Mullen Group Ltd.

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2017

Dated: February 7, 2018

WE THINK tomorrow™

CONTENTS

CORPORATE OVERVIEW

SUMMARY:

- Mullen Group owns a network of independently operated businesses
- We are one of Canada's largest and most diversified service-oriented businesses
- Our two primary markets are vital to the economy
  - We move freight throughout North America
    - → freight distribution/logistics sector
    - → warehousing
  - We provide a wide range of services to the Energy industry
    - → oil and natural gas sector

5,704
Personnel

30
Business Units

2
Operating Segments

1
STRONG BRAND

WE THINK tomorrow™

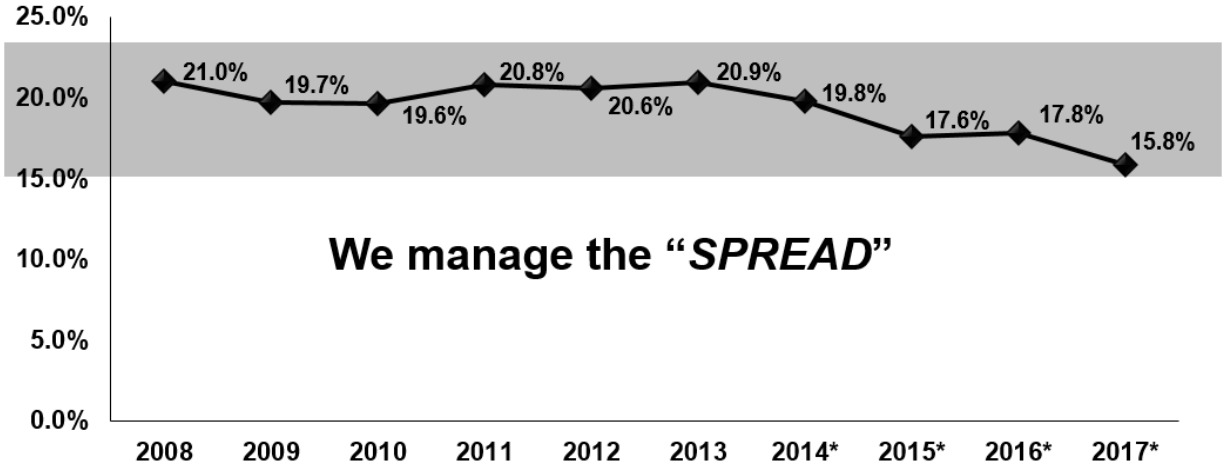
LONG TERM STRATEGY:

- Provide returns to shareholders
- Maintain a well-structured balance sheet
- Maximize operational performance of Business Units
- Effective deployment of capital

RESULTING IN:

- DIVERSITY
- RELIABILITY
- STABILITY

MARGIN STABILITY:



**Excludes foreign exchange gains or losses recognized on U.S. denominated cash held within the Corporate Office.*

IMPORTANT INFORMATION ABOUT THIS DOCUMENT

This Annual Information Form ("**AIF**"), dated February 7, 2018, has been prepared by management of Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") for the fiscal year ended December 31, 2017. Unless otherwise specified, information in this AIF is provided as at such date and any reference to "Mullen Group", "we", "us", "our" or the "Corporation" means Mullen Group Ltd., a corporation incorporated under the laws of the Province of Alberta and includes its predecessors where the context so requires. All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated. Any document referred to in this AIF and described as being filed on SEDAR at www.sedar.com may be accessed on our website at www.mullen-group.com or obtained free of charge from our Corporate Investor Services group at 121A – 31 Southridge Drive, Okotoks, Alberta, T1S 2N3, telephone 403-995-5200, or ir@mullen-group.com.

Throughout this document we make reference to certain defined terms that may be specific to Mullen Group and/or the industry in which our services are provided. For your ease of reference, the definition of each such term is provided in the **Glossary of Terms** beginning on page 51. Unless otherwise stated, or the context otherwise requires, words importing the singular number include the plural and vice versa, and words importing the masculine gender include the feminine and neuter genders.

ADVISORY:

Forward-looking statements - *This AIF along with other reports and filings made with the securities regulatory authorities, reflect management's expectations regarding Mullen Group's future growth, financial condition, results of operations, performance, business prospects, strategies and opportunities, including statements about the use of our capital expenditure budget, payment of dividends, management's approach to the cyclical and seasonal nature of the oil and natural gas business and mitigation of the impact thereof, and ability to maintain Mullen Group's competitive position, and contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable securities laws. The use of any of the words "anticipate", "may", "will", "believe", "expect", "potential", "continue", "view", "objective", "should", "plan", "intend", "ongoing", "estimate", "project" or similar expressions are intended to identify forward-looking statements. These statements reflect management's current beliefs and assumptions and are based on information currently available to management.*

Developing forward-looking statements involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to Mullen Group and others that apply to the industry in general. The factors or assumptions on which the forward-looking statements are based include: our projected capital investment; the flexibility of capital spending plans and the associated source of funding; the ability to generate sufficient cash flow from operations to meet current and future obligations; the ability to sustain payment of a dividend at projected amounts or at all; and the ability to obtain required regulatory, security holder and other approvals as may be required from time to time. Although Mullen Group believes that the expectations and assumptions on which such 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. Some of the risks and uncertainties include but are not limited to certain strategic, financial and operational risks, most important of which are reduced oil and natural gas drilling, decreased oil sands and heavy oil activity, a slowdown in the general economy, currency exchange rates, change in the return on fair value of investments, prevailing interest rates, regulatory framework governing taxes and environmental matters in the jurisdictions in which the Corporation conducts and will conduct its business, customer relationships, labour disruption and driver retention, accidents, cost of liability insurance, fuel prices, ability to access sufficient capital from internal and external sources, changes in tax laws and changes in legislation including but not limited to tax laws and environmental regulations. Accordingly, readers should not place undue reliance on the forward-looking statements contained in this AIF.

Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors and risks that could affect the operations or financial results of Mullen Group may be found under the heading "Principal Risks and Uncertainties" starting on page 29 and are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements contained in this AIF are made as of the date hereof and Mullen Group undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Mullen Group relies on litigation protection for forward-looking statements.

Non-GAAP and Additional GAAP Terms *- This AIF may make references to operating income before depreciation and amortization ("**OIBDA**"), operating margin, operating income before depreciation and amortization – adjusted ("**OIBDA – adjusted**"), operating margin – adjusted, net income – adjusted, earnings per share – adjusted, net capital expenditures, net debt, total net debt and cash flow per share which are not measures recognized by Canadian generally accepted accounting principles ("**Canadian GAAP**") and do not have standardized meanings prescribed by Canadian GAAP. These Non-GAAP and Additional GAAP Terms may not be comparable to similar measures presented by other issuers. Investors are cautioned that these indicators should not replace net income, earnings per share, purchases of property, plant and equipment, proceeds on sale of property, plant and equipment and debt as indicators of Canadian GAAP performance. Reconciliations to the most closely related Canadian GAAP measures are included in Mullen Group's 2017 MD&A filings, which are available on Mullen Group's website at www.mullen-group.com and may also be accessed through the SEDAR website at www.sedar.com.*

CORPORATE STRUCTURE

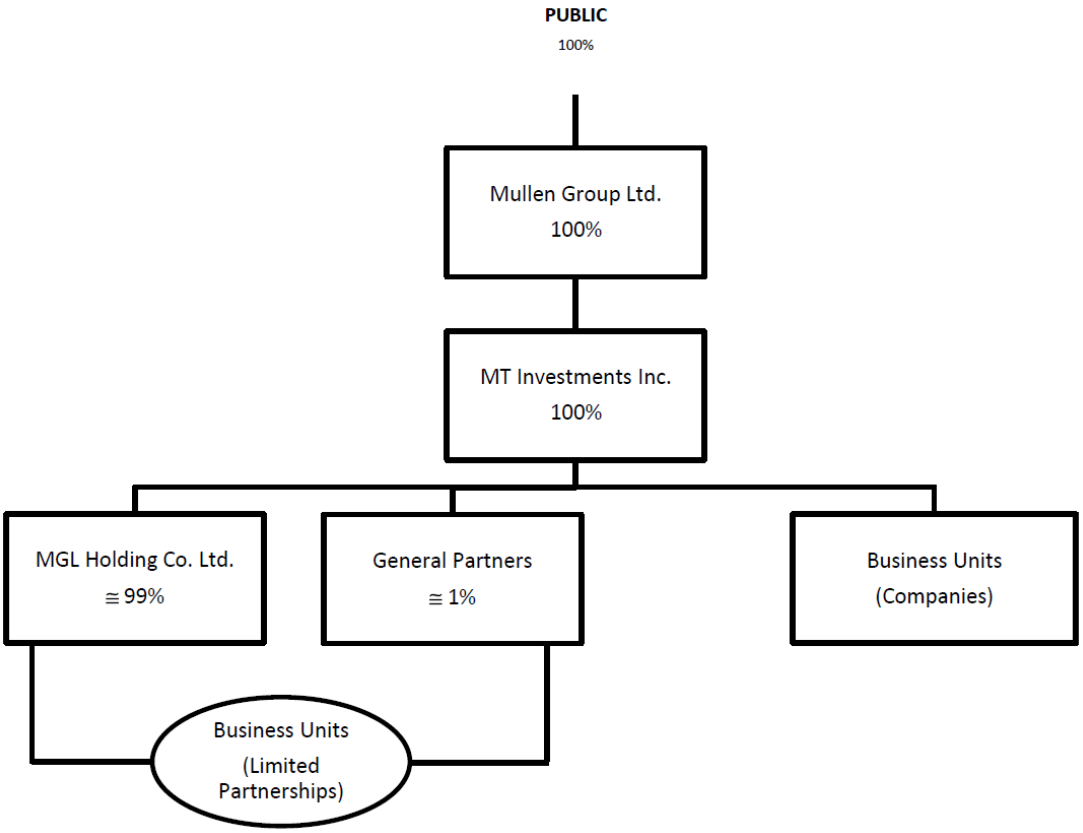
Mullen Group Ltd. is a company incorporated under the ABCA. We have one class of securities that trade publicly, being our Common Shares that are listed on the TSX under the trading symbol "MTL". No other securities of Mullen Group have been issued. Mullen Group's Corporate Office and registered office are located at:

Chimney Rock Centre
121A - 31 Southridge Drive
Okotoks, Alberta T1S 2N3
Telephone: 403-995-5200
Canada/U.S.: 1-866-995-7711
Facsimile: 403-995-5296
Internet: www.mullen-group.com
Email: ir@mullen-group.com

A list of our Executive Officers, directors and other advisors/service providers appear on the back cover of this AIF.

Through a network of wholly-owned companies and limited partnerships (collectively, the "**Business Units**"), Mullen Group is one of the leading suppliers of trucking and logistics services in Canada and provides a wide range of specialized transportation and related services to the oil and natural gas industry in western Canada – two sectors of the economy in which strong business relationships and industry leadership have been developed. We have two reportable segments – Trucking/Logistics and Oilfield Services.

Mullen Group operates a decentralized business model that is non-hierarchical in nature. Each Business Unit operates as a separate subsidiary under its own brand and is held accountable for its own performance and results. The diagram below depicts our inter-corporate relationships. A complete list of the Business Units is set out on the following pages under the heading "Business Units".



MT Investments Inc. ("MT")

MT is a corporation, amalgamated under the ABCA. It is a wholly-owned subsidiary of Mullen Group. In addition to directly owning a number of Mullen Group's Business Units and other related companies, MT owns a network of real estate holdings and operating facilities that are primarily leased to the Business Units by MT on commercially reasonable terms. MT also holds, from time to time, equity investments, other real estate holdings or operating facilities to earn rental income from third parties or that Mullen Group considers strategic in facilitating the Business Units' organic growth or development of additional service offerings. MT maintains its registered office at 121A – 31 Southridge Drive, Okotoks, Alberta, T1S 2N3.

MGL Holding Co. Ltd. ("Mullen Holdco")

Mullen Holdco is a corporation, incorporated under the ABCA that is a wholly-owned subsidiary of MT and is the limited partner of various Business Units. Mullen Holdco maintains its registered office at 121A – 31 Southridge Drive, Okotoks, Alberta, T1S 2N3.

General Partners

Each general partner was formed for the sole purpose of acting as the general partner of its respective limited partnership. All general partners are corporations incorporated under the ABCA except the General Partner of Gardewine Group Limited Partnership which is incorporated under the *Manitoba Corporations Act*.

Business Units

As at the date hereof, our business is operated through a network of 30 Business Units. A general description of each Business Unit can be found under the heading "Business and Operations" beginning on page 12. The following table provides the name of each Business Unit, its jurisdiction of incorporation/formation, the percentage of securities indirectly owned by Mullen Group and the operating segment under which its financial results are reported.

Business Unit	Jurisdiction of Incorporation/ Formation	Percentage owned by Mullen Group (indirectly)
Trucking/Logistics Segment		
Bernard Transport Ltd.	Alberta	100%
Caneda Transport Ltd.	Alberta	100%
Cascade Carriers L.P.	Alberta	100%
Courtesy Freight Systems Ltd.	Ontario	100%
Gardewine Group Limited Partnership[(1)]	Manitoba	100%
Grimshaw Trucking L.P.	Alberta	100%
Hi-Way 9 Group of Companies, consisting of Hi-Way 9 Express Ltd., Load-Way Ltd. and Streamline Logistics Inc.[(2)]	Alberta	100%
Jay's Transportation Group Ltd.	Saskatchewan	100%
Kleysen Group Ltd.	Alberta	100%
Mullen Trucking Corp.[(3)]	Alberta	100%
Payne Transportation Ltd.[(4)]	Alberta	100%
RDK Transportation Co. Inc.[(5)]	Saskatchewan	100%
Smook Contractors Ltd.	Manitoba	100%
Tenold Transportation Ltd.	Alberta	100%

(1) *Includes S. Krulicki & Sons Ltd., operating as Winnipeg Moving & Storage and Brandon Moving, which was acquired on October 1, 2017.*
(2) *Includes E.C.R. Enterprises Ltd. and Golden Transport Ltd. which were acquired on December 1, 2016 and August 1, 2017, respectively.*
(3) *Includes Motrux Inc. and Marshall Trucking Inc., which were acquired on September 1, 2016 and November 1, 2017, respectively.*
(4) *Includes Kel-West Carriers Ltd., which was acquired on January 31, 2017.*
(5) *Acquired September 1, 2017.*

Business Unit	Jurisdiction of Incorporation/ Formation	Percentage owned by Mullen Group (indirectly)
Oilfield Services Segment		
Canadian Dewatering L.P.	Alberta	100%
Cascade Energy Services L.P.	Alberta	100%
E-Can Oilfield Services L.P.	Alberta	100%
Envolve Energy Services Corp.[1]	Alberta	100%
Formula Powell L.P.	Alberta	100%
Heavy Crude Hauling L.P.	Alberta	100%
Mullen Oilfield Services L.P.	Alberta	100%
OK Drilling Services L.P.	Alberta	100%
Pe Ben Oilfield Services L.P.	Alberta	100%
Premay Equipment L.P.	Alberta	100%
Premay Pipeline Hauling L.P.	Alberta	100%
Recon Utility Search L.P.	Alberta	100%
R. E. Line Trucking (Coleville) Ltd.	Saskatchewan	100%
Spearing Service L.P.	Alberta	100%
TREO Drilling Services L.P.	Alberta	100%
Withers L.P.	Alberta	100%

[1] *Acquired March 17, 2017.*

GENERAL DEVELOPMENT

THE EARLY YEARS

The business was originally founded by Roland Mullen in 1949 as a single truck operation. Over the ensuing four decades, the business grew as the economy in western Canada expanded. In 1993 the Mullen family believed the company could expand further by accessing new capital in the public markets. In December 1993, Mullen Trucking Ltd. met the listing requirements of the TSX and issued Common Shares through a public offering, raising $10.5 million to fund its future growth.

Over the next decade Mullen Trucking Ltd. expanded through a combination of internal growth and acquisitions, capitalizing on the expanding economy in western Canada and the strong growth in the oil and natural gas service sector. During this time Mullen Trucking Ltd. changed its name to Mullen Transportation Inc.

In 2005 Mullen Transportation Inc. converted to an open-ended investment trust known as "Mullen Group Income Fund" and all of its Business Units were transformed into limited partnerships. Mullen Group operated under the trust structure until May 2009, when it converted back to the corporation known as "Mullen Group Ltd." in light of the federal government's changes in relation to the tax treatment of income trusts. While the limited partnership structure for the Business Units currently remains in place for certain of those entities owned by Mullen Group prior to 2009, newly acquired businesses are typically integrated into Mullen Group as a corporate entity.

THREE YEAR HISTORY

Over the past three years we have experienced growth by strategically deploying capital to facilitate internal growth, as well as acquiring four stand-alone businesses in the Trucking/Logistics segment and one in the Oilfield Services segment. Additionally, we have completed a number of tuck-in acquisitions to complement our existing Business Units and minority investments in both segments.

Acquisition Date	Name	Head Office	Service Provided
January 2015	Gardewine Group Limited Partnership	Winnipeg, MB	Trucking/Logistics – Regional Scheduled LTL
October 2015	Courtesy Freight Systems Ltd.	Thunder Bay, ON	Trucking/Logistics – Regional Scheduled LTL
October 2016	Caneda Transport Inc.	Calgary, AB	Trucking/Logistics – Regional Scheduled LTL & TL
March 2017	Envolve Energy Services Corp.	Grande Prairie, AB	Oilfield Services – Processing & Disposal of Oilfield Fluids
September 2017	RDK Transportation Co. Inc.	Saskatoon, SK	Trucking/Logistics – Irregular Route TL & Specialized Transportation

Further details relating to these acquisitions follow, along with a summary of other factors that have facilitated our growth over the past three years.

2015

Acquisitions

On January 9, 2015, we acquired the business, including the real property and facilities, of Manitoba based Gardewine Group Limited Partnership, one of the largest privately owned transportation carriers in Canada. Gardewine Group Limited Partnership is comprised of the following businesses: Gardewine North, Northern Cartage, Northern Deck, Northern Bulk and Northern Logistics (collectively, "**Gardewine**"). Gardewine provides regional scheduled LTL, truckload and specialized truckload services primarily in Manitoba and Ontario. We acquired Gardewine as part of our strategy to invest in the transportation sector in Canada. Gardewine's financial results from operations are included in the Trucking/Logistics segment.

On October 1, 2015, we acquired all of the issued and outstanding shares of Courtesy Freight Systems Ltd. ("**Courtesy**"), a privately owned transportation company based in northwestern Ontario. Courtesy is headquartered in Thunder Bay, Ontario and provides regional scheduled LTL transportation services primarily in northwestern Ontario and parts of Manitoba. We acquired Courtesy to further expand the geographic coverage of our network of regional LTL business into northwestern Ontario. Courtesy's financial results from operations are included in the Trucking/Logistics segment.

In December 2015, MT purchased the real estate holdings of Noboy Holdings Inc. located in Dryden, Geraldton and Kenora, Ontario. These properties are used in the operations of Courtesy.

