carrying amount of Debentures	**$ 12,057**	$ 16,070

10. Share Capital

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

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

	# of Common Shares	
	2014	**2013**
Issued Common Shares at January 1	**90,662,413**	87,667,838
Stock options exercised	**544,295**	427,173
Common Shares issued on conversion of Debentures	**401,229**	2,324,629
Issued Common Shares at September 30	**91,607,937**	90,419,640

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 nine month periods ended September 30, 2014, were $10.5 million and $72.4 million (2013 – $51.2 million and $123.0 million), respectively. The weighted average number of Common Shares outstanding for the three and nine month periods ended September 30, 2014 and 2013 was calculated as follows:

		Three month periods ended September 30		Nine month periods ended September 30	
	Note	**2014**	**2013**	**2014**	**2013**
Issued Common Shares at beginning of period	**10**	**91,586,897**	90,172,871	**90,662,413**	87,667,838
Effect of stock options exercised		**15,399**	74,756	**358,070**	254,206
Effect of Debentures converted		**—**	76,373	**278,720**	1,573,710
Weighted average number of Common Shares at end of period – basic		**91,602,296**	90,324,000	**91,299,203**	89,495,754

(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 September 30		Nine month periods ended September 30	
	2014	**2013**	**2014**	**2013**
Net income	**$ 10,432**	$ 51,163	**$ 72,362**	$ 122,944
Effect on finance costs from conversion of Debentures (net of tax)	**85**	368	**177**	2,504
Net income – adjusted	**$ 10,517**	$ 51,531	**$ 72,539**	$ 125,448

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

	Three month periods ended September 30		Nine month periods ended September 30	
	2014	**2013**	**2014**	**2013**
Weighted average number of Common Shares – basic	**91,602,296**	90,324,000	**91,299,203**	89,495,754
Effect of "in the money" stock options	**326,299**	437,674	**517,122**	435,009
Effect of conversion of Debentures	**1,159,874**	1,637,179	**1,282,383**	2,348,833
Weighted average number of Common Shares at end of period – diluted	**93,088,469**	92,398,853	**93,098,708**	92,279,596

For the three and nine month periods ended September 30, 2014, 170,000 stock options were excluded from the diluted weighted average number of Common Shares calculation as their effect would have been anti-dilutive. For the nine month period ended September 30, 2013 640,000 stock options were excluded from the diluted weighted average number of Common Shares calculation as their effect would have been anti-dilutive. The average market value of the Corporation's Common Shares for the purposes of calculating the dilutive effect of stock options was based on quoted market prices for the periods ended September 30, 2014 and 2013. For all the 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.

12. Seasonality of Operations

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

13. Finance Costs

	Three month periods ended September 30		Nine month periods ended September 30	
	2014	**2013**	**2014**	**2013**
Adjusted carrying amount (Series A and B Notes)	**$ 18,986**	$ —	**$ 18,986**	$ —
Interest expense on financial liabilities measured at amortized cost	**6,715**	6,430	**19,825**	20,051
Accretion on debt	**300**	99	**483**	335
Finance expense	**26,001**	6,529	**39,294**	20,386
Less: Interest income from cash and cash equivalents	**(228)**	(154)	**(589)**	(672)
Finance costs	**$ 25,773**	$ 6,375	**$ 38,705**	$ 19,714

Mullen Group adjusted the carrying amount of the Series A and Series B Notes. ▶ **For more information refer to Note 17.**

14. Other (Income) Expense

	Three month periods ended September 30		Nine month periods ended September 30	
	2014	**2013**	**2014**	**2013**
Change in fair value of investments	**$ 2,849**	$ (4,348)	**$ 2,757**	$ (25,141)
(Gain) loss on sale of property, plant and equipment	**(198)**	793	**4,296**	945
Earnings from equity investment	**(70)**	(175)	**(517)**	(865)
	$ 2,581	$ (3,730)	**$ 6,536**	$ (25,061)

15. Financial Instruments

Foreign Exchange Risk

Foreign exchange risk arises as Mullen Group enters into commercial transactions that are not denominated in its functional currency. Mullen Group is exposed to foreign exchange risk, primarily with respect to its U.S. dollar denominated debt. Mullen Group has mitigated its foreign exchange risk with respect to a portion of its U.S. dollar denominated debt by entering into Derivative contracts. Mullen Group is also exposed to foreign exchange risk related to the interest payable on its U.S. dollar denominated debt. This foreign exchange risk is mitigated as some of Mullen Group's Operating Entities generate U.S. dollar revenue in excess of U.S. dollar expenses.

16. 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. The following provides financial results by segment:

				Intersegment eliminations		
Three month period ended September 30, 2014	**Oilfield Services**	**Trucking/ Logistics**	**Corporate**	**Oilfield Services**	**Trucking/ Logistics**	**Total**
Revenue	**$ 210,863**	**$ 146,734**	**$ 248**	**$ (28)**	**$ (502)**	**$ 357,315**
Income (loss) before income taxes	**34,949**	**18,469**	**(36,273)**	**—**	**—**	**17,145**
Depreciation of property, plant and equipment	**11,686**	**4,308**	**1,169**	**—**	**—**	**17,163**
Amortization of intangible assets	**2,720**	**1,098**	**—**	**—**	**—**	**3,818**
Capital expenditures [1]	**12,797**	**6,621**	**9,135**	**(10)**	**—**	**28,543**
Total assets at September 30, 2014	**$ 778,963**	**$ 318,197**	**$ 515,719**	**$ —**	**$ —**	**$ 1,612,879**

