Management's Discussion and Analysis

SIX MONTHS ENDED JUNE 30, 2014

This management discussion and analysis ("MD&A") is dated July 31, 2014. It should be read in conjunction with the Consolidated Financial Statements and Notes of Canyon Services Group Inc. ("Canyon" or the "Company") as at and for the three and six months ending June 30, 2014 and June 30, 2013 as well as the annual financial statements and MD&A. Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2013, is available on SEDAR at www.sedar.com.

The following MD&A contains forward-looking information and statements. We refer you to the end of the MD&A for our disclaimer on forward-looking information and statements.

OVERVIEW OF SECOND QUARTER 2014

000's except per share, job amounts and hydraulic pumping capacity (Unaudited)	Three Months Ended June 30			Six Months Ended June 30		
	2014	2013	2012	2014	2013	2012
Consolidated revenues	$60,279	$27,431	$37,974	$198,464	$114,318	$173,909
Profit (loss) and comprehensive income (loss)	$(15,263)	$(17,186)	$(6,940)	$(3,413)	$(8,659)	$30,227
Per share-basic	$(0.24)	$(0.28)	$(0.11)	$(0.05)	$(0.14)	$0.49
Per share-diluted	$(0.24)	$(0.28)	$(0.11)	$(0.05)	$(0.14)	$0.48
EBITDA before share-based payments(1)	$(9,186)	$(13,134)	$(1,552)	$18,246	$7,230	$56,462
Funds from (used in) operations(1)	$(4,071)	$(11,822)	$2,723	$19,795	$6,826	$49,306
Total jobs completed (2)	347	151	251	1,237	621	1,185
Consolidated average revenue per job (2)	$178,028	$181,979	$155,545	$161,333	$184,389	$147,343
Average fracturing revenue per job	$275,423	$320,769	$203,759	$214,580	$261,204	$222,404
Hydraulic Pumping Capacity						
Average HHP	245,500	225,500	194,000	238,000	225,500	185,000
Exit HHP	245,500	225,500	218,000	245,500	225,500	218,000
Capital expenditures	$18,589	$2,310	$20,653	$31,871	$5,811	$54,779

000's except per share amounts (Unaudited)	As at June 30, 2014	As at December 31, 2013	As at December 31, 2012
Cash and cash equivalents	$6,372	$21,308	$22,584
Working capital	$27,391	$41,730	$56,245
Total long-term financial liabilities	$17,517	$3,096	$3,475
Total assets	$391,245	$402,707	$406,113
Cash dividends declared per share	$0.30	$0.60	$0.60

Note (1): See NON-GAAP MEASURES

Note (2): Includes all jobs from each service line, specifically hydraulic fracturing; coiled tubing; nitrogen fracturing; acidizing and remedial cementing

In Q2 2014, jobs completed and consolidated revenues increased by 130% and 120% respectively compared to Q2 2013. The quarter got off to a strong start as a long cold winter delayed the seasonal spring break-up into early April, while June experienced drier field conditions especially in the northern portions of the Western Canadian Sedimentary Basin ("WCSB") compared to the same month last year when operations were impacted by extremely wet weather. In addition, Canyon's ongoing sales initiatives resulted in further market share growth with companies operating in the deep basin as well as market share expansion in southeast Saskatchewan and southwest Manitoba. As a result, jobs completed in the current quarter increased by 130% to 347 from 151 in Q2 2013, while consolidated revenues increased by 120% to $60.3 million in Q2 2014 from $27.4 million in Q2 2013. For the six months ended June 30, 2014, jobs completed increased by 99% to 1,237 from 621 in the prior year comparable period, while consolidated revenues increased by 74% to $198.5 million from $114.3 million over the same periods.

We estimate that overall industry activity in the WCSB as measured by total meters drilled increased by over 30% percent in Q2 2014 year over year. This increasing trend in industry activity has been evident since late 2013 and is driven by several factors including strong natural gas prices in the first half of 2014, stable oil prices and oil price differentials, more favourable Canadian/US exchange rates and E&P companies' improved access to capital markets to fund capital programs. The AECO spot natural gas price averaged CAD$4.70 per mcf in Q2 2014, up 32% from CAD$3.55 per mcf in Q2 2013. Crude oil prices for Edmonton Light increased by 12% to CAD$104.54 per barrel in Q2 2014 from CAD$93.08 per barrel in Q2 2013. Also evident of the increased industry-wide activity are the key industry indicators such as well licensing, drilling rig utilization and well completions which all point to a positive outlook for the remainder of 2014 and into 2015. Well licensing for service-intensive deep wells in the WCSB increased by about 40% in Q2 2014 compared to Q2 2013, and by 43% for the six months ended June 30, 2014. Drilling rig utilization increased by about 33% in Q2 2014 compared to Q2 2013, and by about 12% on a year to date basis. Although well completions were relatively flat in Q2 2014 for the year to date compared to the prior year comparable period, total meters completed increased by 15% compared to Q2 2013. Natural gas well completions have increased by about 51% for the year to date mainly due to LNG related delineation drilling in the deeper, more service intensive parts of the WCSB requiring increasing fracturing stages per well and greater proppant tonnages.

Canyon's increased activity and revenues in Q2 2014 were offset by an increase in fixed costs due to staff additions in the quarter and significant seasonal price discounts which are traditionally offered to customers during spring break up. As a result, in Q2 2014, Canyon recorded negative EBITDA before share based payments of $9.2 million, a 30% improvement over the negative $13.1 million recorded in Q2 2013. For the six months ended June 30, 2014, EBITDA before share based payments more than doubled to $18.2 million from $7.2 million recorded in the prior year comparable period. In Q2 2014, Canyon's fixed costs increased by approximately 30% compared to Q2 2013, as Canyon continuously added field and support staff throughout 2013 and 2014 to prepare for a busier industry as discussed above. In Q2 2014 Canyon added approximately 140 field staff and exited Q2 2014 with just under 1,100 people compared to about 800 at the same time last year. In Q2 2014, Canyon recorded a loss and comprehensive loss of $15.3 million, compared to a loss and comprehensive loss of $17.2 million in Q2 2013. In the six months ended June 30, 2014, loss and comprehensive loss was $3.4 million, down from the loss and comprehensive loss of $8.7 million in the six months ended June 30, 2013.