Capital Expenditures

The Board authorized a capital expenditure budget of $80.0 million for fiscal 2015 ("**2015 Budget**"). Over the course of 2015 Mullen Group invested a total of $65.6 million on capital expenditures comprised of $30.5 million for Rolling Stock and $35.1 million for real property and facilities. A portion of the 2015 Budget remained unspent due to the deterioration in the oilfield services sector. The Trucking/Logistics segment had gross capital expenditures of $28.0 million and dispositions of $2.5 million for net capital expenditures of $25.5 million in 2015. Gross capital expenditures mainly consisted of the purchase of trucks and trailers, as well as various pieces of operating equipment. The Oilfield Services segment had gross capital expenditures of $13.0 million and dispositions of $5.3 million for net capital expenditures of $7.7 million in 2015. Gross capital expenditures mainly consisted of additional equipment being purchased by those Business Units involved in the transportation of fluids and the servicing of wells, a significant portion of which had been ordered in the prior year. The majority of the dispositions related to the sale of older trucks and trailers.

Included in the 2015 Budget, was an allocation of $35.0 million to expand and develop MT's real estate holdings. In 2015 MT purchased $31.8 million of real property and facilities of which $25.1 million related to the purchase of real property predominately within Saskatchewan that is currently being used in the operations of Jay's Transportation Group Ltd. ("**Jay's**"). The purchase of these properties will reduce our operating lease costs by $1.5 million per annum. MT also invested $5.7 million to develop its rail transload facility in Edmonton, Alberta.

Equity Investments

On April 10, 2015, MT acquired a minority equity interest in Envolve Energy Services Corp. ("**Envolve**"). Envolve is a waste disposal company operating in the Grande Prairie, Alberta region.

On April 17, 2015, MT acquired a minority equity interest in Cordova Oilfield Services Ltd. ("**Cordova**"). Cordova is a general oilfield hauling company specializing in pipe storage, handling and transportation located in Fort St. John, British Columbia. Mullen Group, through MT, owns the real property used in the operations of Cordova and has entered into a long-term lease with Cordova.

On July 1, 2015, MT acquired a minority equity interest in Butler Ridge Energy Services (2011) Ltd. ("**Butler Ridge**"). Butler Ridge is a fracturing fluid containment, logistics and storage management company based in Hudson's Hope, British Columbia. Mullen Group, through MT, owns the real property used in the operations of Butler Ridge and has entered into a long-term lease with Butler Ridge.

Internal Reorganizations

On January 1, 2015, the operations of Brady Oilfield Services L.P. ("**Brady**"), an oilfield transportation company headquartered in Halbrite, Saskatchewan, were integrated into the operations of Spearing Service L.P. ("**Spearing**"). Spearing's financial results are included in the Oilfield Services segment.

On June 1, 2015, the operations of Majestic Oilfield Services Inc. ("**Majestic**"), an oilfield fluid transportation company headquartered in Grande Prairie, Alberta, were integrated into the operations of Cascade Energy Services L.P. ("**Cascade Energy**"), whose financial results are included in the Oilfield Services segment.

Return to Shareholders

Our share price closed 2015 at $14.01, reflecting a decrease of $7.30 as compared to the 2014 closing price of $21.31. During 2015, we paid an annual dividend of $1.20 per Common Share. The combined effect of the decline in the share price and payment of the dividend resulted in a total decrease to shareholders of $6.10 per Common Share or 28.6 percent.

Acquisitions

On September 1, 2016, we acquired all of the issued and outstanding shares of Motrux Inc. ("**Motrux**"). Motrux was headquartered in Delta, British Columbia and provides specialized flat and step deck transportation services mainly in western Canada. We acquired Motrux as part of our strategy to invest in the transportation sector in Canada. Motrux was integrated into the operations of Mullen Trucking Corp. ("**Mullen Trucking**"), whose financial results are included in the Trucking/Logistics segment.

On September 28, 2016, we acquired all of the business and assets of Northern Frontier Logistics LP ("**Northern Frontier**"). Formerly known as Central Water & Equipment Services Ltd., Northern Frontier provided hydrostatic-testing services to the pipeline industry and midstream sector, as well as fluid transfer and water management services to construction and mine sites, municipalities and the energy sector. We acquired the business and assets of Northern Frontier as part of our strategy to invest in the energy sector. Northern Frontier's business and assets have been integrated into the operations of Canadian Dewatering L.P. ("**Canadian Dewatering**"), whose financial results are included in the Oilfield Services segment.

On October 1, 2016, we acquired all of the issued and outstanding shares of Caneda Transport Inc. and affiliated companies (collectively, "**Caneda**"), which includes the Calgary, Alberta facility operated by Caneda. In addition to its terminal in Calgary, Alberta, Caneda operates terminals in Milton, Ontario, and Riverside County, California and provides LTL, truckload, dedicated and intermodal services throughout Canada and the western United States. We acquired Caneda as part of our strategy to invest in the transportation sector in North America. The financial results from Caneda's operations are included in the Trucking/Logistics segment.

On December 1, 2016, we acquired all of the issued and outstanding shares of E.C.R. Enterprises Ltd. ("**E.C.R.**"), a dry van LTL and truckload transportation company operating out of Creston, British Columbia. We acquired E.C.R. as part of our strategy to invest in the transportation sector in Canada. E.C.R. was integrated into the operations of the Hi-Way 9 Group of Companies ("**Hi-Way 9**"), whose financial results are included in the Trucking/Logistics segment.

Capital Expenditures

The Board authorized a capital expenditure budget of $25.0 million for fiscal 2016 ("**2016 Budget**"). Over the course of 2016 we invested a total of $14.5 million on capital expenditures comprised of $11.9 million for Rolling Stock and $2.6 million for real property and facilities. A portion of the 2016 Budget remained unspent due to lower customer demand within the oilfield services sector. The Trucking/Logistics segment had gross capital expenditures of $16.4 million and dispositions of $2.4 million for net capital expenditures of $14.0 million in 2016. Gross capital expenditures mainly consisted of the purchase of trucks and trailers, as well as various pieces of operating equipment. The Oilfield Services segment had gross capital expenditures of $3.2 million and dispositions of $3.9 million for net capital disposals of $0.7 million in 2016. Gross capital expenditures mainly consisted of the purchase of operating equipment for Canadian Dewatering and Mullen Oilfield Services L.P. ("**Mullen Oilfield**"). The majority of the dispositions related to the sale of older trucks, trailers and operating equipment.

We continue to expand and develop our network of real estate holdings. In 2016 MT invested $1.6 million into real property and facilities, most notably at its rail transload facility in Edmonton, Alberta. At December 31, 2016, we had carrying costs of $517.6 million of real property included within property, plant and equipment.

Private Placement Debt – Amending Agreement

On March 31, 2016, at our own discretion, we entered into an agreement with the Private Placement Debt noteholders to amend certain financial covenant terms (the "**Amending Agreement**") that included both temporary and permanent amendments. The Amending Agreement replaces the financial covenant term total debt with total net debt for financial covenant calculation purposes. On a temporary basis, during the period up to and including March 31, 2018 (the "**Covenant Relief Period**"), total net debt is defined as total debt of the Corporation less the value of any cash and cash equivalents in excess of $50.0 million and less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps as disclosed within derivative financial instruments on the consolidated statement of financial position. After the Covenant Relief Period, the definition of total net debt will be permanently defined as total debt of the Corporation adjusted for the carrying value of the derivative financial instruments. All other terms and thresholds of the financial covenants remained the same. Notwithstanding the Amending Agreement, at no time did we exceed the prior covenant threshold of 3.5 times total debt to operating cash flow.

Repayment of Private Placement Debt

On February 24, 2016, Mullen Group, at its sole discretion, gave notice to the holders of Series C ($70.0 million) Notes under its Amended and Restated 2006 Senior Note Purchase Agreement of its intention to repay these notes and advanced payment to the holders of Series C Notes on March 30, 2016. The repayment of the Series C Notes reduced the Corporation's annual interest obligations by $3.9 million.

Dividend

On December 16, 2015, we announced our intention to pay annual dividends of $0.96 per Common Share ($0.08 per Common Share on a monthly basis) for 2016. On April 20, 2016, the Board determined that it was prudent and in the best interests of Mullen Group's shareholders to reduce the monthly dividend to $0.03 per Common Share ($0.36 per Common Share on an annual basis) commencing with the declaration of the May 2016 dividend, which has subsequently been increased to $0.60 per Common Share per annum for 2018.

Internal Reorganizations

On December 31, 2016, we commenced the dissolution of four of our limited partnerships namely, Mullen Trucking L.P., Kleysen Group L.P., Payne Transportation L.P. and Tenold Transportation Limited Partnership, whose operations were contributed into Mullen Trucking Corp., Kleysen Group Ltd., Payne Transportation Ltd. and Tenold Transportation Ltd., respectively.

Return to Shareholders

Our share price closed 2016 at $19.83, reflecting an increase of $5.82 as compared to the 2015 closing price of $14.01. During 2016, we paid dividends of $0.63 per Common Share consisting of $0.10 per Common Share in January 2016, $0.08 per Common Share from February to May 2016 and $0.03 per Common Share thereafter. The combined effect of the increase in the share price and payment of the dividends resulted in a total increase to shareholders of $6.45 per Common Share or 46.0 percent.

Acquisitions

On January 31, 2017, we acquired all of the issued and outstanding shares of Kel-West Carriers Ltd. ("**Kel-West**"). Kel-West is headquartered in Kelowna, British Columbia and provides transportation and logistics services primarily in western Canada. We acquired Kel-West as part of our strategy to invest in the transportation sector in western Canada. Kel-West has been integrated into the operations of Payne Transportation Ltd. ("**Payne**"), whose financial results are included in the Trucking/Logistics segment.

On March 17, 2017, we acquired all of the remaining issued and outstanding shares of Envolve. Envolve is an oilfield fluid processing and disposal company operating in the Grande Prairie, Alberta region. We acquired Envolve as part of our strategy to invest in the energy sector. The financial results from Envolve's operations are included in the Oilfield Services segment.

On August 1, 2017, we acquired all of the issued and outstanding shares of Golden Transport Ltd. ("**Golden**"), a next day service between Calgary, Cranbrook, Golden and the Columbia Valley. Golden is headquartered in Golden, British Columbia and provides transportation and logistics services primarily in western Canada. We acquired Golden as part of our strategy to invest in the transportation sector in western Canada. Golden has been integrated into the operations of Hi-Way 9, whose financial results are included in the Trucking/Logistics segment.

On September 1, 2017, we acquired all of issued and outstanding shares of RDK Transportation Co. Inc. ("**RDK**"). RDK is headquartered in Saskatoon, Saskatchewan and provides transportation and logistics services throughout Canada and the continental United States. We acquired RDK as part of our strategy to invest in the transportation sector in Canada and the United States. The financial results from RDK's operations are included in the Trucking/Logistics segment.

On October 1, 2017, we acquired all of the issued and outstanding shares of S. Krulicki & Sons Ltd., which operates under the brand names of Winnipeg Moving & Storage and Brandon Moving among others (collectively, "**Winnipeg Moving**"). Winnipeg Moving is a privately held company headquartered in Winnipeg, Manitoba that specializes in local, long distance and international residential and commercial moves. We acquired Winnipeg Moving as part of our strategy to invest in the transportation sector in Canada. Winnipeg Moving has been integrated into the operations of Gardewine, whose financial results are included in the Trucking/Logistics segment.

On November 1, 2017, we acquired all of the issued and outstanding shares of Marshall Trucking Inc. ("**Marshall Trucking**"). Marshall Trucking is headquartered in Calgary, Alberta and has a terminal in Delta, B.C. Marshall Trucking provides warehousing and local pick-up and delivery between British Columbia and Alberta. We acquired Marshall Trucking as part of our strategy to invest in the transportation sector. Marshall Trucking has been integrated into the operations of Mullen Trucking, whose financial results are included in the Trucking/Logistics segment.

Capital Expenditures

The Board authorized a capital expenditure budget of $50.0 million for fiscal 2017 ("**2017 Budget**"). Over the course of 2017 we invested a total of $19.8 million on capital expenditures comprised of $18.0 million for Rolling Stock and $1.8 million for real property and facilities. A portion of the 2017 Budget remained unspent due to a lower amount of capital expenditures made within the oilfield services sector. The Trucking/Logistics segment had gross capital expenditures of $23.4 million and dispositions of $3.0 million for net capital expenditures of $20.4 million in 2017. Gross capital expenditures mainly consisted of the purchase of trucks and trailers, as well as various pieces of operating equipment. The Oilfield Services segment had gross capital expenditures of $8.5 million and dispositions of $11.1 million for net capital disposals of $2.6 million in 2017. Gross capital expenditures mainly consisted of the purchase of operating equipment for Canadian Dewatering, Premay Pipeline Hauling L.P. ("**Premay Pipeline**") and Envolve. The majority of the dispositions related to the sale of older trucks, trailers and operating equipment.

We continue to expand and develop our network of real estate holdings. In 2017 MT invested $1.8 million into real property and facilities, most notably we purchased a property in Slave Lake, Alberta that was being leased by a Business Unit and we continued the development of our rail transload facility in Edmonton, Alberta. At December 31, 2017, we had carrying costs of $527.7 million of real property included within property, plant and equipment.

Repayment of Private Placement Debt

On September 27, 2017, we used cash and cash equivalents to repay U.S. $85.0 million of Series E Notes and $20.0 million of Series F Notes. The Series E and Series F Notes matured on September 27, 2017. The repayment of the Series E and Series F Notes will reduce our annual interest obligation by approximately $7.5 million when using an average Canadian to U.S. dollar exchange rate of $1.2855. Prior to the repayment of the Series E and Series F Notes, the weighted average interest rate on our U.S. dollar debt and our Canadian dollar debt was 4.43 percent and 4.58 percent, respectively. The weighted average interest rate on our U.S. dollar debt and our Canadian dollar debt after repaying the Series E and Series F Notes is 3.89 percent and 4.51 percent, respectively. After repaying the Series E and Series F Notes we had working capital of $181.4 million, which included $123.6 million of cash and cash equivalents.

Equity Investments

On September 27, 2017, we acquired a minority equity interest in Thrive Fluid Management Corp. ("**Thrive**"), a fluid management company operating in the Grande Prairie, Alberta region. This investment is part of our strategy to invest alongside high quality entrepreneurs in companies that have growth potential.

Investments

In 2017 we made an investment into Trakopolis IoT Corp. ("**Trakopolis**"). We also purchased the Moveitonline® operating platform to our online logistics marketplace as well as negotiated future development services from Trakopolis to further enhance and develop our system.

Internal Reorganizations

On January 1, 2017, the operations of Motrux were integrated into Mullen Trucking.

On March 1, 2017, the operations of E.C.R. were integrated into the operations of Hi-Way 9.

Moveitonline®

On June 29, 2017, we released version 2.0 of Moveitonline®, our proprietary online load matching marketplace. As of December 31, 2017, we had 160 certified carriers registered with Moveitonline® with 12,000 trucks and 20,000 trailers.

Return to Shareholders

Our share price closed 2017 at $15.74, reflecting a decrease of $4.09 as compared to the 2016 closing price of $19.83. During 2017, we paid dividends of $0.36 per Common Share consisting of $0.03 per Common Share on a monthly basis. The combined effect of the decrease in the share price and payment of the dividends resulted in a total decrease to shareholders of $3.73 per Common Share or 23.7 percent.

Significant Acquisitions

Mullen Group did not complete any significant acquisitions during 2017 for which disclosure was required under part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

CURRENT DEVELOPMENTS

On December 13, 2017, the Board approved a capital expenditure budget for 2018 of $40.0 million ("**2018 Budget**") exclusive of corporate acquisitions, real property and special projects; with $30.0 million allocated to the Trucking/Logistics segment primarily to replace trucks, trailers and specialized equipment to support the operations of these Business Units. In addition, $10.0 million will be allocated to support the initial phase of our replacement cycle within the Oilfield Services segment after several years of under-investing in this segment.

In addition, on December 13, 2017, we announced that the annual dividend for 2018 was set at $0.60 per Common Share, such dividend to be paid on a monthly basis, subject to Board approval.

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BUSINESS AND OPERATIONS

As at the date hereof, Mullen Group conducts its business through the operations of 30 Business Units, each of which is operated separately under its own brand and is held accountable for its own performance and profitability. Our Corporate Office provides oversight and support to the Business Units by coordinating business strategies, monitoring financial and business performance, providing management services, centralized banking and financial expertise, and offering shared services such as payroll, human resources support, information technology ("**IT**") support, legal and accounting. The Corporate Office also owns a network of real estate holdings and facilities, through MT, which are primarily leased to the Business Units on commercially reasonable terms. The Corporate Office employs 45 people in Okotoks, Alberta.

While the Corporate Office provides the referenced support services, the day-to-day operations of the Business Units are the responsibility of each Business Unit's management team. As at December 31, 2017, Mullen Group actively employed or engaged approximately 5,704 people, including Owner Operators and Dedicated Subcontractors. The Business Units utilize their own equipment, as well as the services and equipment of Owner Operators and Dedicated Subcontractors. Through our Business Units, we owned or leased the following:

- approximately 2,780 power units and had access to an additional 1,045 power units under contract with Owner Operators and Dedicated Subcontractors;
- approximately 8,390 trailers (the vast majority being owned), which include vans, flatbeds, dry bulk trailers, removable gooseneck trailers, specialized trailers and temperature controlled trailers;
- a fleet of truck mounted drilling units, including 31 hydraulic single rigs capable of coring, surface casing and shallow gas drilling, 12 auger drilling rigs and one dual rotary rig;
- approximately 240 pieces of earthmoving equipment consisting of excavators, dozers, rock trucks and front-end loaders;
- approximately 700 light duty vehicles; and
- approximately 588 skid and trailer mounted dri-prime diesel pumps, 639 submersible pumps, 131 portable diesel generators, 41 sediment control tanks, 19 fusion machines, 66 portable engineered barges and 10 portable dredges.

The Business Units are divided into two distinct business segments for reporting purposes – Trucking/Logistics and Oilfield Services. These segments are differentiated by the type of service provided, equipment requirements and customer needs. The table below sets forth the segments' pre-consolidated revenue over the past three years.

($ millions)	2015		2016		2017	
(on a pre-consolidated basis)	Revenue ($)	%	Revenue ($)	%	Revenue ($)	%
Trucking/Logistics	714.8	58.8	689.5	66.3	**761.4**	**66.8**
Oilfield Services	501.1	41.2	350.5	33.7	**378.4**	**33.2**
Total*	1,214.4	100.0	1,035.1	100.0	**1,138.5**	**100.0**

*consolidated

TRUCKING/LOGISTICS SEGMENT

EQUIPMENT			PERSONNEL	TERMINALS		
POWER UNITS	*TRAILERS*	*OTHER*		*OWNED*	*LEASED*	*TOTAL*
2,413	***5,138***	***1,485***	***4,305***	***76***	***47***	***123***

The trucking industry is a valuable contributor to the Canadian economy, growing to be the most predominately used mode of commercial transportation in the country. More goods move by truck than by rail and air combined.

