



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2014 and 2013
UNAUDITED**

CANYON SERVICES GROUP INC.

Condensed Consolidated Interim Balance Sheets
(Unaudited)

000's of dollars		September 30,	December 31,
	Note	2014	2013
Assets			
Current assets:			
Cash and cash equivalents		\$5,599	\$21,308
Trade and other receivables	5	121,952	62,403
Inventories		21,295	17,201
Prepayments		3,007	2,278
Current tax assets		1,492	15,864
Total current assets		153,345	119,054
Non-current assets:			
Property and equipment	9	352,879	283,476
Investment in associate	4	115	-
Intangible assets		143	177
Goodwill	4	88,094	-
Total non-current assets		441,231	283,653
Total Assets		\$594,576	\$402,707
Liabilities and Equity			
Current liabilities:			
Trade and other payables	10	\$89,956	\$65,239
Loans and borrowings	11	2,682	2,688
Dividend payable	13	10,290	9,397
Total current liabilities		102,928	77,324
Non-current liabilities:			
Loans and borrowings	11	54,249	3,096
Deferred tax liabilities	12	24,030	20,901
Total non-current liabilities		78,279	23,997
Equity			
Share capital	4, 13	302,083	189,764
Contributed surplus		12,569	11,218
Retained earnings		98,717	100,404
Total equity		413,369	301,386
Total liabilities and equity		\$594,576	\$402,707

The notes are an integral part of these Condensed Consolidated Interim Financial Statements.

CANYON SERVICES GROUP INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
For the three and nine months ended September 30
(Unaudited)

000's of dollars, except per share amounts					
		Three Months Ended September 30		Nine Months Ended September 30	
	Note	2014	2013	2014	2013
Revenue		\$204,481	\$81,081	\$402,945	\$195,398
Cost of services	6	(150,753)	(69,422)	(338,644)	(183,039)
Gross profit		53,728	11,659	64,301	12,359
Administrative expenses	7	(9,862)	(6,220)	(23,764)	(17,294)
Results from operating activities		43,866	5,439	40,537	(4,935)
Finance costs		(727)	(149)	(978)	(467)
Foreign exchange gain (loss)		(633)	143	(901)	193
Income (loss) before income tax		42,506	5,433	38,658	(5,209)
Income tax (expense) recovery:					
Current tax	8	(10,329)	81	(8,261)	(55)
Deferred tax	12	(451)	(1,606)	(2,083)	512
		(10,780)	(1,525)	(10,344)	457
Income (loss) and comprehensive income (loss)		\$31,726	\$3,908	\$28,314	\$(4,752)
Income (loss) per share					
Basic		\$0.46	\$0.06	\$0.44	\$(0.08)
Diluted		\$0.45	\$0.06	\$0.43	\$(0.08)

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CANYON SERVICES GROUP INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)

000's of dollars	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance at December 31, 2012	\$187,173	\$8,350	\$142,252	\$337,775
Loss and comprehensive loss for the period			(4,752)	(4,752)
Transactions with owners, recorded directly in equity:				
Issue on exercise of stock options	1,381			1,381
Reclassification on exercise of stock options and incentive-based units	1,007	(1,007)		-
Share-based payment transactions		2,783		2,783
Dividends			(28,075)	(28,075)
Balance at September 30, 2013	\$189,561	\$10,126	\$109,425	\$309,112
Balance at December 31, 2013	\$189,764	\$11,218	\$100,404	\$301,386
Income and comprehensive income for the period			28,314	28,314
Transactions with owners, recorded directly in equity:				
Issue of shares related to business combination	106,069			106,069
Issue on exercise of stock options	4,505			4,505
Reclassification on exercise of stock options and incentive-based units	1,745	(1,745)		-
Share-based payment transactions		3,096		3,096
Dividends			(30,001)	(30,001)
Balance at September 30, 2014	\$302,083	\$12,569	\$98,717	\$413,369

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CANYON SERVICES GROUP INC.

Condensed Consolidated Interim Statement of Cash Flows
For the three and nine months ended September 30
(Unaudited)