Subsequent Events

Fraction Acquisition

Effective July 1, 2014 Canyon closed the previously announced acquisition of Fraction Energy Services Ltd. ("Fraction"), a privately held company based in Calgary, Alberta (the "Acquisition") for total consideration of approximately $106.1 million which consisted of 5.4 million common shares of Canyon issued at a then market value of $18.81 per share and cash consideration of $4.5 million to settle outstanding options to acquire Fraction common shares.

Fraction was founded in 2012 and has grown into a leading provider of water and fracturing fluid logistics, containment, transfer and storage management services. It provides services to customers focused in northeast British Columbia and northwest Alberta, with field offices in Fort St. John, British Columbia and Grande Prairie, Alberta. Fraction currently employs approximately 150 people and in the three and six months ending June 30, 2014, generated approximately $6 million and $14 million of EBITDA respectively. This business has a variable cost structure where field salaries and wages fluctuate with activity. Thus, although Fraction's second quarter was impacted by the seasonal spring break up it was able to generate positive EBITDA in a period of lower activity. This will benefit Canyon's future consolidated results. Canyon's results will incorporate Fraction's results of operations commencing with Q3 2014.

In connection with the acquisition, Fraction management and employee shareholders have agreed to enter into a three year escrow agreement whereby 25% of the Canyon common shares received became freely tradable upon closing of the Acquisition with the remaining 75% of the Canyon Shares being released equally on the first, second and third anniversaries of the closing date.

Coiled Tubing Assets Acquisition

Effective July 14, 2014, Canyon acquired four deep coiled tubing packages which include twin fluid pumpers, BOPs, injectors and three cranes (the "Assets") from a Canadian oilfield services company for approximately $19.7 million. All of the Assets are less than 12 months old and the coiled tubing units have depth capacities of approximately 6,000 meters with 2 3/8 inch diameter coil. This acquisition will increase Canyon's deep coiled tubing fleet to 11 packages. Canyon expects to deploy the Assets in northwest Alberta and northeast British Columbia.

Including the purchase of the Assets, Canyon's 2014 capital budget has increased to approximately $94.5 million. This amount includes the previously announced budget of $62.9 million, $3.2 million recently allocated to expand Canyon's Grande Prairie operating base and approximately $8.7 million that will be spent over the remainder of 2014 in the Fraction business.

NON-GAAP MEASURES

The Company's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain measures in this document do not have any standardized meaning as prescribed by IFRS and are considered NON-GAAP measures.

EBITDA before share-based payments and funds from operations are not recognized measures under IFRS. Management believes that in addition to profit and comprehensive income, EBITDA before share-based payments and funds from operations are useful supplemental measures as they provide an indication of the results generated by the Company's business activities prior to consideration of how those activities are financed, amortized or taxed, as well as the cash generated by the Company's business activities without consideration of the timing of the monetization of non-cash working capital items. Readers should be cautioned, however, that EBITDA before share-based payments and funds from operations should not be construed as an alternative to profit and comprehensive income determined in accordance with IFRS as an indicator of the Company's performance. Canyon's method of calculating EBITDA before share-based payments and funds from operations may differ from other companies and accordingly, EBITDA before share-based payments and funds from operations may not be comparable to measures used by other companies. Canyon calculates EBITDA before share-based payments as profit and comprehensive income for the year adjusted for depreciation and amortization, equity settled share-based payment transactions, gain or loss on sale of property and equipment, finance costs, foreign exchange (gain) loss and income tax expense. Reconciliations of these NON-GAAP measures to the most directly comparable IFRS measures are outlined below.

The Company describes revenue less cost of services as gross profit.

EBITDA before share-based payments

000's (Unaudited)	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Loss and comprehensive loss	$(15,263)	$(17,186)	$(3,413)	$(8,659)
Add (Deduct):				
Depreciation and amortization	9,892	7,792	19,706	15,496
Finance costs	70	162	251	318
Foreign exchange (gain) loss	(100)	12	268	(50)
Share-based payment transactions	1,006	1,241	1,886	2,151
Gain on sale of property and equipment	(26)	(12)	(16)	(44)
Income tax recovery	(4,765)	(5,143)	(436)	(1,982)
EBITDA before share-based payments	$(9,186)	$(13,134)	$18,246	$7,230

Funds from Operations

000's (Unaudited)	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Net cash from operating activities	$8,934	$10,140	$10,989	$29,472
Add (Deduct):				
Income Tax paid	-	2,512	-	3,667
Change in working capital	(18,090)	(25,960)	6,738	(26,177)
Current tax recovery (expense)	5,085	1,486	2,068	(136)
Funds from operations	$(4,071)	$(11,822)	$19,795	$6,826

Operating and Financial Highlights

The operating and financial highlights for the three and six months ended June 30, 2014 are summarized as follows:

- Q2 2014 experienced increased activity levels from the prior year comparable quarter as a long cold winter delayed the seasonal spring break-up into early April and June experienced drier than normal field conditions especially in the northern portions of the WCSB compared to the same month last year when operations were impacted by extremely wet weather.

- Jobs completed in the current quarter increased by 130% to 347 from 151 in Q2 2013, while consolidated revenues increased by 120% to $60.3 million in Q2 2014 from $27.4 million in Q2 2013. For the six months ended June 30, 2014, jobs completed increased by 99% to 1,237 from 621 in the prior year comparable period, while consolidated revenues increased by 74% to $198.5 million from $114.3 over the same periods.