As at the date hereof, our Trucking/Logistics segment, which consists of 14 Business Units, conducts business in Canada and the continental United States by offering a diversified range of truckload and LTL general freight services to customers in Canada and the United States. These services include transporting a wide range of goods including general freight, specialized commodities such as cable, pipe and steel, over-dimensional loads such as heavy equipment, compressors and over-sized goods, and dry bulk commodities such as cement, frac sand, woodchips and other residual wood products. In addition, the Trucking/Logistics segment provides logistics, warehousing and distribution, dedicated fleet services, order fulfillment and distribution services, transload and intermodal services primarily in western Canada, as well as the production, excavation and transportation of various aggregate and industrial products.

As a provider of trucking and logistics services to customers throughout North America, our results are affected by the state of the economy and the associated demand for freight transportation and logistics services. These and other risks and uncertainties are discussed beginning on page 29.

At December 31, 2017, the Trucking/Logistics segment employed approximately 3,535 full and part-time employees and further contracted the services of approximately 780 Owner Operators or Dedicated Subcontractors. The employees in the Trucking/Logistics segment operate both specialized and regular highway equipment that require unique instruction, training and operating skills. While this segment has many long-term employees, it faces the same demand for its workers as any other trucking company. Some Business Units within this segment are subject to collective agreements with their employees. Management believes that we have fostered a positive working relationship with our employees and Contractors.

At December 31, 2017, the Trucking/Logistics segment maintains a network of full service terminals throughout Canada, each of which is designed to meet the specific needs of the Business Unit with an office location and warehousing or service facility as required. In addition to our network of full service terminals, we have additional capacity through Moveitonline®, which allows us to expand our service offerings geographically and improve on efficiencies within our supply chain and logistics systems.

The following pages provide a summary of the business carried on by the 14 Business Units in the Trucking/Logistics segment.

Bernard TRANSPORT LTD.

(Founded 1979)

Equipment	Personnel	Head Office	Areas of Operation
20 Power Units 45 Trailers	25	Edmonton, AB	Northwestern Alberta

Bernard Transport Ltd. ("**Bernard**") was acquired by Mullen Group in 2014.

Through its terminals in Edmonton and Grande Prairie, Alberta, Bernard provides regional scheduled LTL transportation services throughout the northwestern Alberta region.

CANEDA TRANSPORT LTD.

(Founded 1975)

Equipment	Personnel	Head Office	Areas of Operation
58 Power Units 112 Trailers	104	Calgary, AB	Canada Continental United States

Caneda was acquired by Mullen Group in 2016.

Caneda offers its customers a range of services utilizing a combination of Owner Operators and company owned equipment. Caneda provides cross-border, specialized LTL, truckload, dedicated and intermodal services primarily throughout Canada and the western United States. Through its dry vans, heaters and reefers, Caneda hauls a variety of products, including hazardous materials. In addition, Caneda provides 3PL services and warehousing. Caneda is a SmartWay certified carrier.

Cascade CARRIERS LP

(Founded 1919)

Equipment	Personnel	Head Office	Areas of Operation
90 Power Units 439 Trailers	131	Calgary, AB	Western Canada

Cascade Carriers L.P. ("**Cascade**"), through its predecessor companies, was acquired by Mullen Group in 1996.

Cascade provides customers in the construction and oil and natural gas industries in western Canada with dry bulk transportation services, hauling a wide variety of dry bulk commodities including cement, blend, fly ash, industrial and frac sand, salt and lime. Cascade is the primary carrier for LafargeHolcim in Alberta.

Cascade operates one of the largest fleets of pneumatic dry bulk trailers in Canada. Cascade's fleet includes tractors, trailers, portable silos, portable blower units and portable dust collection units. In addition, Cascade also utilizes specialized cyclone units, spreader units and a pneumatic recovery unit. Cascade is a SmartWay certified carrier.

Courtesy FREIGHT SYSTEMS ltd.

(Founded 1992)

Equipment	Personnel	Head Office	Areas of Operation
65 Power Units 48 Trailers	87	Thunder Bay, ON	Northwestern Ontario Southern Manitoba

Courtesy was acquired by Mullen Group in 2015.

Courtesy provides regional scheduled LTL and courier services primarily in northwestern Ontario and parts of Manitoba operating its fleet through a network of five terminals. Courtesy is a SmartWay certified carrier.

GARDEWINE
JUST GARDEWINE IT!

(Founded 1952)

Equipment	Personnel	Head Office	Areas of Operation
831 Power Units 1,425 Trailers	1,624	Winnipeg, MB	Ontario Manitoba Alberta

Gardewine was acquired by Mullen Group in 2015 and is our largest Business Unit.

Gardewine provides a comprehensive range of transportation services, conducting its operations through a network of 30 owned and leased terminals. Gardewine provides both regional scheduled LTL, truckload and specialized truckload services primarily in Manitoba and Ontario and is one of the largest transportation carriers in Canada. With over 60 years of experience, Gardewine has also grown into a leading regional LTL provider in Canada.

Gardewine is comprised of the following businesses: Gardewine North (LTL and truckload services), Northern Cartage (contract hauling with dedicated long distance or local cartage services), Northern Deck (truckload and LTL open deck hauling), Northern Bulk (transportation and handling of bulk commodities and products related to the forestry and mining industry), Northern Logistics and Winnipeg Moving (moving and storage services). Gardewine is a SmartWay certified carrier.

Grimshaw
TRUCKING LP

(Founded 1949)

Equipment	Personnel	Head Office	Areas of Operation
149 Power Units 322 Trailers	273	Edmonton, AB	Northeastern British Columbia Northern Alberta Northwest Territories

Grimshaw Trucking L.P. ("**Grimshaw**"), through its predecessor companies, was acquired by Mullen Group in 1995 and is known as "Your Gateway to the North®"[1].

Grimshaw provides regional scheduled LTL deliveries of freight of all kinds to communities in northern Alberta, British Columbia and the Northwest Territories. Grimshaw maintains a network of 19 service centers, of which five are operated by independent agencies. Its LTL division is accompanied by a truckload flat deck division, which mainly provides services directly related to the oil sands development near Fort McMurray, Alberta. Grimshaw is a SmartWay certified carrier.

HI-WAY 9
GROUP OF COMPANIES

(Founded 1969)

Equipment	Personnel	Head Office	Areas of Operation
257 Power Units 595 Trailers	405	Drumheller, AB	Southern Alberta Southern British Columbia

Hi-Way 9 was acquired by Mullen Group in 2011 and the business is operated as Hi-Way 9 Express Ltd., Load-Way Ltd. and Streamline Logistics Inc. On August 1, 2017, Golden was added to the Hi-Way 9 group.

Hi-Way 9 provides LTL and truckload services to communities in western Canada, with a strong focus on southern Alberta. Other services include dry van and flat deck transportation, as well as freight handling, warehousing and logistics. Hi-Way 9 has a network of support depots strategically located throughout Alberta and southeastern British Columbia. Hi-Way 9 offers flexible transportation solutions to its customers throughout western Canada. Hi-Way 9 is a SmartWay certified carrier.

[1] Your Gateway to the North® is a registered trademark of Mullen Group Ltd.

(Founded 1964)

Equipment	Personnel	Head Office	Areas of Operation
209 Power Units 421 Trailers	459	Regina, SK	Saskatchewan Alberta

Jay's was acquired by Mullen Group in 2013.

Jay's is a recognized leader in the regional scheduled LTL transportation business within the Province of Saskatchewan operating out of full service terminals and warehouses. With its vast distribution network in Saskatchewan, Jay's services local markets on an expedited or scheduled basis. Other services include dry van and temperature controlled transportation, as well as moving services. Jay's is a SmartWay certified carrier.

(***Founded 1935)***

Equipment	Personnel	Head Office	Areas of Operation
252 Power Units 844 Trailers	408	Winnipeg, MB	Western Canada

Kleysen Group Ltd. ("**Kleysen**") was formed in 2006 when Mullen Group acquired the Kleysen Group of Companies.

Kleysen is a diversified transportation and logistics provider that offers dry bulk, deck, intermodal, transload, inventory management, storage and logistics services primarily in the western Canadian marketplace. Its significant rail capabilities, "know how" and substantial storage handling capacity provides Kleysen with the ability to efficiently and effectively service its customers. In addition, Kleysen distributes and markets road salt through its industrial products division operating as Kayway Industries.

Kleysen owns equipment including tractors, trailers, railcars, containers, heavy equipment and other auxiliary equipment. Kleysen also has access to a network of other assets through strategic partner arrangements. Kleysen operates from strategically located facilities, including transload facilities situated in Calgary and Edmonton, Alberta. Kleysen is a SmartWay certified carrier.

(Founded 1949)

Equipment	Personnel	Head Office	Areas of Operation
125 Power Units 409 Trailers	193	Aldersyde, AB	Canada Continental United States

Mullen Trucking was part of Mullen Group's founding operations. It provides shippers with irregular-route truckload, and to a lesser extent, mixed shipment services throughout Canada and the continental United States, transporting a wide variety of commodities and mining equipment.

Mullen Trucking offers its customers a range of services utilizing a combination of company owned equipment, Owner Operators and subcontractors who are approved and certified. This combination allows it the flexibility to offer customers a total transportation solution, to maximize equipment utilization and the ability to adjust rapidly to changes in customer demand and market volatility.

Mullen Trucking's fleet includes tractors, trailers including specialized heavy haul trailers, flat deck, dry van, and support equipment. The main facility in Aldersyde, Alberta has rail access and includes a separate storage area for freight storage and transfer. Mullen Trucking also has a facility in Delta, British Columbia. Mullen Trucking is a SmartWay certified carrier.

(Founded 2000)

Equipment	Personnel	Head Office	Areas of Operation
176 Power Units 244 Trailers	223	Winnipeg, MB	Canada Continental United States

The predecessor company to Payne was acquired in stages with an initial investment in 2000 and subsequent acquisition of the remaining shares in 2005.

Payne primarily operates an Owner Operator business model and focuses on the transportation of truckload and mixed shipment general freight across Canada and the United States transporting a wide range of commodities. Payne also specializes in the transportation of large agricultural, forestry and construction machinery as well as servicing the oil and natural gas industry with expedited freight services between Houston, Texas and Fort Saskatchewan, Alberta. Payne is a SmartWay certified carrier.

(Founded 2004)

Equipment	Personnel	Head Office	Areas of Operation
73 Power Units 93 Trailers	88	Saskatoon, SK	Canada Continental United States

RDK was acquired by Mullen Group in 2017.

RDK is based in Saskatoon, Saskatchewan and operates an asset light Owner Operator business model servicing the agricultural, construction and industrial sectors by providing truckload deck services throughout Canada and the continental United States. Their fleet includes step decks, double drops, removable goosenecks and specialized bulk trailers. RDK is a SmartWay certified carrier.

(Founded 1949)

Equipment	Personnel	Head Office	Areas of Operation
34 Power Units 67 Trailers	96	Thompson, MB	Northern Manitoba

Smook Contractors Ltd. ("**Smook**") was acquired by Mullen Group in 2010.

Smook is a multi-disciplined civil contractor based in Thompson, Manitoba and services customers throughout northern Manitoba by providing safe, efficient and quality service in the areas of aggregate production, drilling and blasting, earth and rock excavation, environmental clean-up and soil remediation, road-building and other related services. Smook's business is largely project driven, which is cyclical and sporadic in nature.

(Founded 1968)

Equipment	Personnel	Head Office	Areas of Operation
74 Power Units 74 Trailers	189	Surrey, BC	North America

Tenold Transportation Ltd. ("**Tenold**"), through its predecessor company, was acquired by Mullen Group in 2005.

Tenold provides its customers with multimodal transportation services throughout North America, utilizing open deck, container and flat car equipment primarily for the cable industry. In addition, Tenold provides logistics, warehousing, container de-stuffing, distribution and non-transportation services such as cable cutting, reel and electronic inventory management services to its existing customers in the wire and cable, telephone, hydro and construction industries.

Tenold utilizes Owner Operators, subcontractors, company-owned equipment and yards to provide a complete range of services supported by Tenold employees. This business model allows Tenold personnel to focus on providing quality service to meet the needs and demands of its customers as well as adapt to the rapidly changing market conditions. Tenold is a SmartWay certified carrier.

Competitive Conditions and Industry Position

The transportation and distribution of freight is a multi-billion dollar business in Canada and is generally described as both highly competitive and fragmented. All Business Units in this segment operate in a competitive environment with competitors ranging from small local or regional businesses to large international companies. The business is highly competitive requiring the Business Units to maintain good relations with both its customers and drivers. The business is also highly regulated requiring strict adherence to safety and governmental standards. Due to the nature of the industry, it is imperative that the Business Units have access to experienced and well-trained personnel. We believe that our size, accompanied by our operational systems, safety standards and policies, technology solutions and well structured balance sheet provide us with the ability to compete with any carrier in this market. Furthermore and subject to regulatory requirements, we are positioned to consolidate complimentary or competing firms, if and when, such opportunities arise.

Intangible Properties

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.

Seasonality

Seasonal factors may lead to changes in demand for freight volumes. Further discussion of this risk and how we manage it may be found in the "*Principal Risks and Uncertainties*" section of this AIF under the heading "*Weather and Seasonality*" on page 41.

Economic Dependence

The Business Units in the Trucking/Logistics segment haul a wide variety of freight for a broad customer base. Certain of these Business Units have entered into longer term contracts or master service agreements with well-established customers, which facilitate the engagement of the Business Unit should the customer desire. In 2017 the top 10 customers in this segment were all well-known companies, accounting for 14.6 percent (2016 – 24.2 percent) of this segment's revenue. During 2017 no one customer in the Trucking/Logistics segment accounted for more than 10.0 percent of Mullen Group's total consolidated revenue.

OILFIELD SERVICES SEGMENT

EQUIPMENT			PERSONNEL	TERMINALS		
POWER UNITS	*TRAILERS*	*OTHER*		*OWNED*	*LEASED*	*TOTAL*
1,411	***3,253***	***2,375***	***1,354***	***54***	***43***	***97***

The oil and natural gas industry represents a crucial segment of the economy providing businesses and consumers with a wide range of energy supplies and related products. Generally speaking, the industry is divided into three segments:

- upstream, which refers to oil and natural gas exploration, drilling and well completions;
- midstream, which refers to the transportation, storage and wholesale marketing of crude oil or refined petroleum products; and
- downstream, referred to as the processing, refining and marketing portion of the industry.

The oil and natural gas service industry provides a wide range of products and services to exploration and production companies and, as such, is highly reliant upon the levels of drilling activity and capital expenditures made by such companies. Exploration and production companies base their drilling and capital expenditure decisions on several factors, including but not limited to, hydrocarbon prices, production levels, pipeline capacity, tax implications and access to capital. They tend to examine long-term fundamentals affecting the foregoing factors before they adjust their capital budgets to reflect those factors. In past years commodity prices and, therefore, the level of drilling, production and exploration activity, have been volatile and experienced significant declines. In 2017 the oil and natural gas industry began to see early signs of recovery, most notably in the oil and gas drilling sector as total wells drilled was up 74.7 percent as compared to 2016. Although the recovery has not been robust, the industry has seen improvement over 2016. As such, we manage our business knowing that the oil and natural gas industry is volatile and cyclical. These and other risks and uncertainties are discussed beginning on page 29.

At December 31, 2017, our Oilfield Services segment consists of 16 Business Units that utilize their highly trained personnel and equipment to provide well-servicing, specialized transportation, dewatering, and drilling services to the oil and natural gas industry. These services are collectively referred to as Oilfield Services and can generally be grouped into the following four categories:

Production Services	*Specialized Services*
• well servicing • production fluid transportation • transportation of fluids for disposal • frac support	• dredging and dewatering services • large diameter pipe stockpiling and stringing services • transporting of oversize and overweight shipments • hydrovac excavation services • hydrostatic testing services to the pipeline industry and midstream sector
Drilling Related Services	***Drilling Services***
• the transportation, handling and storage of oilfield fluids, tubulars and drilling mud • drilling rig relocation • general oilfield hauling • well disposal facility	• core drilling • setting surface casing • conductor pipe setting

At December 31, 2017, the Oilfield Services segment employed approximately 1,105 full and part-time employees and further contracted the services of approximately 250 Owner Operators or Dedicated Subcontractors. The employees in the Oilfield Services segment operate specialized equipment, which requires unique instruction, training and operating skills. Many employees start in entry-level positions and progress to a more specialized position through ongoing in-house training, on the job experience as well as outsourced specialized training programs. Some Business Units within this segment are subject to collective agreements with their employees. We believe that we have fostered positive working relationships with our employees and Contractors.

As at the date hereof, the Oilfield Services segment maintains a network of full service terminals throughout western Canada, each of which is designed to meet the specific needs of the Business Unit with an office location and warehousing or service facility as required.

The following pages provide a summary of the business carried on by the 16 Business Units in the Oilfield Services segment.

Production Services

Business Units in the Production Services category provide a broad range of specialized services related to the processing and production of both light and heavy oil as well as natural gas liquids in western Canada. Certain Business Units in this category provide full service offerings to companies utilizing fracking techniques. Mullen Group currently has five Business Units that provide services in this area.

CASCADE Energy Services L.P.

(Founded 1997)

Equipment	Personnel	Head Office	Areas of Operation
263 Power Units 360 Trailers	167	Calgary, AB	Northeastern British Columbia Alberta Southwestern Saskatchewan

Cascade Energy was formed by Mullen Group in 2008 in conjunction with the acquisition of certain business units from Essential Energy Services Trust's oilfield transport division, namely, Cascade Services and Jacar Energy Services.

Cascade Energy provides a wide range of production services related to fluid management for the energy, utility, mining and construction industries in northern British Columbia, Alberta and southwestern Saskatchewan. The northern operations are conducted through its Cascade Services' division while the southern operations are conducted through its Jacar Energy Services' division. On January 1, 2013, Mullen Group completed an internal reorganization that integrated the operations of Polaris Petroleum Ltd., a company acquired in 2011, into the operations of Cascade Energy. Cascade Energy expanded its services in 2012, through the integration of Bernie's Hot Oil Service Ltd.'s operations, to include pressure pipeline testing.

Cascade Energy also provides chemical solutions to the oil and natural gas industry and maintains facilities for mixing, storage and transport of such chemicals, as well as on-site frac water storage with 500 barrel mobile frac tanks and Frac Corrals (ranging in size from 3,200 cubic metre to 7,200 cubic metre modular frac tanks).

Cascade Energy's fleet is comprised of specialized trucks and auxiliary equipment including hydrovac trucks, vacuum trucks, pressure trucks, hot oiler units, steam trucks and end-dump trailers with services ranging from fluid hauling, fluid heating, high pressure cleaning and industrial cleaning in relation to industrial, petroleum exploration, drilling production and processing applications as well as the transportation of contaminated soil, drill cuttings and saw dust used for drilling. Cascade Energy also provides water management services for the upstream oil and gas industry. Cascade Energy is a SmartWay certified carrier.

(Founded 1984)

Equipment	Personnel	Head Office	Areas of Operation
176 Power Units 152 Trailers	144	Elk Point, AB	Northeastern Alberta

E-Can Oilfield Services L.P. ("**E-Can**"), through its predecessor companies, was acquired by Mullen Group in 2000.