[1] Excludes business acquisitions

				Intersegment eliminations		
Three month period ended September 30, 2013	**Oilfield Services**	**Trucking/ Logistics**	**Corporate**	**Oilfield Services**	**Trucking/ Logistics**	**Total**
Revenue	$ 228,993	$ 145,642	$ 255	$ (234)	$ (722)	$ 373,934
Income before income taxes	42,354	19,054	5,522	—	—	66,930
Depreciation of property, plant and equipment	12,391	4,131	1,074	—	—	17,596
Amortization of intangible assets	2,712	1,041	—	—	—	3,753
Capital expenditures [1]	17,423	6,373	10,766	(1)	(540)	34,021
Total assets at December 31, 2013	$ 805,408	$ 308,937	$ 473,264	$ —	$ —	$ 1,587,609

[1] Excludes business acquisitions

				Intersegment eliminations		
Nine month period ended September 30, 2014	**Oilfield Services**	**Trucking/ Logistics**	**Corporate**	**Oilfield Services**	**Trucking/ Logistics**	**Total**
Revenue	**$ 659,331**	**$ 424,845**	**$ 779**	**$ (103)**	**$ (2,161)**	**$ 1,082,691**
Income (loss) before income taxes	**99,852**	**45,887**	**(45,051)**	**—**	**—**	**100,688**
Depreciation of property, plant and equipment	**35,577**	**12,347**	**3,447**	**—**	**—**	**51,371**
Amortization of intangible assets	**8,266**	**3,294**	**—**	**—**	**—**	**11,560**
Capital expenditures [1]	**44,517**	**17,907**	**12,938**	**(14)**	**(82)**	**75,266**
Total assets at September 30, 2014	**$ 778,963**	**$ 318,197**	**$ 515,719**	**$ —**	**$ —**	**$ 1,612,879**

[1] Excludes business acquisitions

				Intersegment eliminations		
Nine month period ended September 30, 2013	**Oilfield Services**	**Trucking/ Logistics**	**Corporate**	**Oilfield Services**	**Trucking/ Logistics**	**Total**
Revenue	$ 660,237	$ 411,994	$ 600	$ (933)	$ (2,120)	$ 1,069,778
Income before income taxes	109,043	49,366	4,384	—	—	162,793
Depreciation of property, plant and equipment	36,543	11,361	3,097	—	—	51,001
Amortization of intangible assets	9,525	3,345	—	—	—	12,870
Capital expenditures [1]	52,564	16,673	33,349	(564)	(544)	101,478
Total assets at December 31, 2013	$ 805,408	$ 308,937	$ 473,264	$ —	$ —	$ 1,587,609

[1] Excludes business acquisitions

17. Subsequent Events

(a) Note Purchase Agreement

On September 16, 2014, Mullen Group entered into a Note Purchase Agreement whereby it agreed to issue several series of senior unsecured notes on a private placement basis (the "**2014 Notes**"), the proceeds of which were drawn on October 22, 2014. The details of the 2014 Notes are set forth below:

Notes	Principal amount	Maturity	Interest Rate [1]
Series G	$ 117,000 U.S.	October 22, 2024	3.84%
Series H	$ 112,000 U.S.	October 22, 2026	3.94%
Series I	$ 30,000 CDN.	October 22, 2024	3.88%
Series J	$ 3,000 CDN.	October 22, 2026	4.00%
Series K	$ 58,000 CDN.	October 22, 2024	3.95%
Series L	$ 80,000 CDN.	October 22, 2026	4.07%

[1] Interest is payable semi-annually.

A portion of the proceeds from the Series G and Series H Notes are expected to be used to repay portions of our existing Private Placement Debt. On September 17, 2014, Mullen Group gave conditional notice to the holders of Series A (U.S. $100.0 million) and Series B (U.S. $50.0 million) Notes of its intention to repay these notes on October 24, 2014. Mullen Group expects that the Series A and Series B Notes will be repaid and therefore has recorded a $19.0 million adjustment to the carrying amount of these notes to reflect the revised estimated cash flows resulting from the prepayment. This one-time $19.0 million expected prepayment expense is a direct result of Mullen Group's decision to prepay the Series A and Series B Notes prior to maturity and mainly consists of the net present value of the future interest payments on such notes that would have otherwise been paid to the noteholders. This one-time adjustment to the carrying amount was recognized within the statement of comprehensive income. ▶ **For more information refer to Note 13.**

Mullen Group entered into Cross-Currency Swaps to swap the Series G and Series H Notes into Canadian dollars at foreign exchange rates of $1.1047 and $1.1148 that mature on October 22, 2024 and October 24, 2026, respectively. ▶ **For more information refer to Note 7.**

(b) Acquisition

Bernard Transport Ltd. – On October 1, 2014, Mullen Group acquired all of the outstanding common shares of Bernard Transport Ltd. ("**Bernard**") for cash consideration of approximately $8.0 million. Bernard is headquartered in Edmonton, Alberta and provides less-than-truckload transportation services within Alberta. Mullen Group acquired Bernard as part of its strategy to invest in the transportation sector in western Canada. Bernard's financial results from operations will be included in the Trucking/Logistics segment. Due to the limited time between this acquisition and the preparation of these Interim Financial Statements, the purchase price allocation for this acquisition has not been completed and is pending the final assessment of the amount of working capital to be received, as well as the value of the assets acquired and the liabilities assumed.

CORPORATE INFORMATION

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David E. Mullen
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Philip J. Scherman, FCA ICD.D
Director

P. Stephen Clark, CMA
Chief Financial Officer

Joanna K. Scott
Corporate Secretary and
Vice President, Corporate Services

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Chairman of the Board, Chief Executive Officer and President

P. Stephen Clark, CMA
Chief Financial Officer

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ONLINE INFORMATION

To receive news releases by email, or to review this report online, please visit Mullen Group's website at ***www.mullen-group.com****.*

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