- Canyon's increased activity and revenues in Q2 2014 were offset by an increase in fixed costs due to staff additions in the quarter and significant seasonal price discounts which are traditionally offered to customers during spring break up. As a result, Canyon recorded negative EBITDA before share based payments of $9.2 million, a 30% improvement over the negative $13.1 million recorded in Q2 2013. Canyon exited Q2 2014 with just under 1,100 people compared to about 800 at the same time last year.

- For the six months ended June 30, 2014, EBITDA before share based payments more than doubled to $18.2 million from $7.2 million recorded in the prior year comparable period.

- In the six months ended June 30, 2014, loss and comprehensive loss was $3.4 million, down from the loss and comprehensive loss of $8.7 million in the six months ended June 30, 2013.

- Effective July 1, 2014 Canyon closed the previously announced acquisition of Fraction Energy Services Ltd. ("Fraction"), a leading water and fracturing fluid logistics, containment, transfer and storage management business for total consideration of approximately $106.1 million which consisted of 5.4 million common shares of Canyon issued at $18.81 per share and cash consideration of $4.5 million to settle outstanding options to acquire Fraction common shares.

- Effective July 14, 2014, Canyon acquired four deep coiled tubing packages which included twin fluid pumpers, BOPs, injectors and three cranes (the "Assets") from a Canadian oilfield services company for approximately $19.7 million. This acquisition will increase Canyon's deep coiled tubing fleet to 11 packages. Canyon expects to deploy the Assets in NW Alberta and NE British Columbia.

- Including the purchase of the Assets, Canyon's 2014 capital budget has increased to $94.5 million. This amount also includes the previously announced $62.9 million, $3.2 million recently allocated to expand Canyon's Grande Prairie operating base and approximately $8.7 million that will be spent over the remainder of 2014 in the Fraction business.

- On July 2, 2014 Canyon amended its bank credit facilities to extend the term by one year. The facilities consist of a $20 million Operating Facility and an $80 million Revolving Facility which includes a $30 million accordion feature. Canyon remains in a very strong financial position. As at June 30, 2014, Canyon had available credit facilities combined with positive working capital totaling $112 million.

- On June 26, 2014, Canyon declared a quarterly dividend of $0.15 per common share, or $10.3 million, which was paid to shareholders on July 25, 2014.

2014 OUTLOOK

Our decision to strengthen and expand the organization throughout 2013 proved beneficial as we expect a very busy second half of 2014, and are already short of people as the summer progresses. Our positive second half outlook is influenced by several factors, including strong natural gas prices in the first half of the year, stable oil prices and oil price differentials, more favourable Canadian/US exchange rates, E&P companies' improved access to capital markets to fund capital programs, and the ongoing LNG-related reserve delineation drilling in northeast British Columbia. The focus of the increased activity will be in northwest Alberta and northeast British Columbia. In the third quarter, Canyon expects pricing to increase, allowing the Company both to improve margins and to capture some of the cost inflation in certain products and third party services that we have experienced to date. Canyon continues to operate with a lean management structure, incurring little change to G&A in the past two to three years. The main exception to this has been expansion of the sales group which was critical in gaining top-tier customers. Due to the fixed cost nature of our business, our profitability remains highly levered to changes in revenue.

Effective July 1, 2014, Canyon acquired Fraction Energy Services Ltd., a leading provider of water sourcing, transfer, wellsite storage, fluid heating, flowback transfer and produced water storage services to deep basin customers. Fraction represents the first step in providing comprehensive service solutions to Canyon's customers for water and fracture fluid management. Canyon can now offer both pressure pumping and water management services to its customers, representing a substantial portion of the completion cost of a well.

In light of expected improved activity in 2014 and 2015, Canyon recently revised its 2014 capital budget to $94.5 million from the previously announced $62.9 million. The increase includes the purchase of four deep coiled tubing packages in July for deployment in northwest Alberta and northeast British Columbia. Canyon's 2014 expanded capital program will add 30,000 hydraulic horsepower (20,000 HHP of which has been introduced into service in July), cement and acid units, five deep coiled tubing units, and logistics support equipment. Canyon continues to increase its field staff, adding approximately 140 people in Q2 2014 to meet the increased demands of our customers, including 24-hour service and to staff the new equipment. We anticipate an improved EBITDA margin in 2014, and our goal is to return to industry-leading margins in the near future. We believe the dividend at the current rate of $0.60 per share per annum is sustainable and is reviewed quarterly by the Board of Directors.

Although Canada is still several years from seeing the first LNG exports, visibility has sharpened, overall risks have been marginalized and upstream momentum has accelerated. The British Columbia government has embraced the LNG opportunity, based on its potential for job creation and tax revenue, and the public seems generally supportive. Numerous projects have been proposed, representing approximately 15 billion cubic feet per day in combined export capacity. Project approvals were granted in 2013, while site preparation and front-end engineering were initiated for some projects. We are anticipating an announcement of the first project's final investment decision by early 2015.

The rebound in the Alberta natural gas price is lifting the fortunes of Western Canada's gas-producing sector. Successes in achieving cost efficiencies over the past few years have made numerous gas producers profitable at gas prices as low as $3.00 per mcf. At current AECO pricing we expect that increased industry cash flow should accelerate liquids-rich gas drilling and fracturing, and likely revive drilling activity in some of the better dry gas reservoirs. This incremental demand for oilfield services will provide another platform for growth.

Canyon's strategic focus remains building a service provider that can succeed and grow over the long term. Our long-term plan is to significantly grow Canyon's staff and operating assets over the next five years, primarily to service the anticipated LNG-driven demand for pressure-pumping services in western Canada. We have set out by working to cement relationships with top-tier multinational customers and continuing to grow in activity and reputation in the region's premier unconventional plays. Growth in our market share in northwest Alberta and northeast British Columbia will be complemented by pursuit of attractive opportunities in the Viking, Bakken and Lower Shaunavon plays. The primary criterion for Canyon's investment and expansion decisions has always been its projected return on capital over a five to seven-year horizon. On this basis, we continue to believe that western Canada is still the world's best pressure pumping market as it continues to hold fantastic growth potential in all the hydrocarbon commodities and offers superior supply-side fundamentals to the world's largest market, the United States, with fewer competitors and higher barriers to entry.