E-Can provides a wide range of oilfield services to the heavy oil industry in Alberta by utilizing its specialized equipment and personnel to assist in the handling, transportation and disposal of fluids associated with the processing and production of heavy oil in addition to well servicing.

E-Can is a market leader providing customers with well servicing using coiled tubing and flushby units, tank cleaning, vacuum, pressure and fluid hauling units, as well as safety and environmental spill clean up services. E-Can is a SmartWay certified carrier.

(Founded 1974)

Equipment	Personnel	Head Office	Areas of Operation
61 Power Units 76 Trailers	77	Lloydminster, AB	Northern Alberta Northern Saskatchewan

Heavy Crude Hauling L.P. ("**Heavy Crude**"), through its predecessor companies, was acquired by Mullen Group in 2002.

Predominately through the use of Dedicated Subcontractors, Heavy Crude provides fluid transportation of crude oil, produced water and other fluids for its customers involved in the production of heavy oil in western Canada through the use of its specially designed bulk trailers. Heavy Crude is one of the largest transporters of fluids in northeastern Alberta and northwestern Saskatchewan, an area which is generally referred to as the Lloydminster heavy oil region. Heavy Crude is a SmartWay certified carrier.

(Founded 1954)

Equipment	Personnel	Head Office	Areas of Operation
41 Power Units 102 Trailers	45	Coleville, SK	West Central Saskatchewan East Central Alberta

R. E. Line Trucking (Coleville) Ltd. ("**RE Line**") was acquired by Mullen Group in 2008.

Predominately through the use of Owner Operators, RE Line provides fluid transportation of crude oil and produced water for its customers within the oil and natural gas industry throughout west central Saskatchewan and east central Alberta through its fleet of bulk trailers.

Spearing Service

(Founded 1956)

Equipment	Personnel	Head Office	Areas of Operation
251 Power Units 608 Trailers	178	Oxbow, SK	Southeastern Saskatchewan Southwestern Manitoba

Spearing, through its predecessor companies, was acquired by Mullen Group in 2006.

Spearing specializes in oilfield trucking and frac support by providing a broad range of services to oil companies in southeastern Saskatchewan and southwestern Manitoba. Spearing utilizes specially designed equipment to haul crude oil, produced water, natural gas liquids, condensate and other fluids as well as onsite frac water storage with 500 barrel mobile frac tanks. In addition to oilfield trucking, Spearing stores, distributes and sells aggregate materials for lease and other site preparation activities for the energy sector.

Spearing's fleet includes company and Owner Operator tractors, tank trailers, as well as vacuum trucks, steam trucks and hot oiler units. Spearing services multi-stage fracs with super heaters, winch tractors and a large fleet of 500 barrel insulated frac tanks. Spearing is a SmartWay certified carrier.

Specialized Services

Business Units in the Specialized Services category primarily provide services to the oil and natural gas, oil sands, mining industries and municipalities. Their services include dredging and dewatering services, oversize and overweight transportation services, the transportation, stringing and stockpiling of large diameter oil, natural gas transmission pipe, and hydrovac excavation. Mullen Group currently has four Business Units that provide services in this area.

CANADIAN DEWATERING
FLUID MANAGEMENT SYSTEMS

(Founded 1972)

Equipment	Personnel	Head Office	Areas of Operation
6 Power Units 42 Trailers	170	Edmonton, AB	Western Canada Northwest Territories

Canadian Dewatering was formed in stages by Mullen Group acquiring Northern Underwater Systems (N.U.S.) Ltd. in 2004 and combining it in 2006 with the then newly acquired Canadian Dewatering Ltd.

Canadian Dewatering provides fluid management services that are utilized by energy companies involved in the development of the oil sands in northern Alberta, well fracturing fluid supply operations, the pulp and paper industry, power generation, the mining industry, general contractors and municipalities in relation to infrastructure development. Canadian Dewatering also provides a service whereby water is pumped using temporary pipelines directly to the well site to support the fracking industry.

Canadian Dewatering expanded its services in 2016, through the integration of the business and assets of Northern Frontier to include hydrostatic-testing services to the pipeline industry and midstream sector.

Canadian Dewatering's fleet consists of trailers, skid mounted dri-prime diesel pumps, submersible pumps, portable diesel generators and fusion machines. In addition, Canadian Dewatering provides specialized services that include dredging and barge rentals with their fleet of portable engineered barges and portable dredges. Canadian Dewatering also operates its commercial diving operations across western Canada through its Northern Underwater Systems division.

(Founded 1964)

Equipment	Personnel	Head Office	Areas of Operation
56 Power Units 323 Trailers	80	Edmonton, AB	British Columbia Alberta Saskatchewan

Premay Equipment L.P. ("**Premay Equipment**"), through its predecessor company, was acquired by Mullen Group in 1994.

Premay Equipment provides a wide range of specialized services through the transportation of oversize and overweight modules, vessels, equipment and machinery for clients in the engineering, procurement, construction, mining, and oil and natural gas related industries.

With specialized tractors, off-highway vehicles, hydraulic lifting equipment and trailers including specialized hydraulic platform trailers, Premay Equipment is a leader in the specialized transportation market in western Canada. Premay Equipment's main facility is fully equipped to perform major repairs to its specialized equipment including its self-propelled modular transporters (SPMT). It also has the capability to design and build new equipment or modify existing components. Premay Equipment is a SmartWay certified carrier.

(Founded 1986)

Equipment	Personnel	Head Office	Areas of Operation
67 Power Units 213 Trailers	27	Edmonton, AB	Canada

Premay Pipeline, through its predecessor companies, was acquired by Mullen Group in 1994 in conjunction with the acquisition of Premay Equipment. In 2006, we completed an internal reorganization whereby we contributed the Canadian pipeline operations of Pe Ben Industries Company Ltd. into the operations of Premay Pipeline.

Premay Pipeline provides the mainline large diameter pipeline construction industry with contract services including the handling, hauling, stockpiling and stringing of large diameter oil and natural gas transmission pipe.

The equipment operated by Premay Pipeline is designed to meet the regulatory and legislated requirements of transporting oversized shipments. Trailers are specifically designed to transport lengths of pipe in excess of 24 metres and to maximize payload. Premay Pipeline currently operates a fleet of trucks and trailers, along with a number of cranes/pickers, side booms, vacuum lifts/deckhands and loaders/forklifts/excavators.

The large diameter pipeline industry is highly regulated and involves much public consultation and regulatory approval. The industry is very project reliant (multi-year, infrastructure related), which can be both fluctuating and sporadic. Premay Pipeline is a SmartWay certified carrier.

RECON UTILITY SEARCH LP

(Founded 2000)

Equipment	Personnel	Head Office	Areas of Operation
17 Power Units 5 Trailers	18	Hardisty, AB	East Central Alberta

Recon Utility Search L.P. ("**Recon**") was formed in 2014 when Mullen Group bought the business and assets of Recon Utility Search N.A. Inc. along with the associated land and buildings from Recon Capital Inc.

Recon provides specialized vacuum and hydrovac services mainly to the energy and midstream infrastructure industry. Primary services offered by Recon include drain-up (oil/fluid transfer or evacuation for tie-ins), daylighting (using pressurized water and vacuum systems to remove and/or expose the soil covering the pipeline beneath), fluid hauling and general service work at terminals.

Recon's primary service area is within the Hardisty, Alberta region where they are based. This area represents a niche market where pipelines meet and there is storage capacity for millions of barrels of crude oil. Recon's fleet is comprised of hydrovac trucks and vacuum trucks.

Drilling Services

Business Units in the Drilling Services category provide drilling services to the oil sands operators and to oil and natural gas companies, including core drilling, conventional drilling to 1,500 metres, and conductor pipe and surface casing setting services. Mullen Group currently has two Business Units that provide services in this area.

OK DRILLING SERVICES LP
RED DEER - GRANDE PRAIRIE - WHITECOURT - CALGARY - FORT ST. JOHN

(Founded 1978)

Equipment	Personnel	Head Office	Areas of Operation
11 Power Units 20 Trailers	16	Red Deer, AB	Alberta British Columbia Saskatchewan

OK Drilling Services L.P. ("**OK Drilling**"), through its predecessor companies, has been servicing Alberta, British Columbia and Saskatchewan since 1978. OK Drilling was formed in 2005 through a series of acquisitions by Mullen Group.

OK Drilling has been providing the upstream segment of the oil and natural gas drilling industry with services related to the setting of conductor pipe. This service is required on some well sites prior to a drilling rig being moved onto the lease location. OK Drilling also provides services related to the drilling and setting of surface casing. In addition, OK Drilling drills piling holes and elevator shafts for the construction industry.

OK Drilling operates auger drilling rigs, a dual rotary rig, a fleet of support trucks and trailers and portable welding trucks. OK Drilling is a SmartWay certified carrier.

(Founded 1958)

Equipment	Personnel	Head Office	Areas of Operation
31 Power Units 77 Trailers	2	Ponoka, AB	Northeastern British Columbia Alberta Saskatchewan

TREO Drilling Services L.P. ("**Treo**"), through its predecessors, has been servicing the Alberta, British Columbia, and Saskatchewan areas since 1958. Mullen Group made its initial investment in core drilling services in 2003 with the acquisition of Cora Lynn Drilling Co. Ltd. followed by the acquisition of Schmidt Drilling Ltd. in 2005. The combined business operates as Treo.

Treo provides drilling services to the energy and resource sector with a focus on core drilling for the oil sands, primarily during the winter season. With core drilling rigs, including Class III certified rigs, Treo is a market leader providing customers with core drilling services, which involve drilling and the subsequent recovery of core samples, an essential process service used by exploration and production companies in the analysis and delineation of oil sands deposits in northern Alberta. In addition, it is capable of providing conventional oil and natural gas drilling to depths of up to 1,500 metres. Treo's operations are currently temporarily suspended on account of the decline in oil sands development and exploration in Alberta.

Drilling Related Services

Business Units in the Drilling Related Services category service the upstream market, which refers to oil and natural gas exploration, drilling and well completions and, as such, these Business Units are highly reliant upon the levels of drilling activity and capital expenditures made by the exploration and production companies. The direct services provided include the warehousing, transportation, handling and storage of oilfield fluids, drilling mud, and tubulars, rig relocation services and general oilfield hauling. Mullen Group currently has five Business Units that provide services in this area.

(Founded 2014)

Equipment	Personnel	Head Office	Areas of Operation
1 Facility Class II Disposal Well	11	Grande Prairie, AB	Northwestern Alberta

In 2015 Mullen Group acquired a minority interest in Envolve. In 2017 Mullen Group acquired all of the remaining issued and outstanding shares of Envolve. This acquisition provides Mullen Group with a new growth platform in the oilfield waste disposal industry.

Envolve handles, processes and disposes produced water, primarily for natural gas producers. Envolve has a full service well disposal facility located in the Montney resource play at Gold Creek, 13 kilometers south of Grande Prairie, Alberta. This Class II facility is capable of handling in excess of 1,000 cubic metres of fluids per day.

FORMULA POWELL L.P.

(Founded 1970)

Equipment	Personnel	Head Office	Areas of Operation
146 Power Units 709 Trailers	174	Grande Prairie, AB	Northeastern British Columbia Alberta North Central Saskatchewan

Formula Powell L.P. ("**Formula Powell**") was acquired in conjunction with the acquisition of Producers Oilfield Services Inc. in 2006.

Formula Powell provides a wide range of trucking, warehousing of drilling mud and the storage of drilling fluids for customers involved in the oil and natural gas industry in western Canada.

Through a network of terminals strategically located in areas known for high levels of oil and natural gas drilling activity, Formula Powell provides its customers with the necessary trucks and trailers specifically designed to meet the demanding requirements of off-highway oilfield work. Formula Powell provides tank farms and related services. Formula Powell provides its clients access to XpressInventory™[1], a web-based inventory management system that allows customers real-time tracking of their drilling mud and fluids. Formula Powell is a SmartWay certified carrier.

Mullen Oilfield Services LP

(Founded 1983)

Equipment	Personnel	Head Office	Areas of Operation
169 Power Units 296 Trailers	113	Calgary, AB	Alberta Northeastern British Columbia

Mullen Oilfield was part of Mullen Group's founding operations. It has expanded through the purchase of equipment, terminals and competitors since first commencing operations.

Mullen Oilfield provides specialized oilfield transportation services to companies drilling for oil and natural gas in western Canada, most notably rig moving. This involves the dismantling, hauling and rigging up of drilling rigs in challenging, difficult, mountainous terrain and extreme weather conditions.

In 2013 Mullen Oilfield entered into an asset purchase agreement whereby it acquired a minority interest in Canol Oilfield Services Inc. ("**Canol**"). Canol is an oilfield transportation company headquartered in Norman Wells, Northwest Territories that provides services in the Canol Shale Oil Region. Mullen Oilfield is a SmartWay certified carrier.

[1] XpressInventory™ is a trademark of Mullen Group Ltd.

(Founded 1957)

Equipment	Personnel	Head Office	Areas of Operation
71 Power Units 198 Trailers	61	Nisku, AB	Alberta Northeastern British Columbia

Pe Ben Oilfield Services L.P. ("**Pe Ben**"), through its predecessor companies, was acquired by Mullen Group in January 2006.

Pe Ben provides transportation, handling, storage and computerized inventory management of Oil Country Tubular Goods ("**OCTG**") for the oil and natural gas industry as well as general oilfield hauling. Pe Ben's primary business is the transportation, handling and storage of OCTG. In addition, Pe Ben provides its clients access to a web-based inventory management system developed by Mullen Group known as PipeOnLine™[1], which allows customers real-time tracking of their OCTG. Pe Ben is a SmartWay certified carrier.

(Founded 1981)

Equipment	Personnel	Head Office	Areas of Operation
45 Power Units 72 Trailers	71	Grande Prairie, AB	Northeastern British Columbia Alberta

Withers L.P. ("**Withers**") was acquired in conjunction with the acquisition of Producers Oilfield Services Inc. in 2006. Its operations were expanded in 2008 as a result of Mullen Group's acquisition of certain business units from Essential Energy Services Trust's oilfield transport division.

Withers provides transportation, handling, storage and computerized inventory management of OCTG for the oil and natural gas industry as well as general oilfield hauling. Withers provides its clients with access to PipeOnLine™[1] allowing them to track their oilfield tubular products in real-time. Withers is a SmartWay certified carrier.

Competitive Conditions and Industry Position

All of the Business Units in the Oilfield Services segment operate in a competitive environment with competitors ranging from small local or regional businesses to large international companies. Entry into the business can be difficult due to large capital requirements, a need for skilled labour, safety and information systems. The business is highly competitive requiring the Business Units to maintain good relations with both its customers and drivers. The business is also highly regulated requiring strict adherence to safety and governmental standards. In addition, the oil and natural gas drilling industry is characterized by its cyclical nature. Exploration and development drilling can be affected by such factors as oil and natural gas commodity prices and government policies. This in turn directly affects the level of activity in these companies. Companies compete primarily on the basis of their ability to provide customers with a safe, reliable and cost efficient service. Due to the nature of the industry it is imperative that the Business Units have access to specialized equipment and experienced, well-trained personnel. We believe that our size and terminal locations, accompanied by our operational systems, safety standards and policies, technology solutions and well structured balance sheet provide us with the ability to compete with any company in this market. We believe that we have more equipment and greater capital resources than the majority of our competitors. Furthermore, and subject to regulatory requirements, we are positioned to consolidate complimentary or competing firms, if and when, such opportunities exist.

[1] PipeOnLine™ is a trademark of Mullen Group Ltd.

Intangible Properties

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.

Seasonality

Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies with corresponding declines in the demand for the goods and services we supply. Further discussion of this risk and how we manage it may be found in the "*Principal Risks and Uncertainties*" section of this AIF under the heading "*Weather and Seasonality*" on page 41.

Economic Dependence

The Business Units in the Oilfield Services segment provide a wide variety of goods and services for a broad customer base, which are all related to the oil and natural gas industry along with the oil sands, mining sector, utilities and municipalities. Certain Business Units in this segment have entered into longer term contracts or master service agreements with well established customers, which facilitate the engagement of the Business Unit should the customer desire. This segment's top 10 customers are all well-known companies, most of which are publicly-traded. In 2017 these top 10 customers accounted for 29.3 percent (2016 – 39.2 percent) of this segment's revenue. During 2017 no one customer in the Oilfield Services segment accounted for more than 10.0 percent of Mullen Group's total consolidated revenue.

ENVIRONMENTAL PROTECTION

Mullen Group's business is subject to numerous environmental regulations and protection requirements. It is difficult to quantify the financial and operational effects of these regulations and requirements on our capital expenditures, profit or loss and competitive position. As part of the overall responsible management of our business, we actively manage, review and evaluate our compliance with these regulations and requirements to reduce risks of non-compliance that may have a negative impact on our competitive position and on our financial results. Further discussion of this risk and how we manage it may be found in the "*Principal Risks and Uncertainties*" section of this AIF under the heading "*Environmental Liability Risks*" on page 40.

SmartWay

Responsibility to reduce emissions from supply chains is becoming increasingly important in customer and corporate decision-making. Consequently, companies are reaching out to business partners with similar goals, turning fuel efficiency and emissions reductions into a business-to-business proposition. Originally launched by the United States Environmental Protection Agency (EPA) in 2004, SmartWay has been administered in Canada by Natural Resources Canada (NRCan) since 2012. The SmartWay Transport Partnership is a collaboration designed to help businesses reduce fuel costs while transporting goods in the cleanest most efficient way possible. SmartWay works with freight carriers and shippers committed to benchmarking their operations, tracking their fuel consumption and improving their annual performance. SmartWay Transport Partnership certified carriers are invested in reducing fuel costs, improving efficiency, and encouraging best practices in their freight supply chains. By moving goods in the cleanest, most efficient way possible, SmartWay Partners foster higher productivity while protecting the environment. To date, 23 of our Business Units are SmartWay Partners (which includes all of our over the road truckers).

PRINCIPAL RISKS AND UNCERTAINTIES

The nature of both our business and our strategy means that we face a number of inherent risks and uncertainties. We endeavour to manage these risks within the context of our understanding of market trends and our strategic goal of achieving satisfactory shareholder returns.

The operational complexities inherent in our business, together with the highly regulated and competitive environment of the industries in which we operate, leave Mullen Group exposed to a number of risks and uncertainties (collectively the "**risks**"). The transportation business and other related activities are directly affected by fluctuations in the general economy, including the amount of trade between Canada and the United States and the value of the Canadian dollar as compared to the U.S. dollar. Our Oilfield Services segment is directly affected by fluctuations in the levels of oil and gas drilling activity, oil sands development and production activity carried on by its customers, which in turn is dictated by numerous factors, including but not limited to world energy prices and government policies.

Many risks, for example, the cyclical and volatile nature of the oil and gas industry, may be mitigated to a certain degree but still remain outside of our control. The Board is responsible for approving our organization's level of risk tolerance and for overseeing the management of the risks the organization faces. Risk oversight guidance is set forth in the Mullen Group Board mandate. We define risk as: "*The possibility that an event, action or circumstance may adversely affect the organization's ability to achieve its business objectives.*" A risk management review process has been formalized to assist in mitigating risk. The risk management review process highlights the significant risks that our business is exposed to, which then leads to mitigation plans. Although we have developed and implemented these mitigation plans to assist in managing these risks, there is no certainty these strategies will be successful in whole or in part. In addition, the inability to identify, assess and respond to known and unknown risks through the risk management review process could lead to, among other things, our inability to capture opportunities, recognize threats and inefficiencies and comply with laws and regulations, all of which may have a material adverse effect on our business or share price.

We believe that the risks described below are the ones that could have the most significant impact on the Corporation. Readers are cautioned that the list of risks is not exhaustive and new information, future events or changing circumstances could affect our operations and financial results, which may reduce or restrict our ability to pay a dividend to our shareholders and may materially affect the market price of our securities. We encourage you to review and carefully consider the risks described below, which may impact or materially adversely affect our business, financial condition, results of operations, cash flows or prospects. In turn, this could have a material adverse effect on the trading price of our Common Shares. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also adversely affect our business and operations.

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

STRATEGIC RISKS:	FINANCIAL RISKS:	OPERATIONAL RISKS:
• general economy • e-commerce and supply chain evolution • natural gas and oil development and market access • acquisitions • competition • changes in legislation and regulations	• foreign exchange rates • investments • access to financing • reliance on major customers • impairment of goodwill or intangible assets • credit risk • interest rates	• labour relations • cost escalation & fuel costs • operations risks & insurance • digital infrastructure & cyber security • business continuity • environmental liability risks • weather & seasonality • access to parts & key suppliers • regulation • litigation

STRATEGIC RISKS

General Economy:

Our results are affected by the state of the economy and trade patterns and the associated demand for freight transportation and logistics services. These general economic factors, as well as instability in financial and credit markets, which are largely beyond our control, could adversely affect our business, financial condition, results of operations and cash flows.

Risk Description & Trend

Mullen Group is a significant provider of trucking and logistics services to customers throughout North America. Our results are affected by the state of the economy and trade patterns, both in North America and globally, and the associated demand for freight transportation and logistics services. Trade disruptions, or events like the amendment or cancellation of the North American Free Trade Agreement ("**NAFTA**"), may pose a substantial risk to Mullen Group.

Trend: In our opinion, the overall health of the North American economy appears to be sound with moderate growth expectations for the next twelve months. NAFTA negotiations are ongoing with no certainty what impact, if any, the outcome may have on Mullen Group.

Potential Impact

General economic activity is the main driver of demand levels for our Trucking/Logistics segment. A decline or uncertainty with regard to the health of the North American economy or trade patterns could have a material adverse effect on the operations of our Trucking/Logistics segment and, to a lesser degree, our Oilfield Services segment (to the extent that the economy affects commodity pricing with respect to oil and gas, in particular), and our overall financial condition.

An economic recession may result in a decrease or substantial reduction in revenue as a result of:

- lower overall freight levels, which negatively affects our asset utilization and margin;
- customers bidding out freight or selecting competitors that offer lower rates, in an attempt to lower their costs, forcing us to lower our rates or lose freight; and
- customers with credit issues and cash flow problems.

Mitigation

In consideration of this risk, we service an extensive customer base from diverse industries covering a broad geographic area. In addition, we actively manage the mix of Company Equipment and Contractors we use to service our customers. During periods of peak demand, we tend to use a higher volume of Contractors, which yield lower margins, but protects us from the downside risk and fixed costs associated with a larger fleet of Company Equipment during periods of lower demand.

In our opinion, these diversification and operating strategies ensure, as much as possible, that we are not overly exposed to any single economic trend.

E-Commerce and Supply Chain Evolution:

Our results may be affected by disruptive technologies and supply chain innovations. Technology continues to evolve at a rapid pace, which has the potential to impact everything, including how markets conduct transactions as well as how we manage our business. As the retail marketplace continues to evolve, digital technology is disrupting traditional operations. The impact on supply chain management is particularly great as businesses reinvent their supply chain strategies.

Risk Description & Trend

Disruptive technologies continue to change the structure of the North American economy due to the continuous growth of e-commerce. The use of web based and mobile technology is increasingly becoming the preferred method by consumers and retailers to both shop for and ship orders. As a result, supply chains have undergone enormous change with more frequent direct to consumer shipments replacing transportation from distribution centers to traditional retail stores.

Trend: E-commerce sales continue to grow and the pace of innovation continues.

Potential Impact

E-commerce and omni-channel marketing requires a different distribution model than traditional retail or big-box store logistics. Generally, it is negatively affecting demand for truckload and long-haul transportation services, however, it is creating greater demand for warehousing as well as LTL and small package Final Mile™ deliveries.

The added complexity of e-commerce and the change in the supply chain presents an opportunity to expand our logistics revenue.

Mitigation

In consideration of this risk, we have expanded our LTL and warehousing network in western Canada and continue to focus on supply chain efficiencies. Our ability to meet customer demands in respect of e-commerce and supply management will depend upon innovation and our ability to reasonably anticipate market trends and change management execution. We continue to focus on technology and our online logistics marketplace Moveitonline®.

Natural Gas and Oil Development and Market Access:

As a service provider to the oil and gas industry we are reliant on the levels of capital expenditures made by oil sands, oil and gas producers. Our results may be affected by the level of capital expenditures in the Western Canadian Sedimentary Basin ("WCSB"), including investments in natural gas and both for conventional and unconventional oil and oil sands development. Pipeline approvals and natural gas export facilities are critical to the future development of Canada's natural gas and oil resource development.

Risk Description & Trend

Approximately one-third of our revenue is directly related to oil and gas drilling activity and oil sands development in western Canada. As a service provider to the oil and gas industries we are reliant on the levels of capital expenditures made by oil and gas exploration and production companies. In our experience, the level of capital investment made by exploration and production companies is based on several factors including, but not limited to:

- net hydrocarbon prices and the related impacts of fluctuating light/heavy and sweet/sour crude oil differentials;
- anticipated and actual aggregate production levels;
- access to capital;
- regulatory and stakeholder approvals for exploration and development activities;
- market access and long-term takeaway capacity, including pipeline and rail infrastructure;
- changes in demand for refinery feedstock;
- fuel conservation measures, long-term demand for fossil fuels, the evolution of electric vehicles ("**EV**") and alternative forms of transportation;
- changes to royalty and tax legislation;
- aboriginal claims; and
- environmental regulations and approvals.

Negative public perception of oil sands, conventional oil and natural gas development, pipelines, hydraulic fracturing and fossil fuels generally may further impede industry growth in the WCSB. Operators and producers tend to examine long-term fundamentals affecting the foregoing factors before they adjust their capital budgets to reflect these assessments. There can be no certainty that investments will be made by exploration and production companies, or that approvals for infrastructure or export facilities by regulators will be forthcoming. Market access and long-term takeaway capacity are critical factors to western Canadian oil production growth. Further, the development of liquefied natural gas ("**LNG**") export facilities and pipeline infrastructure are critical to the future development of Canada's natural gas sector.

In addition, a change in this regulatory regime may impact our customers and our operations. Climate change regulations and carbon taxes may lead to project delays and additional costs to producers affecting both their profitability and their investments in oil, oil sands and natural gas. Given the evolving nature of the debate related to climate change, it is not currently possible to predict the nature of, or the impact on, our operations and future financial condition, however, it seems unlikely that major oil sands expansion, as seen in the recent past, will be forthcoming.

Further, the industry may become subject to new environmental regulations, which could negatively affect future capital expenditures. In addition to Green House Gas ("**GHG**") emissions regulations, oil sands producers are subject to tailings management regulations, which may become more stringent and require additional capital in order to satisfy. To date, regulations relating to tailings management, such as the Alberta Government's Directive 74, have had no demonstrable or quantifiable negative effect on our business.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons.

Trend: Western Canadian resources are subject to price differentials. Oil prices have rebounded in the fourth quarter of 2017. Many expect oil prices to remain relatively stable at $55 to $60 U.S. per barrel in 2018, however, downside risks remain. Due to the relatively low price environment, further oil sands expansion is unlikely at this time. Natural gas prices, specifically Alberta Energy Company ("**AECO**") pricing, remain weak and volatile. Lower near term pricing has caused many natural gas producers to restrict their capital budgets for operating in the WCSB for the 2017/18 winter drilling season.

Potential Impact

As a service provider to this sector, we are directly impacted by and reliant on the level of capital and operational expenditures. A sudden significant or prolonged decline of oil and/or natural gas prices will have a negative impact on drilling activity and further oil sands development that would negatively affect the operations in our Oilfield Services segment as well as our overall financial condition. Conversely, a resurgence of oil and/or natural gas prices should have a positive impact on the operations in our Oilfield Services segment as well as our overall financial condition.

Ultimately, the prices of our services are subject to aggregate industry demand and the availability of service equipment and qualified personnel. In addition, the long-term impact of changing demand for oil and gas products could have a material adverse effect on our business, results of operations and financial condition.

Mitigation

In consideration of this risk and potential uncertainty we endeavour to ensure that our capital allocation, costs and pricing are appropriate for the anticipated level of oil sands, oil and natural gas development. In addition, we recognize the cyclical and volatile nature of drilling activity and mitigate the risks associated with this volatility as reasonably possible through the combination of a disciplined capital allocation process and a focus on maintaining long-term relationships with large-cap oil and gas companies. We also continually assess the requirements for further investments in our Oilfield Services segment and have diversified our operations by further investing in our Trucking/Logistics segment to further mitigate this risk.

Acquisitions:

Our company strategy includes pursuing selected and strategic acquisitions focused primarily on the two segments of the economy where we have strong market penetration and customer relationships, namely, the transportation and distribution of freight within North America and the oil and gas services industry; however, we may not be able to execute or integrate future acquisitions successfully.

Risk Description & Trend

Historically, a key component of our growth strategy has been to pursue acquisitions of strategic and/or complementary businesses. We continually evaluate acquisition candidates and may acquire assets and businesses that we believe complement our existing businesses or enhance our service offerings.

The processes of evaluating acquisitions and performing due diligence procedures include risks. Further, we face competition from both peer group and non-peer group firms for acquisition opportunities. This external competition may hinder our ability to identify and/or consummate future acquisitions successfully. If the prices sought by sellers of these potential acquisitions were to rise or otherwise be deemed unacceptable, we may find fewer suitable acquisition opportunities.

Achieving the benefits of acquisitions will depend, in part, on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner. In addition, non-core assets may be periodically disposed of so that we can focus our efforts and resources more efficiently. Depending on the state of the market such non-core assets, if disposed of, could realize a price less than their carrying value resulting in a loss on disposal.

Trend: Opportunities for acquisitions continue. In 2017 we successfully acquired six new businesses for total consideration of $46.2 million as compared to four new businesses in 2016 for total consideration of $29.8 million.

Potential Impact

Entities that are acquired may not increase our OIBDA or yield other anticipated benefits. The possible difficulties of integration include, among others:

- we may be unable to retain customers or key employees including drivers and Contractors;
- the business may not achieve anticipated revenue, earnings, or cash flows;
- we may be unable to integrate successfully and realize the anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays;
- we may have limited experience in the acquiree's market and may experience difficulties operating in its market;
- we may assume liabilities beyond our estimates or what was disclosed to us;
- the acquisition could disrupt our ongoing business, distract our management, and divert our resources; and
- we may incur indebtedness or issue additional Common Shares.

The risks involved in successful integration could be heightened if we were to complete a large acquisition or multiple acquisitions within a short period of time.

If any one, or a combination, of the described possibilities results in our failure to execute our acquisition strategy successfully in the future, it could limit our ability to continue to grow in terms of revenue, OIBDA and cash flow. In addition, there is a risk of impairment of acquired goodwill and intangible assets. This risk of impairment to goodwill and intangible assets exists because the assumptions used in the initial valuation of these assets, such as interest rate or forecasted cash flows, may change when testing for impairment is required.

Mitigation

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

In addition, we manage our cash flows diligently and maintain our capital allocation disciplines to ensure that we maintain what we believe is a suitable level of liquidity and leverage.

There is no assurance that we will be successful in identifying, negotiating, consummating or integrating any future acquisitions. If the Corporation does not make any future acquisitions, our growth rate could be materially and adversely affected.

Competition:

We operate in a highly competitive industry, and certain market segments have mature characteristics and face commoditization. Our business could suffer if we are unable to adequately address downward pricing pressures and other factors that could adversely affect our profitability.

Risk Description & Trend

Our various Business Units operate in highly competitive and fragmented industries with low barriers to entry, especially within the trucking industry. We compete with several large companies both in the transportation and energy services industries that may have greater financial and other resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of services that we compete for or that new competitors will not enter our various markets.

Trend: In 2017 freight volumes and economic growth were not robust enough to provide pricing leverage. Although there are signs of improvement, there is no certainty that rates for our services will improve in 2018.

Potential Impact

Numerous competitive factors could impair our ability to maintain or improve our profitability. These factors include but are not limited to the following:

- Many of our competitors periodically reduce their rates to gain business, especially during times of reduced oilfield activity or economic recessions. This may make it difficult for us to maintain or increase rates, or may require us to reduce our rates, or lose business. Additionally, it may limit our ability to maintain or expand our business.
- Competition from logistics and brokerage companies may negatively impact our customer relationships and rates.
- Higher prices and higher fuel surcharges to our customers may cause some of our customers to consider alternatives, including deciding to transport more of their own product with their own assets or substituting trucking for rail transportation.
- Many customers periodically solicit bids from multiple providers for their transportation needs, which may depress freight rates or result in a loss of business to competitors.

Mitigation

In consideration of this risk we endeavour to use technological change and innovation to remain competitive in our various businesses. Furthermore, the diversity of our Business Units and our decentralized business model may diminish the effect that new competitive forces might have on our organization. In addition, we believe that our Human Resources strategies enable us to retain and attract drivers or qualified Contractors thereby enabling us to service our clients through all business cycles.

In certain aspects of our business, we believe we have competitive advantages such as lower overhead costs and specialized regional strengths.

In addition, from time to time, we acquire competing, complementary or new business lines, which allows us to consolidate a market we serve, expand our geographic footprint or expand our service offerings thereby lessening the effects of competition.

Changes in Legislation and Regulations:

Since our industry is highly regulated, we may be adversely affected by changes to existing regulations.

Risk Description

Our operations are subject to a variety of federal, provincial and local laws, regulations and guidelines and income tax laws ("**Regulations**") relating to, among other things: safety, equipment weight, equipment dimensions, driver hours-of-service and the transportation of hazardous materials. In addition, the operations of Mullen Group may be affected by international trade agreements and the ability to seamlessly cross international borders.

Our customers in the oil and gas sector are subject to various Regulations such as royalties, environmental regulations and the reduction of GHG emissions. Before proceeding with most major projects, including significant changes to an existing oil sands plant, the building of an LNG export facility or a pipeline, exploration and production companies must obtain various federal, provincial, state and municipal permits and regulatory approvals.

Potential Impact

There can be no assurance that such Regulations, including those relating to the oil and gas industry and the transportation industry, as well as environmental and otherwise applicable operating legislation will not be changed in a manner that adversely affects our organization. Any such change could have a material adverse effect on our business, results of operations and financial condition. Our customers are similarly subject to Regulations and there can be no assurance that the Regulations governing our customers will not be changed in a manner that adversely affects them and, thereby, Mullen Group.

Mitigation

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

FINANCIAL RISKS

Foreign Exchange Rates:

Our consolidated financial statements are presented in Canadian dollars, however, a portion of our revenue is derived in U.S. dollars and a portion of our debt is denominated in U.S. currency.

Risk Description & Trend

Mullen Group has foreign exchange risk relating to the relative value of the Canadian dollar vis-à-vis the U.S. dollar. A stronger Canadian dollar is beneficial as it results in a foreign exchange gain on our U.S. dollar debt recognized on our consolidated income statement, as well as an equivalent reduction in the carrying value of such debt on the balance sheet. However, a stronger Canadian dollar also has the potential to reduce the level of Canadian exports thereby potentially negatively affecting the results of operations in the Trucking/Logistics segment. Conversely, a weakening Canadian dollar results in a foreign exchange loss and an equivalent increase in the carrying value related to the U.S. dollar debt. A weaker Canadian dollar has the potential to increase the level of Canadian exports and thereby potentially positively affect the results of operations in the Trucking/Logistics segment. In addition, many of our parts and equipment are built in the U.S. and priced in U.S. dollars. A decrease in the relative value of the Canadian dollar vis-à-vis the U.S. dollar increases the costs of these parts and equipment.

Trend: Foreign exchange rates between the U.S. and Canadian dollar remain volatile. During 2017, the exchange rate fluctuated between $0.7276 and $0.8245 closing the year at $0.7971 as compared to $0.7448 at December 31, 2016.

Potential Impact

At the end of each reporting period we recognize foreign exchange gains or losses as they relate to financial contracts, assets and liabilities held in foreign currencies. This risk mainly arises from our U.S. $229.0 million of Senior Guaranteed Unsecured Notes ("**U.S. Notes**"). Specifically, our U.S. Notes are comprised of Series G (U.S. $117.0 million) and Series H (U.S. $112.0 million) Notes that mature in 2024 and 2026, respectively.

At December 31, 2017, we also had U.S. dollar cash of $2.2 million, U.S. dollar trade receivables of $7.6 million and U.S. dollar trade payables and accrued liabilities of $2.5 million.

Mitigation

We have mitigated a significant portion of the foreign exchange risk by entering into the Cross-Currency Swaps to convert the principal portion of the Series G and Series H Notes into a Canadian currency equivalent of $129.2 million and $124.9 million, respectively.

We are also exposed to foreign exchange risk related to approximately U.S. $8.9 million of annual interest payable on our U.S. Notes. This risk is partially offset by the fact that our business generates surplus U.S. funds in our operations, predominately within the Trucking/Logistics segment. This surplus U.S. dollar cash being generated acts as a natural hedge as it is used to repay our annual interest obligation on the U.S. Notes.

Investments:

Mullen Group invests in both private and public companies. The value of these investments fluctuate.

Risk Description & Trend

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

Trend: In 2017 we recorded a decrease in the fair value of investments of $0.7 million and purchased $0.5 million of investments related to Trakopolis. There were no investments sold during the year.

Potential Impact

Our investments in public companies are measured at fair value and have an initial cost of $18.5 million. At December 31, 2017, the fair value of these investments was $5.9 million.

We use the equity method to account for investments in private companies in which we have significant influence or joint control. At December 31, 2017, the carrying value of these investments totalled $27.8 million and consisted of the investments in Canol, Kriska Transportation Group Limited, Cordova Oilfield Services Ltd., Butler Ridge Energy Services (2011) Ltd. and Thrive.

In 2017 we purchased $0.2 million of equity investments into a private company, namely Thrive.

The timing of future dispositions and the realized share price are uncertain. There is no assurance that the Corporation will realize any benefits from its investment portfolio.

Mitigation

We accept a certain amount of risk and consider the underlying risk and possible market volatility of our investments. We strive to mitigate this risk by investing in areas that we have industry knowledge and expertise and we invest for the long-term. Risk capital is limited to a level that is deemed acceptable to Mullen Group.

Access to Financing:

We may find it necessary in the future to obtain additional debt or equity financing to support ongoing operations, to undertake capital expenditures or to fund acquisitions.