Canyon's investment proposition is straightforward: We are a geographically focused, high-quality service provider with a stable fixed-cost structure and robust organization that can accommodate much higher revenue. This creates the foundation for rapidly growing revenue, operating margins and EBITDA per share.

QUARTERLY COMPARATIVE STATEMENTS OF OPERATIONS

000's except per share amounts (Unaudited)	Three Months Ended June 30	
	2014	2013
Revenues	$60,279	$27,431
Cost of services	(73,313)	(44,035)
Gross loss	(13,034)	(16,604)
Administrative expenses	(7,024)	(5,551)
Results from operating activities	(20,058)	(22,155)
Finance costs	(70)	(162)
Foreign exchange gain (loss)	100	(12)
Loss before income tax	(20,028)	(22,329)
Income tax recovery	4,765	5,143
Loss and comprehensive loss	$(15,263)	$(17,186)
EBITDA before share-based payments(1)	$(9,186)	$(13,134)
Earnings (loss) per share:		
Basic	$(0.24)	$(0.28)
Diluted	$(0.24)	$(0.28)

Note (1): See NON-GAAP MEASURES

Revenues

In Q2 2014, jobs completed increased by 130% to 347 from 151 in Q2 2013, while consolidated revenues increased by 120% to $60.3 million from $27.4 million in the prior year quarter. WCSB industry total meters drilled increased by over 30% in the current quarter over Q2 2013 in response to not only favourable field conditions especially in the northern parts of the WCSB but also due to several factors including strong natural gas prices in the quarter, stable oil prices and E&P companies' improved access to capital markets to fund capital programs. Over 90% of Q2 2014 consolidated revenues were provided by hydraulic fracturing services with average fracturing revenue per job decreasing by 14% to $275,423 from $320,769 in Q2 2013. The decrease in average fracturing revenue per job is due to industry pricing pressure and job mix.

Cost of services

Cost of services for the three months ended June 30, 2014 totaled $73,313 (2013: $44,035) and includes materials, products, transportation and repair costs of $45,413 (2013: $23,558), employee benefits expense of $18,473 (2013: $13,053), and depreciation of property and equipment of $9,427 (2013: $7,424).

Materials, products, transportation and repair costs increased by 93% to $45,413 in the current quarter from $23,558 in Q2 2013 due to the increased job count in the quarter. The increase in employee benefits expense is mainly due to field staff additions to support higher activity levels in 2014 and inflation in labour rates experienced in 2013. The increase in depreciation of property and equipment is due to additional depreciation pertaining to equipment introduced into service in the second half of 2013 and accelerated depreciation relating to the replacement of a number of pump components.

Administrative expenses

Administrative expenses for the three months ended June 30, 2014 totaled $7,024 compared to $5,551 in Q2 2013 and include employee benefits expense of $3,300 (2013: $2,182) and share-based payments expense of $1,006 (2013: $1,241). Administrative expenses also include depreciation of buildings and office equipment and amortization of intangibles of $464 (2013: $367). In addition, other administrative expenses totaled $2,254 in Q2 2014 compared to $1,760 in Q2 2013. The increase in employee benefits expense was mainly attributable to staff additions and the implementation of a cost of living increase effective Q4 2013. Other administrative expenses include $612 of transaction costs pertaining to the acquisition of Fraction as discussed above.

Share-based payments expense represents the value assigned to the granting of options and incentive-based units under the Company's Share Purchase Option Plan and Stock Based Compensation Plan respectively, using the Black-Scholes model. For Q2 2014, $1,006 (Q2 2013 - $922) was charged to expenses and included in contributed surplus in respect of these two plans. In addition, obligations for payments under the Company's Deferred Share Unit Plan are accrued as share-based payments expense over the vesting period. The accrued liability increases or decreases with fluctuations in the price of the Company's common shares, with a corresponding increase or decrease in the share-based payments expense. In Q2 2014, share-based payments expense was nil (2013: $319) for the Company's Deferred Share Unit Plan to reflect changes in the price of the common shares of the Company.

EBITDA before share-based payments (See NON-GAAP MEASURES)

In Q2 2014, Canyon's increased activity which was offset by an increase in fixed costs due to staff additions and significant seasonal price discounts which are traditionally offered to customers during spring break up resulted in EBITDA before share-based payments (see NON-GAAP MEASURES) of negative $9,186, a 30% improvement over the negative $13,134 recorded in the comparable 2013 quarter.

Finance costs

Finance costs include interest on finance lease obligations and automobile loans and totaled $70 in Q2 2014 (2013: $162).

Income Tax Expense

At the expected combined income tax rate of 25%, the loss before income tax for Q2 2014 of $20,028 would have resulted in an expected recovery of $5,007, compared to the actual income tax recovery of $4,765. The actual income tax recovery was reduced by non-deductible expenses.

Loss and comprehensive loss and loss per share

Loss and comprehensive loss totaled $15,263 in Q2 2014 compared to $17,186 in Q2 2013.

Basic and diluted loss per share were $0.24 for the three months ended June 30, 2014 compared to basic and diluted loss per share of $0.28 for the comparable 2013 quarter.