Risk Description & Trend

We may find it necessary in the future to obtain additional debt or equity financing to support ongoing operations, to undertake capital expenditures or to fund acquisitions. There can be no assurance that additional financing will be available when needed or on acceptable terms, which could limit our growth and could have a material adverse effect on our business, results of operations and financial condition. In addition, we have certain financial and other covenants under our Private Placement Debt that are customary for financings of this type including, but not limited to, a maximum leverage ratio and a minimum interest coverage ratio. A breach of a covenant and failure to obtain appropriate amendments to or waivers under the applicable financing arrangement may cause our borrowings under such facilities to be immediately declared due and payable.

Trend: At December 31, 2017, our debt covenant leverage ratio was 2.40 as compared to 2.37 in 2016.

Potential Impact

We may need to incur additional debt, or issue debt or equity securities in the future. We could face constraints on generating sufficient cash from operations, obtaining sufficient financing on favorable terms, or maintaining compliance with financial and other covenants in our financing agreements.

If any of these events occur, then we may face liquidity constraints and it may impair our future ability to secure financing on satisfactory terms, or at all. A liquidity constraint may impair Mullen Group's ability to continue as a going concern. Although we expect that we will be able to obtain additional financing when needed, in the amounts required and on acceptable terms there is no assurance that such would occur.

Mitigation

We manage our cash flows diligently to ensure that we maintain what we believe is a suitable level of liquidity and leverage. Our approach to managing liquidity is to ensure, to the extent possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions. Consistent with others in the industry, we monitor capital on the basis of debt-to-equity. This ratio is calculated as total debt divided by shareholders' equity. Total debt is calculated as the total of: current portion of long-term debt, long-term debt and the debt component of Debentures. Equity is comprised of share capital, convertible debentures – equity component, contributed surplus and retained earnings. The debt-to-equity ratio calculation at December 31, 2017, was 0.55:1 (2016 – 0.72:1).

Reliance on Major Customers:

There is an inherent risk that arises to all businesses when economic dependence on a major customer hinders a company's ability to maximize profit.

Risk Description & Trend

Although we do not have a significant customer concentration, the growth of our business could be materially impacted and our results of operations would be adversely affected if we lost all or a portion of the business of some of our large customers because they:

- chose to divert all or a portion of their business with us to one of our competitors;
- demand pricing concessions for our services;
- require us to provide enhanced services that increase our costs; or
- develop their own shipping and distribution capabilities.

Trend: In 2017 our top ten customers accounted for 16.9 percent of revenue (2016 – 21.6 percent), and the largest customer accounted for approximately 3.2 percent (2016 – 3.6 percent) of such revenue.

Potential Impact

The loss of one or more major customers, any significant decrease in services provided, decreases in rates charged, or any other changes to the terms of service with customers, could have a material adverse effect on our business, results of operations and financial condition. Furthermore, a concentration of revenue with a major customer, or a small group of major customers, may lead to an enhanced ability of those customers to influence pricing and other contract terms, which may have a material adverse effect on our results.

Mitigation

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

Impairment of Goodwill or Intangible Assets:

Our total assets include goodwill and intangible assets. If we determine that these items have become impaired in the future, our net income could be adversely affected.

Risk Description & Trend

There is also a risk of impairment of acquired goodwill and intangible assets. This risk of impairment of goodwill and intangible assets exists because the assumptions used in the initial valuation of these assets, such as the interest rate or forecasted cash flows, may change when testing for impairment is conducted either annually or upon a triggering event.

Trend: In 2017 our goodwill and intangible assets accounted for $404.0 million, or 23.1 percent of our total assets as compared to $374.5 million, or 20.0 percent of total assets in 2016.

Potential Impact

Our regular review of the carrying value of our goodwill and intangible assets has resulted, from time to time, in significant impairments, and we may in the future be required to recognize additional impairment charges. Such did occur in 2007 when the Federal government implemented changes to the tax regime governing specified investment flow-through ("**SIFT**") entities such as Mullen Group's predecessor Mullen Group Income Fund. In addition, the Alberta government announced changes to the oil and gas royalty regime in Alberta that impacted many of our customers.

Changes in government regulations, or economic or market conditions have resulted and may result in further substantial impairments of our goodwill or intangible assets. As at December 31, 2017, we had goodwill of $363.4 million and intangible assets of $40.6 million. An impairment charge would result in lower net income, however, our cash flows and debt covenant calculations would remain unaffected. Our impairment testing in 2017 and 2016 produced no indication of impairment. The results of our impairment evaluations, assumptions and sensitivities can be found in our 2017 MD&A on page 78.

Mitigation

We strive to mitigate this risk through a disciplined acquisition strategy in an attempt to ensure that our organization does not overpay for entities resulting in overvalued goodwill balances. In addition, we use professional skepticism and advisors to value goodwill and intangible assets values upon acquisition, thereby mitigating the risk of misevaluation of goodwill or intangible assets upon initial recognition.

Credit Risk:

Credit risk is the risk of financial loss to Mullen Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. This risk arises predominately from our trade receivables generated from our customers.

Risk Description & Trend

A significant portion of our accounts receivable are with customers involved in the oil and gas industry, whose revenues may be impacted by fluctuations in commodity prices thereby potentially impacting their ability to meet contractual obligations. Although collection of these receivables could be influenced by this and other economic factors affecting the industries we serve, management considers the risk of a significant loss to be remote at this time.

Trend: In 2017 accounts receivable were $175.3 million comprised of $63.0 million within our Oilfield Services segment and $112.0 million within our Trucking/Logistics segment.

Potential Impact

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. Economic conditions and capital markets may adversely affect our customers and their ability to remain solvent. We transport a wide variety of freight for a broad customer base that spans numerous industries. The financial failure of a customer may impair our ability to collect on all or a portion of the accounts receivable balance. In addition, we have counter-party risk with our Derivatives and other financial assets.

Mitigation

Credit risk related to trade and other receivables is initially managed by each Business Unit. Each Business Unit is responsible for reviewing the credit risk for each of their customers before standard payment and delivery terms and conditions are offered. The Business Units' review consists of external ratings, when available, and in some cases bank and trade references. Our Corporate Office has established a credit policy under which new customers are analyzed for creditworthiness before credit is extended. Corporate Office monitors its trade and other receivables aging on an ongoing basis and communicates concerns to all of our Business Units as part of its process in managing its credit risk. We also manage credit risk related to trade and other receivables on a consolidated basis whereby the aggregate exposure to individual customers is reviewed and their credit quality is assessed. We also attend industry forums to assess credit worthiness of customers related predominately to the oil and gas industry. No individual customer accounted for more than ten percent of Mullen Group's consolidated revenue for the fiscal years ended 2017 and 2016.

Interest Rates:

Changes in interest rates may result in fluctuations in our future cash flows.

Risk Description & Trend

We are susceptible to fluctuations in interest rates. Although our Bank Credit Facility remains undrawn at December 31, 2017, it is priced at variable rates. To the extent we utilize our Bank Credit Facility we would incur a risk of interest rates rising. Our Private Placement Debt, the Debentures and the majority of our Various Financing Loans are issued at fixed rates. The majority of our long-term debt, specifically $456.8 million, matures in 2024 and 2026.

Trend: At December 31, 2017, we had $540.0 million (2016 – $695.7 million) of borrowings at an average interest rate of 4.2 percent.

Potential Impact

Borrowings issued at fixed rates, like our Private Placement Debt, expose Mullen Group to fair value interest rate risk. More specifically, we are susceptible to the opportunity costs associated with interest rate decreases considering that the interest rates on the majority of our borrowings are fixed. In theory, assuming all other variables were held constant, if interest rates increased by 1.0 percent on our $540.0 million debt, we would incur additional annual interest expense of approximately $5.4 million upon renewal.

Mitigation

We do not hedge interest rates or have any interest rate swaps, but we have mitigated the negative risk of rising interest rates by financing most of our debt, specifically $540.0 million, at fixed rates.

OPERATIONAL RISKS

Employees and Labour Relations:

We depend on our employees to support our business operations and future growth opportunities. If our relationship with our employees deteriorates or if we have difficulty attracting and retaining employees, we could be faced with labour inefficiencies, disruptions, work stoppages, or delayed growth, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Risk Description & Trend

The success of Mullen Group is dependent upon attracting and retaining key personnel. Any loss of the services of such persons could have a material adverse effect on our business, results of operations and financial condition. We anticipate that our ability to expand services will be dependent upon attracting additional qualified employees, which is constrained in times of strong industry activity. Our senior management team is an important part of our business and loss of key employees could have a material adverse effect on our business, results of operations and financial condition.

Trend: At December 31, 2017, we employed 5,704 employees, Owner Operators and Dedicated Subcontractors as compared to 5,515 in 2016.

Potential Impact

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

Further, we benefit from the leadership and experience of our senior management team and other key employees and depend on their continued services to successfully implement our business strategy. The unexpected loss of key employees or inability to execute our succession planning strategies could have an adverse effect on our business, results of operations, and financial condition.

Mitigation

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

Cost Escalation and Fuel Costs:

Our ability to control our costs is critical to servicing customers at attractive rates and remaining profitable.

Risk Description & Trend

Cost escalations due to rising labour and other costs, the effect of inflation, the price of fuel, equipment and other input costs, insurance costs, interest rates, fluctuations in customers' business cycles and national and regional economic conditions are factors over which we have little or no control. Of these costs, fuel represents a significant operating expense for us. Fuel prices fluctuate greatly due to factors beyond our control, such as global supply and demand for crude oil, political events, price and supply decisions by oil producing countries and cartels, terrorist activities, the depreciation of the Canadian dollar relative to other currencies, hurricanes and other natural disasters as well as fuel and carbon taxes.

Trend: The average wholesale rack price of diesel fuel in Canada for 2017 was $0.686 per litre as compared to $0.579 per litre in 2016.

Potential Impact

GHG regulations are likely to continue to impact the design and cost of equipment utilized in our operations as well as fuel costs. Significant increases in fuel prices, labour costs, equipment prices, other input prices, interest rates or insurance costs, to the extent not offset by increases in rates or fuel surcharges, would reduce profitability and could adversely affect our ability to carry out our strategic plans. We cannot predict the impact of future economic conditions and there is no assurance that our operations will continue to be profitable.

Mitigation

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

Potential Operating Risks and Insurance:

Our success is dependent on our ability to manage operational risks. The transportation and oilfield services sectors are subject to inherent risks. Failure to manage these operational risks may have a material adverse effect on our business, results of operations, financial condition, and cash flows.

Risk Description & Trend

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

Trend: Our 2017 total recordable injury frequency rate, a leading indicator of operational excellence, was 3.62 as compared to 5.20 in 2016.

Potential Impact

Claims may be asserted against us related to accidents, cargo loss or damage, property damage, personal injury, employment and environmental or other issues occurring in our operations. Although we have obtained insurance coverage against certain of the risks to which we are exposed, such insurance is subject to deductibles and coverage limits and no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the frequency and/or severity of claims increase, our operating results could be adversely affected. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, our business, results of operations and financial condition may be materially adversely affected.

Mitigation

We have insurance and risk management programs in place to protect our assets, operations and employees and also have programs in place to address compliance with current safety and regulatory standards so as to reasonably mitigate against the risks to which we are exposed. Each Business Unit has a health and safety coordinator responsible for maintaining and developing policies and monitoring operations vis-à-vis those policies. The health and safety coordinators are required to report incidents directly to the Corporate Office in a timely manner. Internal and external audits are conducted on a regular basis to ensure the proper functioning of the Health, Safety and Environment program and the reporting systems.

Digital Infrastructure and Cyber Security:

We are dependent on computer and communications systems; and a systems failure or data breach could cause a significant disruption to our business.

Risk Description

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

Potential Impact

Our IT systems may be susceptible to damage, disruptions or shutdowns due to: hardware failures, power outages, fire, natural disasters, telecommunications failure, Internet failures, computer viruses, data breaches or attacks by computer hackers or malicious actors, user errors or catastrophic events. Such failures or unauthorized access could disrupt our business and could result in the loss of confidential information, intellectual property, litigation, remediation costs, damage to our reputation and negatively impact our ability to service our customers. In addition, the cost and operational consequences of reinstituting our IT systems capabilities or implementing further data or system protection measures could be significant.

Mitigation

Each of our Business Units run separate instances of our Enterprise Resource Planning ("**ERP**") software package that supports our business processes. As part of our entity wide IT risk mitigation policy, we regularly engage third-party vendors to complete security assessments of our IT systems, consisting of external and internal penetration tests. At both the corporate level and within the individual Business Units, IT systems are subject to stringent guidelines, standardization, vigorous virus and access protection, back-up systems and replicated data. We employ project management techniques to manage new software developments and/or system implementations. We have a disaster recovery plan in place that is evaluated regularly and portions thereof are tested on a regular basis. Hosted by a reputable third-party, our primary data and back-up data centres have high levels of durability and redundancy built into them. Our back-up data centre allows our organization to continue processing data in the event of a major incident involving our primary data centre. In addition, we have purchased cyber insurance coverage to assist with mitigating the unlikely risk that an outside threat gains access to our IT systems.

Business Continuity, Disaster Recovery and Crisis Management:

In the event of a serious incident, the inability to restore or replace critical capacity in a timely manner may impact our business and operations.

Risk Description

Our operations are widespread and geographically diverse. Severe weather conditions and other natural or manmade disasters, including storms, floods, fires, epidemics or pandemics, conflicts or unrest, terrorist attacks or other events affecting one of our major facilities or areas of operations could result in a significant interruption in or disruption of our business.

Potential Impact

A serious event could result in decreased revenue, as our ability to service our customers may be impeded or we may incur increased costs to operate our business, which could have an adverse effect on our results of operations. In addition, a serious event may reduce our customers' needs for our services.

Mitigation

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

Environmental Liability Risks:

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties. The costs of compliance with existing or future environmental laws and regulations may be significant and could adversely impact our business, results of operations, financial condition, and cash flows.

Risk Description

The risk of incurring environmental liabilities is inherent in oilfield service and transportation operations. Historically, activities associated with such operations and the ownership, management or control of real estate pose an environmental risk. Some of our Business Units will routinely deal with natural gas, oil and other petroleum products. Our operations are subject to numerous laws, regulations and guidelines governing the management, handling, transportation and disposal of non-regulated and regulated substances and otherwise relating to the protection of the environment. These laws, regulations and guidelines include those relating to the remediation of spills, releases, emissions and discharges of regulated substances into the environment and those requiring removal or remediation of pollutants or contaminants.

Our customers are subject to various laws, regulations, and guidelines that prescribe, among other things, limits on emissions into the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, we cannot predict the nature of the restrictions that may be imposed.

Potential Impact

Failure to comply with an environmental law or regulation may impose civil and criminal penalties. Certain of our Business Units carry significant volumes of dangerous goods. This involves specific insurance requirements, training programs and appropriate permits with the various provinces and states in which our Business Units operate.

We may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

We operate out of numerous owned and leased facilities throughout Canada where storage tanks may be used or may have been used at some prior date. Canadian laws generally impose potential liability on the present or former owners or occupants of properties on which contamination has occurred. Although we are not aware of any contamination which, if remediation or clean-up were required, could have a material adverse effect on Mullen Group. Certain facilities have been in operation for many years and, over such time, Mullen Group or the prior owners, operators or custodians of the properties may have generated and disposed of substances which are or may be considered hazardous.

Mitigation

There can be no assurance that we will not be required at some future date to comply with new environmental laws, or that our operations, business or assets will not otherwise be further affected by current or future environmental laws. While we maintain liability insurance, including insurance for certain environmental incidents, the insurance is subject to coverage limits and certain of our policies exclude coverage for damages resulting from environmental contamination. There can be no assurance that insurance will continue to be available to us on commercially reasonable terms, that the types of liabilities that we may incur will be covered by our insurance, or that the dollar amount of such liabilities will not exceed our policy limits.

In regards to the transportation of dangerous goods, we ensure that strict guidelines are met before a Business Unit and the individual drivers are permitted to manage, handle or transport such dangerous goods.

We have programs to address compliance with current environmental standards and monitor our practices concerning the handling of environmentally hazardous materials. We endorse a formalized quality program and strive to be the best in class in areas of safety and environmental excellence. We believe in a balanced approach to sustainable development and are committed to best in class environmental management systems. In addition, we work with government, industry groups and the public to improve and develop environmental standards and further our understanding of environmental issues. We also promote the participation and certification of our Business Units in the SmartWay Certification Program, a Government of Canada program designed to reduce GHG.

Due diligence procedures in the context of potential acquisitions and appropriate terms in purchase and sale agreements related to acquisitions also assist with reasonably mitigating the risk of environmental liabilities.

Weather and Seasonality:

Our operations could be impacted by seasonal fluctuations or harsh weather conditions.

Risk Description & Trend

Harsh weather conditions can impede the movement of goods and increase operating costs.

Revenue and profitability within the Trucking/Logistics segment are generally lower in the first quarter than during the remainder of the year as freight volumes are typically lower following the holiday season due to less consumer demand and customers reducing shipments.

The level of activity in the Canadian oilfield service industry is influenced by seasonal weather patterns. Typically activity levels are reduced in 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 heavy equipment.

Additionally, certain oil and gas producing areas are only accessible in the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain.

Trend: In 2017 our second quarter revenue was 3.9 percent below the average quarterly revenue.

Potential Impact

An unexpected or harsh weather event could result in decreased revenue, as our ability to service our customer is impeded or we may incur increased costs to operate our business, which could have an adverse effect on our results of operations.

Seasonal factors typically lead to declines in the activity levels. In the Trucking/Logistics segment, operating expenses tend to increase in the winter months due to decreased fuel efficiency and increased repairs and maintenance expense resulting from cold weather conditions at a time when demand is seasonally lower.

In the Oilfield Services segment, a significant portion of our operations relates to the moving of heavy equipment, drilling rigs and drilling supplies in northern and western Canada. Activity levels, revenue and earnings are influenced by the seasonal activity pattern of western Canada's oil and gas exploration industry whereby activity peaks in the winter months and declines during the spring.

Mitigation

We mitigate some of this risk by charging standby fees or by positioning equipment in strategic locations in order to take advantage of good weather conditions when they occur. We also manage some of this risk by diversifying our operations and by using subcontractors and Owner Operators, which requires no investment by Mullen Group, to handle seasonal peaks.

Our growth through acquisition, in the last number of years, into businesses not directly tied to oil and gas drilling activity has lessened the seasonal nature of our overall performance.

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

We depend on suppliers for fuel, equipment, parts, and services that are critical to our operations. A disruption in the availability of or a significant increase in the cost to obtain these supplies could adversely impact our business and results of operations.

Risk Description

Our ability to compete and expand is most directly tied to our having access at a reasonable cost to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors, and to the development and acquisition of new and competitive technologies.

Potential Impact

Although we have individual distribution agreements with various key suppliers, there can be no assurance that those sources of equipment, parts, components or relationships with key suppliers will be maintained. If these are not maintained, our ability to compete may be impaired by virtue of diminished availability and/or increased cost of securing certain equipment and parts. We have access to certain distributors and secure discounts on parts and components that would not be available if it were not for our relationships with certain key suppliers. Should the relationships with key suppliers cease the availability and cost of securing certain equipment and parts may be adversely affected.

Mitigation

In consideration of this risk we assess our suppliers and endeavour to ensure that our suppliers are financially viable or that suitable alternatives exist if relationships with current suppliers were to become compromised. In addition, we also retain what we consider an appropriate level of inventory of critical parts and supplies.

Regulation:

Various federal, provincial and state agencies exercise broad regulatory powers over the transportation industry, generally governing our activities.

Risk Description

Notwithstanding that the transportation industry is largely deregulated in terms of entry into the industry, each carrier must obtain a license from, or register with, provincial regulatory authorities in order to carry goods extra-provincially or to transport goods within any province. Licensing is also required from regulatory authorities in the United States for the transportation of goods between Canada and the United States. In addition, our operations are subject to hours of service regulations and electronic logging and, in certain cases, random drug testing.

Potential Impact

Changes in regulations applicable to Mullen Group could increase operating costs and have a material adverse effect on our business, results of operations and financial condition. The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and regulations. Although we are committed to compliance and safety through our operational excellence initiatives, there is no assurance that we will be in full compliance at all times with such policies, guidelines and regulations. Consequently, at some future time, we could be required to incur significant costs to maintain or improve our compliance record.

Mitigation

In consideration of this risk we monitor regulatory frameworks with a particular focus on hours of service, over-dimensional freight and transportation of fluids and work, in conjunction with industry associations, to advocate our need to regulators and ensure that equipment meets regulations and that sufficient capital is invested to meet current and anticipated regulatory requirements.

Litigation:

From time to time, Mullen Group or its Business Units may be the subject of litigation, claims, administrative proceedings and regulatory actions ("Claims") arising out of its operations or business in general.

Risk Description

Our business is subject to the risk of litigation by employees, customers, vendors, government agencies, shareholders and other parties. Various types of Claims may be made against Mullen Group or its Business Units including but not limited to those pertaining to negligence, breach of contract, environmental, tax, patent infringement, employment matters and safety incidents.

Potential Impact

The outcome of litigation is difficult to assess or quantify, and the magnitude of potential loss relating to such Claims made against Mullen Group or its Business Units may be material or may be indeterminate. The outcome of any such Claims cannot be predicted with certainty and may impact our business, financial condition, results of operations or cash flows. Further, unfavourable outcomes of settlements of Claims could encourage the commencement of additional Claims. We may also be subject to negative publicity with respect to such Claims regardless of fault. We may also be required to incur significant expenses and devote significant resources in defence of any such Claims.

Mitigation

In consideration of this risk we have insurance and risk management programs in place. For Claims that do not fall under such programs, we endorse a formalized quality program and strive to be the best in class in respect of operational excellence so as to reasonably mitigate this risk. When required we retain expert legal counsel to defend Mullen Group or its Business Units so as to reasonably mitigate the risk of an unfavourable outcome of a claim.

THE PUBLIC COMPANY

CAPITAL STRUCTURE

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. In 2009 we issued Debentures that are convertible into Common Shares at the option of the holder. The material characteristics of these securities are set forth below.

Common Shares

A holder of Common Shares is entitled to one vote per share at meetings of shareholders, to receive dividends, if any, as and when declared by the Board, and to receive pro rata the remaining property and assets of Mullen Group upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares. As at December 31, 2017, there were 103,654,316 Common Shares issued and outstanding.

Preferred Shares

While Mullen Group's Articles of Incorporation provide for Preferred Shares to be issued in one or more series, we have not created any series of Preferred Shares. The number of, and the specific rights, privileges, restrictions and conditions attaching to any such series of Preferred Shares would be determined by the Board prior to the creation and issuance thereof, including any preferential rights in relation to the payment of dividends, distribution of assets in the event of liquidation, dissolution or winding-up or such other preferences as may be determined at the time of creation of such series.

Convertible Unsecured Subordinated Debentures

On May 1, 2009, Mullen Group issued Debentures by way of private placement in the aggregate principal amount of $125.0 million 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. The Debentures are non-redeemable and are subordinated to the 2006 Private Placement Debt, the 2007 Private Placement Debt, the 2014 Private Placement Debt and the Bank Credit Facility.

Each $1,000 Debenture is convertible into 93.2 Common Shares (such is based on a conversion price of $10.73) at any time at the option of the holders of the Debentures. Thus, at the time of issuance an aggregate of approximately 11.65 million Common Shares could 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 at a conversion price of $10.73. As at December 31, 2017, Debentures in the aggregate principal amount of $112.6 million, plus accrued and unpaid interest, were converted into 10,686,804 Common Shares.

On maturity, Mullen Group may, at its option, on not more than 60 days and not less than 40 days prior notice and subject to regulatory approval, elect to satisfy its obligation to repay the principal amount of the Debentures by issuing and delivering that number of freely tradable Common Shares, obtained by dividing the principal amount of the Debentures by 95.0 percent of the volume weighted average trading price of the Common Shares of Mullen Group on the TSX for the five consecutive trading days ending five trading days preceding the date of maturity.

Effective January 4, 2011, we entered into the First Supplemental Trust Indenture providing for the appointment of Valiant as debenture trustee under the Trust Indenture. On May 1, 2015, Computershare acquired Valiant and as a result became the debenture trustee. Further details relating to the Debentures are contained in the Trust Indenture and the First Supplemental Trust Indenture, copies of which are filed on SEDAR at www.sedar.com.

DIVIDENDS

The declaration of dividends is at the sole discretion of the Board. As reflected in the table below, in 2017 Mullen Group declared an annual dividend of $0.36 per Common Share paying the dividend on a monthly basis.

	Record Date	Payment Date	Number of Shares	Amount per Share	Total Dividend
2017	**December 31, 2017**	**January 15, 2018**	**103,654,316**	**$0.03**	**$3,109,629**
	November 30, 2017	**December 15, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	October 31, 2017	**November 15, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	September 30, 2017	**October 16, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	August 31, 2017	**September 15, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	July 31, 2017	**August 15, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	June 30, 2017	**July 17, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	May 31, 2017	**June 15, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	April 30, 2017	**May 15, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	March 31, 2017	**April 17, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	February 28, 2017	**March 15, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
	January 31, 2017	**February 15, 2017**	**103,654,316**	**$0.03**	**$3,109,629**
2016	December 31, 2016	January 16, 2017	103,654,316	$0.03	$3,109,629
	November 30, 2016	December 15, 2016	103,654,316	$0.03	$3,109,629
	October 31, 2016	November 15, 2016	103,654,316	$0.03	$3,109,629
	September 30, 2016	October 17, 2016	103,654,316	$0.03	$3,109,629
	August 31, 2016	September 15, 2016	103,654,316	$0.03	$3,109,629
	July 31, 2016	August 15, 2016	103,654,316	$0.03	$3,109,629
	June 30, 2016	July 15, 2016	103,654,316	$0.03	$3,109,629
	May 31, 2016	June 15, 2016	103,654,316	$0.03	$3,109,629
	April 30, 2016	May 16, 2016	91,661,066	$0.08	$7,332,885
	March 31, 2016	April 15, 2016	91,661,066	$0.08	$7,332,885
	February 29, 2016	March 15, 2016	91,661,066	$0.08	$7,332,885
	January 31, 2016	February 15, 2016	91,661,066	$0.08	$7,332,885
2015	December 31, 2015	January 15, 2016	91,661,066	$0.10	$9,166,107
	November 30, 2015	December 15, 2015	91,661,066	$0.10	$9,166,107
	October 31, 2015	November 16, 2015	91,661,066	$0.10	$9,166,107
	September 30, 2015	October 15, 2015	91,661,066	$0.10	$9,166,107
	August 31, 2015	September 15, 2015	91,661,066	$0.10	$9,166,107
	July 31, 2015	August 17, 2015	91,660,566	$0.10	$9,166,057
	June 30, 2015	July 15, 2015	91,657,289	$0.10	$9,165,729
	May 31, 2015	June 15, 2015	91,657,289	$0.10	$9,165,729
	April 30, 2015	May 15, 2015	91,653,542	$0.10	$9,165,354
	March 31, 2015	April 15, 2015	91,652,042	$0.10	$9,165,204
	February 28, 2015	March 16, 2015	91,648,542	$0.10	$9,164,854
	January 31, 2015	February 16, 2015	91,616,042	$0.10	$9,161,604

The Board has not adopted a formal dividend policy. The Board reviews the financial performance of Mullen Group and makes a determination of the appropriate level of dividends to be declared.

On December 13, 2017, we announced our intention to continue the practice of paying annual dividends, and we expect an annual dividend of $0.60 per Common Share to be paid over the course of 2018, such dividends to be paid on a monthly basis, subject to Board approval.

The Board has approved and declared a dividend of $0.05 per Common Share to be paid on February 15, 2018, to the holders of record at the close of business on January 31, 2018. On December 13, 2017, we announced that the Board will continue to consider on a monthly basis the amount of and record date of future dividends.

MARKET FOR SECURITIES

Trading Price and Volume of Listed Securities

We have one class of securities that is publicly traded, being our Common Shares. The Common Shares are listed on the TSX under the trading symbol "**MTL**". The Debentures are not listed on any stock exchange. The following sets forth trading information for our Common Shares as reported by the TSX during 2017.

Mullen Group Ltd. January 1, 2017 – December 31, 2017					
	Symbol	Volume	High $	Low $	Close $
January	MTL	2,281,849	20.32	18.50	18.75
February	MTL	5,466,093	18.89	15.76	16.70
March	MTL	7,795,924	17.14	16.07	16.90
April	MTL	3,735,505	17.30	14.76	14.97
May	MTL	2,666,168	15.41	14.49	14.91
June	MTL	2,069,806	16.13	14.83	16.00
July	MTL	2,609,374	16.36	15.16	15.96
August	MTL	2,218,169	16.04	14.75	15.31
September	MTL	2,238,967	17.62	15.10	17.05
October	MTL	2,227,436	17.40	15.88	16.93
November	MTL	2,848,825	17.12	14.76	15.64
December	MTL	3,309,091	15.84	14.44	15.74

Prior Sales

There were no sales of any class of securities of Mullen Group that are outstanding, but not listed or quoted on a marketplace during 2017.

Escrowed Securities

There are no securities of Mullen Group currently held in escrow.

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DIRECTORS AND OFFICERS

Directors are elected each year to hold office until the next annual meeting of the shareholders of Mullen Group. Executive Officers are appointed each year by the Board as per the recommendation of Mullen Group's Compensation, Nomination and Governance Committee. The following table sets forth the names, office held with Mullen Group and principal occupation of each director and Executive Officer.

Name, Province or State, and Country of Residence	Position and Offices Held	Principal Occupation During the Last Five Years	Date First Elected or Appointed as a Director of Mullen Group (Expiry of Term*)
Alan D. Archibald, P.Eng.[1, 2] Alberta, Canada	Director	Corporate Director. President of Point Advisory Services Ltd. and prior thereto the Chief Executive Officer of Northpoint Resources Ltd. (a private oil and gas company).	2003 (2018)
Greg Bay, CFA[1, 2, 3] Alberta, Canada	Director	Corporate Director. Managing Partner, Cypress Capital Management Ltd. (an investment management firm).	2005 (2020)
Stephen H. Lockwood, Q.C. Alberta, Canada	Director	Corporate Director. Former President & Chief Operating Officer, ATCO Structures & Logistics (manufacturing company), and prior thereto the Co-Chief Executive Officer and President of Mullen Group until June 30, 2014.	2005 (2020)
Christine McGinley, CPA, CA, ICD.D[1, 2] Alberta, Canada	Director	Corporate Director.	2017 (2029)
David E. Mullen Alberta, Canada	Director	Corporate Director. Chairman of Cordy Oilfield Services Inc.	2010 (2025)
Philip J. Scherman, FCPA, FCA, ICD.D[1, 2] Alberta, Canada	Director	Corporate Director.	2014 (2020)
Sonia Tibbatts, MBA[1, 2] Alberta, Canada	Director	Corporate Director. Former Managing Director, Vice President, Corporate Banking and Vice President, Oil & Gas Banking at RBC Capital Markets until May 31, 2016.	2017 (2025)
Murray K. Mullen Alberta, Canada	Chairman, Chief Executive Officer, President and Director	Chairman of the Board, Chief Executive Officer, President and Director of Mullen Group.	1986 (N/A)
P. Stephen Clark, FCPA, FCMA, ICD.D Alberta, Canada	Chief Financial Officer	Chief Financial Officer and prior thereto a Vice President of Mullen Group.	N/A
Joanna K. Scott Alberta, Canada	Corporate Secretary & Vice President, Corporate Services	Corporate Secretary & Vice President, Corporate Services at Mullen Group and prior thereto was a lawyer at Dentons Canada LLP.	N/A
Richard J. Maloney Alberta, Canada	Senior Vice President	Senior Vice President and prior thereto a Vice President of Mullen Group.	N/A

Notes:
[1] Member of the Audit Committee
[2] Member of the Compensation, Nomination and Governance Committee
[3] Lead Director
* Expiry of director terms only applies to non-management directors. Maximum tenure for directors is 15 years or upon reaching the age of 70 years.

The directors and Executive Officers of Mullen Group, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 6,291,074 Common Shares, representing approximately 6.0% percent of the issued and outstanding Common Shares as at December 31, 2017. The directors and Executive Officers of Mullen Group, or associates of such persons, as a group, did not own, control or direct any Debentures.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Regulatory Actions

To the best of Mullen Group's knowledge, no director or Executive Officer of Mullen Group is, as of the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the director or Executive Officer was acting in the capacity as director, chief executive officer or chief financial officer or was subject to an Order that was issued after the director or Executive Officer ceased to be a director, chief executive officer or chief

financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the best of Mullen Group's knowledge, no director or Executive Officer of Mullen Group, or shareholder holding a sufficient number of securities of Mullen Group to affect materially the control of Mullen Group is, as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, other than as outlined below.

Philip J. Scherman

Mr. Scherman was a director of Parallel Energy Trust ("**Parallel**"). Parallel filed bankruptcy protection on March 3, 2016 which has subsequently been finalized. Mr. Scherman ceased to be a director of Parallel on March 1, 2016.

Alan D. Archibald

Mr. Archibald was the Chief Executive Officer of Northpoint Resources Ltd. ("**Northpoint**"). Northpoint entered receivership on May 30, 2016. Mr. Archibald ceased to be the Chief Executive Officer of Northpoint on May 30, 2016.

Christine McGinley

Ms. McGinley was the Senior Vice-President, Operations of CanWest Global Communications Corp. ("**CanWest**") when CanWest, its principal operating subsidiary, Canwest Media Inc. and certain other related entities (including the over-the-air networks, specialty cable channels and the National Post) voluntarily filed for creditor protection from bankruptcy under the Companies' Creditors Arrangement Act (the "**CCAA**") and successfully obtained an order from the Ontario Superior Court of Justice (Commercial Division) to commence proceedings under the CCAA on October 6, 2009. CanWest successfully emerged from CCAA in October 2010 and was acquired by Shaw Communications Inc.

To the best of Mullen Group's knowledge, no director or Executive Officer of Mullen Group, or shareholder holding a sufficient number of securities of Mullen Group to affect materially the control of Mullen Group, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The Board has adopted a board manual which includes an Individual Director Mandate ("**Mandate**"). The Board also approved a Code of Ethics and Conduct Policy ("**Policy**") that applies to directors and Executive Officers among others. While activities that pose a potential or perceived conflict of interest are not prohibited, they are required by the Policy and Mandate to be disclosed to the Board and Executive Officers as they arise. Any such potential conflicts of interest will be dealt with openly with full disclosure of the nature and extent of the potential conflicts of interests with Mullen Group.

Circumstances may arise from time to time where our members of the Board or Executive Officers are also directors or officers of corporations, which have conflicting interests to those of the Corporation. We monitor these situations in a number of ways including requiring our directors and Executive Officers to disclose all other companies in which they serve as an officer or a director.

In the event that any circumstance should arise as a result of such positions being held or otherwise, which in the opinion of the Board constitutes a conflict of interest, which reasonably affects such person's ability to act with a view to the best interests of Mullen Group, the Board will take such actions as are reasonably required to resolve such matters with a view to the best interests of the Corporation. Such actions, without limitation, may include excluding such directors, Executive Officers or employees from certain information or activities of Mullen Group.

The ABCA provides that in the event that an officer or director is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such officer or director shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction.

As of the date hereof, we are not aware of any existing or potential material conflicts of interest between Mullen Group or a Business Unit and any director or Executive Officer of Mullen Group or of any Business Unit other than those that have been disclosed and approved or in those cases where members of the Board or Executive Officers of Mullen Group are also directors or officers of corporations doing business with the Corporation. Any such business is done in the normal course of Mullen Group's operations and on similar terms and conditions as transactions we contract with our other customers.

Audit Committee

The following table provides information relating to each current member of the Audit Committee.

Name, Province or State, and Country of Residence	Independent	Financially Literate	Relevant education and business experience
Philip J. Scherman, FCPA, FCA, ICD.D Audit Chairman Alberta, Canada	Yes	Yes	Mr. Scherman is an independent businessman who is a member of the Chartered Professional Accountants of Alberta and was awarded the FCA designation by the ICAA in 2013. He joined KPMG in 1972, was admitted to the partnership in 1981 and was the engagement partner during his tenure for both public and private energy and energy service entities. Mr. Scherman was KPMG's Oil and Gas Industry Leader for many years and served two terms on the firm's board of directors. Mr. Scherman completed the Directors Education Program and has his ICD.D designation. Mr. Scherman graduated from the University of Saskatchewan in 1972 with a Bachelor of Commerce degree.
Alan D. Archibald, P.Eng. Alberta, Canada	Yes	Yes	Mr. Archibald is the President of Point Advisory Services Ltd. and a practicing member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA). Mr. Archibald has been actively involved in the exploration and production sector in western Canada for over 30 years both in the public and private sector. He successfully completed the Directors Education Program in 2006. Mr. Archibald graduated with a Bachelor of Science, Engineering degree in 1980 from Dalhousie University and in 1982 received his Bachelor of Engineering, Mining from the Technical University of Nova Scotia.
Greg Bay, CFA Alberta, Canada	Yes	Yes	Mr. Bay is the Managing Partner of Cypress Capital Management Ltd., an investment firm that he founded in 1998. Mr. Bay graduated with a B.Comm degree in Finance from Brigham Young University in 1980 and earned a Chartered Financial Analyst designation in 1988.
Christine McGinley, CPA, CA, ICD.D Alberta, Canada	Yes	Yes	Ms. McGinley was the former Senior Vice President, Operations for Canwest Global Communications Corp. until her retirement in 2010. She has over 25 years of senior management experience, specializing in the areas of operations, technology and finance. Ms. McGinley also serves as a director and audit chairperson on several boards and has an ICD.D designation from the Institute of Corporate Directors in Toronto, Ontario. Ms. McGinley earned her Bachelor of Commerce degree from the University of Alberta in 1980 and is a member of the Canadian and Alberta Institutes of Chartered Professional Accountants.
Sonia Tibbatts, MBA Alberta, Canada	Yes	Yes	Ms. Tibbatts has over 33 years' experience in the finance and capital markets industry. Ms. Tibbatts was employed for 33 years with RBC Capital Markets until her retirement in 2016 during which she held positions such as Managing Director, Director, Vice President, Corporate Banking and Vice President, Oil & Gas Banking. Ms. Tibbatts was also the Chairperson of RBC Capital Markets' Energy Industry Operating Committee from 2008-2016. Ms. Tibbatts earned a Bachelor of Home Economics Degree in 1976 from the University of Manitoba, a Master of Science degree in 1980 from the University of Manitoba and a Master of Business Administration degree in 1986 from the University of Calgary.