SIX MONTHS TO JUNE 30, 2014 COMPARATIVE STATEMENTS OF OPERATIONS

000's except per share amounts (Unaudited)	Six Months Ended June 30	
	2014	2013
Revenues	$198,464	$114,318
Cost of services	(187,892)	(113,617)
Gross profit	10,572	701
Administrative expenses	(13,902)	(11,074)
Results from operating activities	(3,330)	(10,373)
Finance costs	(251)	(318)
Foreign exchange (loss) gain	(268)	50
Loss before income tax	(3,849)	(10,641)
Income tax recovery	436	1,982
Loss and comprehensive loss	$(3,413)	$(8,659)
EBITDA before share-based payments(1)	$18,246	$7,230
Earnings (loss) per share:		
Basic	$(0.05)	$(0.14)
Diluted	$(0.05)	$(0.14)

Note (1): See NON-GAAP MEASURES

Revenues

The increased job count resulting from improved industry activity resulted in consolidated revenues increasing by 74% to $198,464 in the six months ended June 30, 2014 from $114,318 in the 2013 comparable period. Jobs completed increased by 99% to 1,237 in the six months ended June 30, 2014 from 621 in the 2013 comparable period. The improved industry-wide activity is supported by several factors including strong natural gas prices in the first half of 2014, stable oil prices and oil price differentials, more favourable Canadian/US exchange rates and E&P companies' improved access to capital markets to fund capital. Over 90% of consolidated revenues in the six months ended June 30, 2014 were provided by hydraulic fracturing services with average fracturing revenue per job decreasing by 18% to $214,580 from $261,204 in the 2013 comparable period. The decrease in average fracturing revenue per job is due to industry pricing pressure compared to last year and job mix.

Cost of services

Cost of services for the six months ended June 30, 2014 totaled $187,892 (2013: $113,617) and includes materials, products, transportation and repair costs of $123,137 (2013: $66,433), employee benefits expense of $45,954 (2013: $32,412), and depreciation of property and equipment of $18,801 (2013: $14,772).

Materials, products, transportation and repair costs increased by 85% to $123,137 in the current quarter from $66,433 as the job count increased by 99% in the current period compared to the comparable six month period in 2013. The increase in employee benefits expense is mainly due to field staff additions to support higher activity levels in 2014 and inflation in labour rates experienced in 2013. Canyon had approximately 1,100 employees as at June 30, 2014 compared to about 800 at the same time last year. The increase in depreciation of property and equipment is due to additional depreciation pertaining to equipment introduced into service in the second half of 2013 and accelerated depreciation relating to the replacement of a number of pump components

Administrative expenses

Administrative expenses for the six months ended June 30, 2014 totaled $13,902 compared to $11,074 in the 2013 comparable period and include employee benefits expense of $7,134 (2013: $4,899) and share-based payments expense of $1,886 (2013: $2,152). Administrative expenses also include depreciation of buildings and office equipment and amortization of intangibles of $905 (2013: $724). In addition, other administrative expenses totaled $3,977 in the six months ended June 30, 2014 compared to $3,299 in the 2013 comparable period. The increase in employee benefits expense was mainly attributable to staff additions and the implementation of a cost of living increase effective Q4 2013. Other administrative expenses include $612 of transaction costs pertaining to the acquisition of Fraction as discussed above.

Share-based payments expense represents the value assigned to the granting of options and incentive-based units under the Company's Share Purchase Option Plan and Stock Based Compensation Plan respectively, using the Black-Scholes model. For the six months ended June 30, 2014, $2,022 (Q2 2013 - $1,921) was charged to expenses and included in contributed surplus in respect of these two plans. In addition, obligations for payments under the Company's Deferred Share Unit Plan are accrued as share-based payments expense over the vesting period. The accrued liability increases or decreases with fluctuations in the price of the Company's common shares, with a corresponding increase or decrease in the share-based payments expense. For the six months ended June 30, 2014, share-based payments expense decreased by $136 (2013: an increase of $230) for the Company's Deferred Share Unit Plan to reflect changes in the price of the common shares of the Company.

EBITDA before share-based payments (See NON-GAAP MEASURES)

For the six months ended June 30, 2014, improved industry-wide conditions as previously discussed, resulted in EBITDA before share-based payments (see NON-GAAP MEASURES) more than doubling to $18,246 from $7,230 recorded in the comparable 2013 period.

Finance costs

Finance costs include interest on finance lease obligations and automobile loans and totaled $251 for the six months ended June 30, 2014 (2013: $318).

Income Tax Expense

At the expected combined income tax rate of 25%, the loss before income tax for the six months ended June 30, 2014 of $3,849 would have resulted in an expected recovery of $962, compared to the actual income tax recovery of $436. The actual income tax recovery was reduced by non-deductible expenses.

Profit (Loss) and comprehensive income (loss) and earnings (loss) per share

Loss and comprehensive loss totaled $3,413 for the six months ended June 30, 2014 compared to loss and comprehensive loss of $8,659 in the 2013 comparable period.

Basic and diluted loss per share were $0.05 for the six months ended June 30, 2014 compared to basic and diluted earnings per share of $0.14 for the comparable 2013 period.

Summary of Quarterly Results

000's except per share amounts (Unaudited) (1)		Revenues	EBITDA(2)	Profit (Loss) and Comprehensive Income (Loss)	Basic Earnings (Loss) per Share	Diluted Earnings (Loss) per Share
2014	Q2	$60,279	$(9,186)	$(15,263)	$(0.24)	$(0.24)
	Q1	$138,185	$27,432	$11,850	$0.19	$0.19
2013	Q4	$104,198	$11,004	$377	$0.01	$0.01
	Q3	$81,224	$14,384	$3,908	$0.06	$0.06
	Q2	$27,419	$(13,146)	$(17,186)	$(0.28)	$(0.28)
	Q1	$86,887	$20,364	$8,527	$0.14	$0.14
2012	Q4	$84,809	$18,814	$7,146	$0.12	$0.11
	Q3	$94,401	$32,496	$17,036	$0.28	$0.27

Note (1): The Company's business is seasonal in nature with the periods of greatest activity being in the first, third and fourth quarters. Please see below for further discussion, "Seasonality" under RISK FACTORS AND RISK MANAGEMENT.

Note (2): See NON-GAAP MEASURES.

In Q4 2012, Q1 2013 and Q3 2013, EBITDA and Profit and comprehensive income decreased primarily due to industry pricing pressure that commenced in the second half of 2012 and which continued throughout 2013. In Q2 2013 and Q2 2014, the lower revenues, negative EBITDA and loss and comprehensive loss were negatively impacted by the seasonal weather related drilling delays caused by the annual spring break-up. Q4 2013 was a very active quarter supported by strong commodity prices but still at very low pricing. Q1 2014 was the busiest quarter in Canyon's history and although customer pricing continued to be challenging, the increased revenues combined with Canyon's operating leverage resulted in improved EBITDA and profit and comprehensive profit.