The Audit Committee Mandate is attached to this AIF as Appendix A.

Audit Committee Oversight

During fiscal 2017, the Board accepted all recommendations made by the Audit Committee in relation to the external auditor's nomination and compensation.

Pre-Approval Policies and Procedures

PricewaterhouseCoopers LLP ("**PwC**") is the external auditor for Mullen Group since March 12, 2014. Each year the Audit Committee approves a schedule summarizing the services to be provided by PwC, which services it believes will be typical, recurring or otherwise likely to be provided during the upcoming year. The Audit Committee pre-approves fees for audit, audit related services and non-audit services, such as tax advisory or advice on accounting related issues. These fees are presented to the Board for approval.

External Auditor Service

The fees paid by Mullen Group for professional services to its external auditor, PwC, during fiscal 2017 are included in the table below.

($ thousands)	2017 $	2016 $
Audit fees[1]	**488**	588
Audit-related fees[2]	**167**	179
Tax fees[3]	**11**	-
All Other fees[4]	**5**	42
Total	**671**	809

Notes:

1 Audit fees consist of fees paid for the audit of Mullen Group's annual financial statements and the review of quarterly financial reports or services that are normally provided in connection with statutory and regulatory filings or engagements. In 2017 Mullen Group paid $488,000 to PwC of which $164,000 related to the 2016 Audit and $324,000 related to the 2017 Audit with total 2017 Audit fees estimated to be $535,000.

2 Audit-related fees consist of fees paid for internal control testing, assurance and related services that are reasonably related to the performance of the audit or review of Mullen Group's financial statements and are not reported as Audit Fees.

3 Tax fees consist of fees paid for tax compliance services, tax advice and tax planning.

4 Other fees consist of fees paid for due diligence services.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Within the three most recently completed financial years or during the current financial year, there have been no material interests, direct or indirect, of any Executive Officer, director, a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10.0 percent of the outstanding securities, or any known associate or affiliate of such persons, in any transaction or in any proposed transaction which has materially affected or would materially affect Mullen Group.

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Corporation during, or related to, our most recently completed financial year other than PwC, our independent auditors. PwC is the auditor of Mullen Group and has confirmed that it is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by Mullen Group within the most recently completed financial year, or before the most recently completed financial year that are still material and are still in effect are the following:

- the Amended and Restated 2006 Senior Note Purchase Agreement;
- the Amended and Restated 2007 Senior Note Purchase Agreement;
- the 2014 Senior Note Purchase Agreement;
- the Stock Option Plan;
- the Trust Indenture;
- the First Supplemental Trust Indenture;

Copies of each of the foregoing are available on SEDAR at www.sedar.com.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Mullen Group and its Business Units are involved from time to time in various claims and litigation which arise in the normal course of business. To our knowledge, there are no significant legal proceedings currently in progress, which involves a claim for damages in an amount that exceeds 10.0 percent of the assets of Mullen Group.

During the year ended December 31, 2017, there were no: (i) penalties or sanctions imposed against us by a court relating to securities legislation or by a securities regulatory authority during our most recently completed financial year; (ii) other penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements entered into with a court relating to securities legislation or with a securities regulatory authority during our most recently completed financial year.

TRANSFER AGENTS AND REGISTRARS

On May 1, 2015, Computershare acquired the assets of Valiant from Canadian Western Bank ("**Transaction**"). As a result of the Transaction, Computershare is now our transfer agent and registrar. Computershare's offices are located in Calgary, Alberta; Vancouver, British Columbia; Toronto and Richmond Hill, Ontario; Halifax, Nova Scotia; and Montreal, Quebec.

ADDITIONAL INFORMATION

Additional information relating to Mullen Group may be found on SEDAR at www.sedar.com, and on our website at www.mullen-group.com. Additional information, including directors' and officers' remuneration and indebtedness, if any, principal holders of Mullen Group's securities and securities issued and authorized for issuance under our equity compensation plans is contained in our 2017 proxy materials relating to our most recently held shareholders' meeting. Additional information will be provided in our 2018 proxy materials relating to our 2018 shareholders' meeting. Additional financial information is contained in the 2017 Financial Statements and the 2017 MD&A.

GLOSSARY OF TERMS

*"**2006 Private Placement Debt**"* means Mullen Group's long-term debt consisting of CDN. $70.0 million of Series D Notes (5.76 percent) that mature in 2018;

*"**2007 Private Placement Debt**"* means Mullen Group's long-term debt consisting of U.S. $85.0 million of Series E Notes (5.90 percent) and CDN. $20.0 million of Series F Notes (5.47 percent) that matured in 2017;

*"**2014 Private Placement Debt**"* means Mullen Group's long-term debt consisting of U.S. $117.0 million of Series G Notes (3.84 percent), U.S. $112.0 million of Series H Notes (3.94 percent), CDN. $30.0 million of Series I Notes (3.88 percent), CDN. $3.0 million of Series J Notes (4.00 percent), CDN. $58.0 million of Series K Notes (3.95 percent) and CDN. $80.0 million of Series L Notes (4.07 percent) that mature in 2024 and 2026.

*"**2014 Senior Note Purchase Agreement**"* means the note purchase agreement dated September 16, 2014 in respect of the 2014 Private Placement Debt;

*"**2017 Financial Statements**"* means the 2017 audited annual consolidated financial statements of Mullen Group for the year ended December 31, 2017, and the accompanying notes to such consolidated financial statements;

*"**2017 MD&A**"* means Mullen Group's annual management's discussion and analysis for the year ended December 31, 2017;

*"**3PL**"* means third-party logistics;

*"**ABCA**"* means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended from time to time;

*"**Amended and Restated 2006 Senior Note Purchase Agreement**"* means the amended and restated note purchase agreement dated June 29, 2006, as amended May 31, 2007 and restated as of May 1, 2009, in relation to the 2006 Private Placement Debt;

*"**Amended and Restated 2007 Senior Note Purchase Agreement**"* means the amended and restated note purchase agreement dated May 31, 2007, and restated as of May 1, 2009, in relation to the 2007 Private Placement Debt;

*"**Amending Agreement**"* has the meaning ascribed to it on page 8 of this AIF;

*"**Bank Credit Facility**"* means the $75.0 million revolving demand unsecured credit facility entered into by Mullen Group with the Royal Bank of Canada on July 30, 2012;

*"**Board**"* means the board of directors of Mullen Group;

*"**Business Units**"* means the indirectly, wholly-owned companies and limited partnerships that carry on the business of Mullen Group and "***Business Unit***" means any one entity;

*"**Canadian GAAP**"* means Canadian generally accepted accounting principles, which is governed by the principles based on International Financial Reporting Standards;

*"**Common Shares**"* means the Common Shares in the share capital of Mullen Group;

*"**Company Equipment**"* refers to a combination of company assets that are either owned by the Business Units or leased under long-term operating leases;

*"**Computershare**"* means Computershare Trust Company of Canada;

*"**Contractors**"* refers to Owner Operators who provide trucks and/or trailers and work exclusively for the Business Unit under annual contracts and subcontractors who own their own equipment and are used during times of peak demand;

*"**Corporate Office**"* means the Mullen Group head office that is located in Okotoks, Alberta;

"Covenant Relief Period" has the meaning ascribed to it on page 8 of this AIF;

"Cross-Currency Swaps" means two cross-currency swap contracts that Mullen Group entered into with the Royal Bank of Canada to swap 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;

"Debentures" means the convertible unsecured subordinated debentures of Mullen Group issued by way of private placement on May 1, 2009;

"Dedicated Subcontractor" means an individual or business who owns his or her own vehicle and works for a Business Unit, operating under its own authorities and insurance;

"Equipment" means both company owned and Owner Operator equipment;

"Executive Officer" means an officer of Mullen Group duly appointed by the Board;

"First Supplemental Trust Indenture" means the first supplemental trust indenture between Mullen Group and Valiant dated January 4, 2011, providing for the appointment of Valiant as debenture trustee under the Trust Indenture;

"Frac Corrals" means modular frac tanks used to contain water on the lease site for the fracking process;

"LTL" means less-than-truckload;

"Non-GAAP and Additional GAAP Terms" means additional financial performance measures that are used by management in its evaluation of performance and are not recognized financial terms under Canadian GAAP;

"Owner Operator" means an individual or business who owns and operates his or her own vehicle and works for a Business Unit, operating under the Business Unit's authorities and insurance;

"Power Units" refers to heavy duty commercial vehicles, such as trucks and tractors;

"Private Placement Debt" means collectively the 2006 Private Placement Debt, the 2007 Private Placement Debt and the 2014 Private Placement Debt;

"Rolling Stock" means wheeled vehicles available for use in transportation services;

"SmartWay" means a certification obtained through the SmartWay Transport Partnership which is a public-private partnership between industry, the U.S. Environmental Protection Agency and Natural Resources Canada designed to help businesses reduce fuel costs while transporting goods in the cleanest most efficient way possible;

"Stock Option Plan" means the Stock Option Plan approved by Mullen Group shareholders on May 1, 2009, as amended from time to time;

"Trust Indenture" means the trust indenture between Mullen Group and CIBC Mellon Trust Company dated May 1, 2009, providing for the issuance of the Debentures, as amended by the First Supplemental Trust Indenture;

"TSX" means the Toronto Stock Exchange;

"Valiant" means Valiant Trust Company; and

"Various Financing Loans" means various financing loans that are secured by specific operating equipment.

APPENDIX A – AUDIT COMMITTEE MANDATE

Purpose

The audit committee (the "**Audit Committee**") is a committee of the Board of Mullen Group established to assist the Board in fulfilling its oversight responsibilities in relation to the accounting, internal controls, financial reporting and regulatory processes of Mullen Group and the auditing of its financial statements. Its primary functions are to assist the Board in fulfilling its oversight responsibilities with respect to: (i) the integrity of the financial information provided to Mullen Group shareholders, regulatory bodies and other interested parties; (ii) compliance with accounting and finance based regulatory requirements; (iii) the internal financial control systems established by management; (iv) the work of the external auditors, including their qualifications and independence from Mullen Group; and (v) the audit process.

1. Composition and Terms of Office

   a. The Board shall appoint from its members, on an annual basis, not less than three directors to serve on the Audit Committee. Such appointment shall typically take place at the first directors' meeting held after the date of the annual general meeting, and the appointed members shall normally hold office for a one year period.

   b. Each committee member shall qualify as an "**independent director**" and shall be "**financially literate**" for the purposes of any applicable corporate, securities or other legislation or any rule, regulation, instrument, policy, guideline or interpretation under such legislation.

   c. The Chairperson of the Audit Committee (the "**Audit Chairperson**") shall be appointed by the Board on the recommendation of the committee members. The Audit Chairperson may be removed and replaced by the Board at any time.

   d. Where a vacancy occurs on the Audit Committee it may be filled by the Board. Any member may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Audit Committee upon ceasing to be a member of the Board.

2. Meetings

   a. The Audit Committee shall meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements and reports. Additional meetings may be held as deemed necessary by the Audit Chairperson, as requested by any two members of the Audit Committee, by the outside internal control auditors (if any have been retained) or the external auditors.

   b. A quorum for a meeting shall be a majority of the Audit Committee members.

   c. If the Audit Chairperson is not present at any meeting of the Audit Committee, one of the other committee members shall be chosen by the Audit Committee to preside at the meeting.

   d. A member may in any manner waive notice of a meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

   e. The Corporate Secretary or some other person designated by the Audit Committee shall be Secretary to the Audit Committee.

   f. Minutes of the Audit Committee meetings shall be provided to all committee members and the external auditors. The full Board shall be kept informed of the Audit Committee's activities by presentation of a report, verbal or otherwise, at the next Board meeting following each Audit Committee meeting.

3. Attendance at Meetings

a. Certain members of management are expected to be available to attend meetings or portions thereof, as determined by the Audit Chairperson. The Committee is authorized to request the presence, at any meeting, of a representative from the external auditors, senior management, outside internal auditors (if any have been retained), legal counsel or anyone else who could contribute substantively to the subject of the meeting.

b. The Audit Chairperson shall have the right to determine who shall and who shall not be present at any time during a meeting of the Audit Committee.

c. Directors, who are not members of the Audit Committee, may be invited to attend Audit Committee meetings on an ad hoc basis.

4. Duties and Responsibilities

In carrying out its mandate, the Audit Committee is expected to:

a. Financial Control and Reporting Systems

i. Discuss guidelines and policies with respect to risk assessment and risk management, including the processes management uses to assess and manage Mullen Group's risk; review reports from management outlining any significant changes in financial risks or exposures facing Mullen Group; and discuss major financial risk exposures and steps management has taken to monitor and manage such exposures.

ii. Review reports from management and/or the external auditors in relation to changes in accounting policies or financial reporting requirements.

iii. Review reports on the sufficiency of Mullen Group's internal control over financial reporting and disclosure controls and procedures from management and/or the annual report of the outside internal control auditor, if any has been retained by Mullen Group.

iv. Review any new appointments to executive positions with financial reporting responsibilities and review and approve Mullen Group's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

v. Review and approve requests, with the consultation and input of the other Audit Committee members, the CFO and the Chair & CEO, from individual directors to retain an outside advisor at the expense of Mullen Group in appropriate circumstances.

vi. Satisfy itself that Mullen Group has appropriate systems of internal control for the safeguarding of assets and for financial reporting necessary to ensure compliance with legal and regulatory requirements.

vii. Receive and review reports from Mullen Group's Disclosure Committee.

viii. Meet in-camera with the outside internal control auditor, if any, on an annual basis, without management present.

ix. Meet in-camera with the CEO, the CFO and the external auditors on a quarterly basis. In-camera session with the external auditors shall take place in closed sessions without management present.

b. Quarterly Financial Review

i. Review the external auditor's interim review findings reports, including whether any limitations were placed on the scope or nature of the audit procedures.

ii. Review the quarterly financial statements, management's discussion and analysis and associated news release with management and the external auditors, and formally recommend their approval to the Board (such approval to include the authorization for public release).

iii. Review any changes in accounting policies or financial reporting requirements that may affect the current period's financial statements.

c. Annual Financial Statements and Other Financial Information

i. Review summaries of material transactions and other complex matters whose treatment in the annual financial statements merits advance consideration.

ii. Review the external auditor's annual review findings report, including whether any limitations were placed on the scope or nature of the audit procedures.

iii. Review the annual audited financial statements, management's discussion and analysis and associated news release with management and the external auditors, and formally recommend their approval to the Board (such approval to include the authorization for public release).

iv. Review the Information Circular and Annual Information Form as to financial information or other material information or content within the Audit Committee's purview with management, and formally recommend their approval to the Board.

v. Review any other information circular or prospectus as to financial information or other material information or content within the Audit Committee's purview with management, and formally recommend their approval to the Board.

d. External Auditors, Audit Plan and non-Audit Services

i. Recommend to the Board each year

A. the external auditor to be nominated for appointment as external auditors of Mullen Group, and

B. their terms of engagement and remuneration.

This recommendation will be presented to shareholders for ratification at the annual general meeting.

ii. Have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the committee and the ultimate accountability of the external auditor is to the Audit Committee as representatives of its shareholders.

iii. Review the audit plan for the ensuing year with management and the external auditors, and formally recommend its approval to the Board.

iv. Pre-approve all non-audit services to be provided to Mullen Group by the external auditor.

v. Take all reasonable steps to satisfy itself that the external auditor does not provide non-audit services or otherwise operate in a way that would disqualify it as independent under section 161 of the ABCA or Rule 204 of the Canadian Institute of Chartered Professional Accountants.

vi. Perform an evaluation of the external auditor on an annual basis, which review considers

A. The output quality and cost effectiveness of the external auditor; and

B. The relationship between the auditor and executive management to ensure an appropriate balance between independence and objectivity, while working together with management in an environment of constructive challenge.

e. Whistleblower Policy

i. The Audit Committee shall oversee Mullen Group's established facility for the anonymous submission, retention and treatment of complaints received from employees or other interested parties regarding questionable accounting matters, internal accounting controls or auditing matters in accordance with the applicable corporate, securities or other legislation or any rule, regulation, instrument, policy, guideline or interpretation under such legislation.

ii. The Audit Chairperson will be responsible for investigating and resolving all reported complaints and allegations concerning Mullen Group's accounting practices, internal accounting controls or auditing matters. The Audit Chairperson shall provide a quarterly report, verbal or otherwise, to the Audit Committee and the Board. The Audit Chairperson, at his sole discretion, may delegate the investigation and resolution of complaints to the CEO or the CFO.

f. Other Matters

i. The Audit Committee shall annually review:

A. its mandate; and

B. the adequacy of insurance coverage including directors' and officers' liability coverage.

ii. The Audit Committee is empowered to review the appropriateness and effectiveness of any activity or business practice (including related party transactions), which impacts the financial integrity of Mullen Group, and all employees shall be required to co-operate with the Audit Committee.

5. Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in its mandate, it is not the duty of the Audit Committee to prepare financial statements or plan and conduct audits. These are the responsibilities of management and the external Auditors, respectively. The Audit Committee's responsibility is to satisfy itself that Mullen Group's financial statements and disclosures are complete and accurate and are in accordance with International Financial Reporting Standards and applicable rules and regulations.

6. Delegation of Duties

The Audit Committee, upon approval by a majority of the members of such committee, may delegate authority and duties to subcommittees or individual members of the Audit Committee as it considers appropriate. The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services, bearing in mind that such services do not compromise the independence of the external auditor.

7. Work Plan

The Audit Committee, in consultation with the Board and management, shall develop and maintain an Audit Committee work plan setting out the scheduled business to be conducted at the Audit Committee's regular meetings throughout the fiscal year on all matters within its mandate and any other matters as may be determined to be necessary or appropriate.

CORPORATE INFORMATION

DIRECTORS | OFFICERS

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

Greg Bay, CFA
Lead Director

Alan D. Archibald, P.Eng.
Director

Stephen H. Lockwood, Q.C.
Director

Christine McGinley, CPA, CA, ICD.D
Director

David E. Mullen
Director

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

Sonia Tibbatts, MBA
Director

P. Stephen Clark, FCPA, FCMA, ICD.D
Chief Financial Officer

Richard J. Maloney
Senior Vice President

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

CORPORATE OFFICE

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BANKER

The Royal Bank of Canada
Calgary, Alberta

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

STOCK EXCHANGE

Toronto Stock Exchange
Trading Symbol: MTL

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
Toronto, Ontario
Telephone: 1-800-564-6253
Internet: www.investorcentre.com
Shareholder Inquiries:
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ONLINE INFORMATION

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www.mullen-group.com.

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