LIQUIDITY AND CAPITAL RESOURCES

Funds from operations

Improved industry-wide activity and Canyon's sales initiatives resulted in funds from operations (See NON-GAAP MEASURES) of negative $4,071 in Q2 2014 compared to negative $11,822 in the comparable 2013 quarter   For the six months ended June 30, 2014, funds from operations increased three-fold to $19,795 from $6,826 in the comparable 2013 period. The funds from operations were primarily used to finance the capital program and to fund the Company's quarterly dividend. Please refer to "Capital Expenditures" below.

Financing

(Share amounts in thousands)

Equity:
For the three and six months ended June 30, 2014, there were 220 and 899 common shares respectively issued by the Company to employees and officers upon exercise of options pursuant to the Share Purchase Option Plan and 30 and 52 incentive based units respectively pursuant to the Stock-Based Compensation Plan for aggregate proceeds of $2.0 million and $3.5 million respectively.

Debt:
Loans and borrowings as at June 30, 2014 total $20.6 million (December 31, 2013: $5.8 million) which comprise amounts drawn on the credit facilities of $15.0 million and equipment lease obligations of $5.6 million (December 31, 2013: $5.8 million).

On July 2, 2014 Canyon amended its bank credit facilities to extend the term by one year. These facilities comprise a $20 million Operating Facility and an $80 million Revolving Facility which includes a $30 million accordion feature. The accordion feature is available upon request by the Company and subject to review and approval by the lenders. As at June 30, 2014, the net debt position was $14.2 million (loans and borrowings of $20.6 million less cash and cash equivalents of $6.4 million).

Working Capital and Cash Requirements

As at June 30, 2014, Canyon had a working capital balance of $27.4 million compared to $41.7 million as at December 31, 2013. As at June 30, 2014, trade and other receivables decreased by $13.0 million due to seasonally lower revenues in Q2 2014 as spring break up conditions prevailed. Cash and cash equivalents decreased by $14.9 million while loans and borrowings increased by $14.8 million compared to December 31, 2013 due to the funding of deposits on the Company's increased capital expenditure program as well as the timing of customer receipts versus supplier payments. Current tax assets mainly resulted from the prepayment of 2012 estimated tax installments that exceeded actual amounts owed, as well as a recovery of prior years' income taxes due to the application of current year's non-capital losses. The Company's working capital position and available operating credit facilities exceed the level required to manage timing differences between cash collections and cash payments.

The Company continually monitors individual customer trade receivables, taking into account numerous factors including industry conditions, payment history and financial condition in assessing credit risk. The Company establishes an allowance for doubtful accounts for specifically identifiable customer balances which are assessed to have credit risk exposure. As at June 30, 2014, accounts receivable included an allowance of $41 thousand for doubtful receivables (December 31, 2013: $261 thousand).

The Company will use its cash available, funds from operations and, if required, available credit facilities to fund the completion of prior years' capital programs and to fund the 2014 capital program. Please refer to "Capital Expenditures" below.

Investments

For the three and six months ended June 30, 2014, capital expenditures, net of finance leases, totaled $31.9 million, including the purchase, effective March 18, 2014, of 20,000 HHP and two data vans from a Canadian competitor for $9.3 million and the addition of sand handling and support equipment. Please refer to "Capital Expenditures" below.

Capital Management

The Company's objectives when managing its capital structure are to maintain a balance between debt and capitalization so as to withstand industry and seasonal volatility, maintain investor, creditor and market confidence and to sustain future development of the business. Debt includes the current and long-term portions of loans and borrowings less cash and cash equivalents. Capitalization is calculated as the debt, as described above, and shareholders' equity less intangible assets.

The Company also manages its capital structure to ensure compliance with the financial covenants on its credit facilities, which include a working capital ratio, a ratio of funded debt to EBITDA before share-based payments, a ratio of EBITDA before share-based payments to total debt service obligations and a ratio of total debt to tangible net worth. As of June 30, 2014, the Company was in compliance with each of the above financial covenants. The Company had $15 million drawn on its debt facilities as at June 30, 2014. The Company may be required to adjust its capital structure from time to time as a result of expansion activities.

The Company believes that it has access to sufficient capital through cash on hand, internally generated funds from operations and available credit facilities to meet its obligations associated with financial liabilities and capital expenditures.

Contractual Obligations

As at June 30, 2014, Canyon's contractual obligations are summarized as follows:

000's (Unaudited)	Total	Next 12 months	1 - 3 years	4 - 5 years	After 5 years
Trade and other payables	$54,043	$54,043	$ -	$ -	$ -
Loans and borrowings	20,556	3,039	17,517	-	-
Dividend payable	10,279	10,279	-	-	-
Operating leases and office space	5,680	1,526	2,878	1,276	-
Capital Expenditure Commitments	41,716	41,716	-	-	-
Total contractual obligations	$132,274	$110,603	$20,395	$1,276	$ -

The Company leases a number of offices and warehouse facilities under operating leases. The leases typically run for a period of three to seven years, with an option to renew the lease after that date.

Capital expenditure commitments will be funded from cash available, funds from operations (See NON-GAAP MEASURES) and, if required, available debt facilities. Please see "Working Capital and Cash Requirements" above and "Capital Expenditures" below.

Capital Expenditures

In July 2014, Canyon increased its 2014 capital budget by $31.6 million to approximately $94.5 million with the purchase of four deep coiled tubing packages including twin fluid pumpers, BOP's, injectors and three cranes for $19.7 million. Also included in the expanded capital program is $3.2 million to expand Canyon's Grande Prairie operating base and approximately $8.7 million that will be spent overt the remainder of 2014 in the Fraction water management solution business. Canyon's 2014 expanded capital program will add 30,000 hydraulic horsepower (20,000 HHP of which has been introduced into service in July), bringing the equipment fleet to 255,500HHP. In addition, the 2014 capital budget will significantly expand Canyon's fleet of sand and chemical storage and handling equipment, nitrogen pumping and storage equipment and acid units, deep coil tubing assets and water management equipment.

In the six months ended June 30, 2014, Canyon incurred capital expenditures totaling $31.9 million including the March 2014 purchase of fracturing equipment for $9.3 million from a Canadian competitor and the addition of sand handling and support equipment.

Funding for Canyon's remaining capital expenditures will be provided from existing cash flows, funds from operations (see NON-GAAP MEASURES), and available bank credit facilities.

Outstanding Share, Option and Incentive Based Unit Data

The following table summarizes Canyon's capitalization as follows:

000's (Unaudited)	July 28, 2014	June 30, 2014	December 31, 2013
Common Shares	63,190	63,098	62,528
Options	3,626	3,694	3,436
Incentive Based Units	482	482	329

In the three months ended June 30, 2014, 83 share options were granted to directors, officers and employees at an average exercise price of $16.15 per option, 220 share options were exercised by directors, officers and employees and 76 share options were forfeited. In the three months ended June 30, 2014, 7 incentive based units were granted to directors, officers and employees, 30 were exercised and 8 were forfeited.

FINANCIAL INSTRUMENTS

Fair Values

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables, accrued liabilities, and dividends payable approximate their fair value due to the relatively short periods to maturity of the instruments. Loans and borrowings utilize a combination of short term fixed rates through the use of 30 to 90 day Banker's Acceptance and floating rates and accordingly its fair market value approximates its carrying value.

Interest Rate Risk

The Company manages its interest rate risk on borrowings by utilizing a combination of short-term fixed rates through the use of 30 to 90 day Banker's Acceptance rates and floating rates on debt. For the six months ended June 30, 2014, the loans and borrowings, comprising equipment leases and automobile loans, were at fixed rates.

Foreign Currency Risk

The Company mitigates its foreign currency risk by purchasing foreign currencies to the extent it deems necessary to offset foreign currency obligations at any given time.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at June 30, 2014, other than the operating leases described above under "Contractual Obligations".

ACCOUNTING POLICIES AND ESTIMATES

The Company's IFRS accounting policies are provided in Note 3 to the Consolidated Financial Statements as at and for the years ended December 31, 2013 and 2012.

Critical Accounting Estimates and Judgments

In the preparation of the Company's consolidated financial statements, management has made estimates that affect the recorded amounts of certain assets, liabilities, revenues and expenses. Actual results could differ from these estimates. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the consolidated financial statements are prepared. Please refer to the note 3 to the consolidated financial statements for the year ended December 31, 2013 for a description of the accounting policies of the Company. The Company considers the following to be the significant accounting policies and practices involving the use of estimates and judgments that are critical to determining Canyon's financial results.

Key Sources of Estimation Uncertainty

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in these consolidated financial statements.

Revenue Recognition

The Company recognizes revenue based on the completion of planned programs of services and adjusted for required changes as agreed by the customer.

Estimates of Collectability of Accounts Receivable

The Company's management regularly reviews outstanding accounts receivable and follows up with customers when settlement has not occurred on a timely basis. A provision for doubtful accounts of $41 thousand has been established as at June 30, 2014 (December 31, 2013 - $261 thousand) based on management's assessment of the Company's accounts receivable collection history. This assessment of collectability involves significant judgment and frequently involves material dollar amounts. As such, the Company's operating results could be affected if bad debts in excess of the allowance are actually experienced.

Depreciation of Property and Equipment

Depreciation is calculated using varying methods and is intended to reflect the historical value of the underlying component that is consumed in conducting each period's operations. Estimates affecting management's assessment of the most appropriate depreciation rate and method of calculation for any particular asset component include the productive life of the asset, its salvage value, equipment utilization rates, planned maintenance programs and technological change.

Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected.

Management believes that its assessment and choice of estimates used in calculating depreciation are reasonable; however there is no certainty that the depreciation expense provided will correctly measure the actual reduction in value of asset components used in operations over time. Please refer to Note 9 to the consolidated financial statements for the years ended December 31, 2013 and 2012.

Non-Financial Assets

Where impairment indicators exist, the recoverable amount of the asset or cash-generating unit ("CGU" or "CGUs") is determined using the greater of fair value less costs to sell or value-in-use. Value-in-use calculations require assumptions for discount rates and estimations of the timing for events or circumstances that will affect future cash flows. Fair value less costs to sell requires management to make estimates of fair value using market conditions for similar assets as well as estimations for costs to sell taking into account dismantling and transportation costs.

Every reporting period, management assesses the carrying value of non-financial assets for indications of impairment. When an indication of impairment is present, an impairment test is performed and if required, the asset is written down to its estimated recoverable amount. No indications of impairment existed in the quarter ended June 30, 2014 or in the years ended December 31, 2013 and 2012.

The assessment of impairment indicators is subjective and considers the various internal and external factors such as the financial performance of individual CGUs, market capitalization and industry trends. In addition, the impairment assessment is impacted by how management determines the composition of CGUs. Management has grouped assets into CGUs based on several factors with a primary focus on assets whose cash flows are interdependent. This assessment is subject to management estimate and interpretation.

Provisions and Contingencies

The Company is required to estimate the amount of provisions and contingencies based on the estimated future outcome of the event.

Share-Based Payments

The Company's estimate of share-based payment compensation is dependent upon estimates of historic volatility and forfeiture rates.

Critical Judgments in Applying Accounting Policies

The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Non-Financial Assets

The Company's assets are aggregated into cash-generating units for the purpose of calculating impairment. CGUs are based on management's judgements and assessment of the CGU's ability to generate independent cash inflows. Judgments are also required to assess when impairment indicators exist and impairment testing is required.

Provisions and Contingencies

The Company is required to exercise judgment in assessing whether the criterion for recognition of a provision or a contingency has been met. The Company considers whether a present obligation exists, probability of loss and can a reliable estimate be formulated.

RISK FACTORS AND RISK MANAGEMENT

Readers of the Company's interim report should carefully consider the risks described under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2013. In addition, readers should also consider the following principal risks.

Industry Conditions

The demand, pricing and terms for oilfield services in the Company's service areas largely depend upon the level of exploration and development activity for oil, NGLs and natural gas. Industry conditions are influenced by numerous factors over which Canyon has no control, including: oil and natural gas prices, expectations about future oil and natural gas prices, pipeline capacity for export of oil and natural gas out of the WCSB, levels of consumer demand; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas reservoirs; and weather conditions. As a result, the level of activity in the oil and natural gas exploration and production industry is volatile. A material decline in oil or natural gas prices or industry activity could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. Conversely, during periods of high commodity prices, when customers' cash flows increase, the demand for Canyon's services can also increase.

Seasonality

There is greater demand for oilfield services provided by the Company in the WCSB in the winter season when the occurrence of freezing permits the movement and operation of heavy equipment. Consequently, oilfield services activities tend to increase in the fall and peak in the winter months of November through March. The volatility in the weather can therefore create unpredictability in activity and utilization rates, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Intangible Property

In delivering services to its customers, Canyon has developed proprietary technology and know-how. To maintain its competitive position, the Company undertakes to protect its intellectual property by applying for patent protection. The Company has been granted a patent in Canada, Australia and the United States for fracturing with deformable, light weight proppant.

Competition

Canyon's market is highly competitive and the Company does not presently hold a dominant market position with respect to its service offerings.

Reliance on Personnel

The success of the Company is dependent on attracting and retaining skilled personnel. Any loss of key personnel could adversely affect the Company's business. To support the service line offerings, the Company had approximately 1,100 full time staff as at June 30, 2014.

Access to Equipment, Parts, Development of New Technology

The ability of Canyon to compete and increase its operations and provide reliable service to customers is dependent on the Company having access to reliable equipment, spare 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 as industry conditions require. There can be no assurance that existing sources for equipment will be maintained or that new technologically advanced equipment will be acquired. If such equipment is not available, Canyon's ability to compete may be weakened.

Credit Risk

The Company's accounts receivable are due from customers that operate in the oil and natural gas exploration and production industry, and are subject to typical industry credit risks. The Company assesses the credit worthiness of its customers, and monitors accounts receivable outstanding on a regular, ongoing basis.

Interest Rate Risk

The Company manages its interest rate risk through a combination of fixed and floating rate borrowings.

Dependence on Suppliers

The ability of the Company to compete and grow will be dependent on the Company having access, at a reasonable cost and in a timely manner, to equipment, parts and components.

The Company's ability to provide services to its customers is also dependent upon the availability at reasonable prices of raw materials which the Company purchases from various suppliers, most of whom are located in Canada. Alternate suppliers exist for all raw materials.

Dependence on Major Customers

The Company has a customer base of more than 70 exploration and production entities, ranging from large multinational public entities to small private companies. Notwithstanding the Company's significant customer base, five customers accounted for 52% of the Company's accounts receivable as at June 30, 2014, and 50% of the Company's revenue for the six months ended June 30, 2014. The Company has historically had a stable relationship with these customers and has no reason to believe there will be any change to these relationships in the future. The Company continuously makes efforts to expand its customer base.

Vulnerability to Market Changes

Fixed costs, including costs associated with operating expenses, leases, labour costs and depreciation account for a significant portion of the Company's costs and expenses. As a result, reduced productivity resulting from reduced demand, equipment failure, weather or other factors could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Government Regulation

The Company's operations are subject to a variety of Canadian federal, provincial and local laws, regulations and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment and the manufacture, management, transportation, storage and disposal of certain materials used in the Company's operations. Management believes that the Company is in compliance with such laws, regulations and guidelines.

Environmental Liability

The Company is subject to various environmental laws and regulations enacted in the jurisdictions in which it operates which govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in the Company's operations. The Company has established procedures to address compliance with current environmental laws and regulations and monitors its practices concerning the handling of environmentally hazardous materials.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Canyon’s Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to Canyon’s Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. Such officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of Canyon’s disclosure controls and procedures at the financial year end of the Company and have concluded that the Company’s disclosure controls and procedures are effective at the financial year end of the Company for the foregoing purposes.

Internal Controls over Financial Reporting

Canyon’s Chief Executive Officer and Chief Financial Officer have designed or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles applicable to the Company. Such officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of Canyon’s internal controls over financial reporting at the financial year end of the Company and have concluded that Canyon’s internal controls over financial reporting are effective at the financial year end of the Company for the foregoing purposes.

No material changes in the Company's internal controls over financial reporting were identified during the period beginning on January 1, 2014 and ended on June 30, 2014, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. No material changes in Canyon's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "should", "believe", "plans" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this document contains forward-looking information and statements pertaining to the following: future oil and natural gas prices; future results from operations; future liquidity and financial capacity and financial resources; future costs, expenses and royalty rates; future interest costs; future capital expenditures; future capital structure and expansion; the making and timing of future regulatory filings; and the Company's ongoing relationship with major customers.

The forward-looking information and statements contained in this document reflect several material factors and expectations and assumptions of the Company including, without limitation: that the Company will continue to conduct its operations in a manner consistent with past operations; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; certain commodity price and other cost assumptions; the continued availability of adequate debt and/or equity financing and cash flow to funds its capital and operating requirements as needed; and the extent of its liabilities. The Company believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of the Company's services; unanticipated operating results; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in the development plans of third parties; increased debt levels or debt service requirements; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; reliance on industry partners; attracting and retaining skilled personnel and certain other risks detailed from time to time in the Company's public disclosure documents (including, without limitation, those risks identified in this document and the Company's Annual Information Form).

The forward-looking information and statements contained in this document speak only as of the date of the document, and none of the Company or its subsidiaries assumes any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.