000's of dollars					
		Three Months Ended September 30		Nine Months Ended September 30	
	Note	2014	2013	2014	2013
Cash flows from operating activities:					
Income (loss) and comprehensive income (loss) for the period		\$31,726	\$3,908	\$28,314	\$(4,752)
Adjustments for:					
Depreciation and amortization	6, 7	12,890	7,971	32,596	23,467
Share based payment transactions		1,073	799	2,959	2,950
(Gain) loss on sale of property and equipment		(172)	32	(188)	(12)
Share of profit of equity-accounted associate		(29)	-	(29)	-
Finance costs		727	149	978	467
Income tax expense (recovery)	8, 12	10,780	1,525	10,344	(457)
		56,995	14,384	74,974	21,663
Change in inventories		(2,692)	(1,501)	(3,938)	(1,982)
Change in trade and other receivables		(62,634)	(17,801)	(49,601)	19,178
Change in prepayments		(189)	961	(542)	(870)
Change in trade and other payables		19,499	4,773	1,324	(3,714)
Cash generated from operating activities		10,979	816	22,217	34,275
Interest paid		(727)	(149)	(978)	(467)
Income taxes recovered (paid)		4,461	(1,468)	4,461	(5,135)
Net cash from (used in) operating activities		14,713	(801)	25,700	28,673
Cash flows from investing activities:					
Proceeds from sale of property and equipment		598	82	944	352
Acquisition of property and equipment	4, 9	(43,976)	(1,586)	(75,847)	(7,398)
Change in trade and other payables		2,979	(904)	10,093	(861)
Net cash used in investing activities		(40,399)	(2,408)	(64,810)	(7,907)
Cash flows from financing activities:					
Proceeds from credit facilities		35,000	-	50,000	-
Proceeds from exercise of share options and warrants		956	102	4,505	1,381
Payment of finance lease liabilities		(927)	(511)	(2,159)	(1,526)
Repayment of long-term debt and other borrowings		(7,548)	(8)	(7,548)	(8)
Dividends paid	13	(10,279)	(9,367)	(29,108)	(27,991)
Net cash from (used in) financing activities		17,202	(9,784)	15,690	(28,144)
Net decrease in cash and cash equivalents		(8,484)	(12,993)	(23,420)	(7,378)
Cash and cash equivalents as at beginning of period		14,083	28,199	29,019	22,584
Cash and cash equivalents at September 30		\$5,599	\$15,206	\$5,599	\$15,206

The notes are an integral part of these Condensed Consolidated Interim Financial Statements.

CANYON SERVICES GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

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1. Reporting entity:

Canyon Services Group Inc. (the “Company” or “Canyon”) is a company domiciled in Canada. The Company is a publicly-traded company listed on the Toronto Stock Exchange under symbol ‘FRC’. These Condensed Consolidated Interim Financial Statements include the accounts of Canyon Services Group Inc. and its wholly-owned subsidiaries, Canyon Technical Services Ltd., Canyon Technical Services Inc. and Fraction Energy Services Ltd. (“Fraction”).

The Company's activities are conducted in the oilfield services industry and are focused on providing pressure pumping services and fluid management services. Pressure pumping services specializes in fracturing and chemical stimulation services to companies exploring for and developing petroleum and natural gas resources operating in the Western Canadian Sedimentary Basin. These services are designed to enhance oil and natural gas production and maximize recovery from conventional and unconventional reservoirs. Fluid management services specializes in providing fluid management, including; water sourcing, transfer, wellsite storage, fluid heating, flowback transfer and produced water storage services.

2. Basis of preparation:

Statement of compliance:

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, and do not include all the information required for full annual financial statements. As such, they should be read in conjunction with the 2013 annual financial statements.

These Condensed and Consolidated Interim Financial Statements were approved by the Board of Directors on November 6, 2014.

3. Seasonality of operations:

The Company's business is seasonal in nature with the periods of greatest activity being in the first, third and fourth quarters, and the least activity tending to be in the second quarter because of spring break-up. Spring break-up typically occurs for periods of up to eight weeks between March and June. The Company's operating activities can also be affected by extended periods of adverse weather which can result in restrictions to the movement of heavy equipment. As a result, March through June is traditionally the Company's least active time and as such the operating results of the Company will vary on a quarterly basis.

4. Business combination

On July 1, 2014, the Company acquired all of the issued and outstanding shares of Fraction, a privately held water and fracturing fluid management company. The total consideration paid was \$106.0 million which consisted of 5.4 million Canyon common shares issued at \$18.81 per share and cash consideration of \$4.5

CANYON SERVICES GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements
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million. The purchase has been accounted for as a business combination using the acquisition method of accounting.

The acquisition represents a complementary division for the Company and is part of a long term strategy of developing comprehensive service solutions for water and fracturing fluid management.

The estimated purchase price and the allocation of the estimated purchase price are preliminary and are based on information available as of the date of these financial statements. This allocation may change materially as more information becomes available. The purchase price is comprised as follows:

\$CDN (000's)	
Common shares of Canyon issued	\$101,574
Cash consideration	4,495
Total consideration paid	\$106,069

5.4 million Canyon common shares were issued at a value of \$18.81 per share on July 1, 2014 and cash consideration of \$4.5 million was paid to settle the Fraction stock option plan.

The following is the purchase price allocation:

\$CDN (000's)	
Working capital assumed	\$2,918
Deposits on equipment	797
Investment in associate ⁽¹⁾	36
Loan to related party	50
Equipment ⁽²⁾	22,768
Debt assumed	(7,548)
Deferred tax liability ⁽³⁾	(1,046)
Net identifiable assets	17,975
Goodwill on acquisition	88,094
Total consideration paid	\$106,069

(1) At this time, Canyon does not have complete information (including the amount, timing and risk of projected future cash flows) necessary to conduct a detailed valuation of the investment in associate. The preliminary fair values attributed to the investment in associate are not final; therefore, could be materially different from the final acquisition accounting.

(2) A preliminary fair value estimate has been determined for the equipment, which consists of tanks and other equipment previously purchased by Fraction. At this time, Canyon does not have complete information (including the amount, timing and risk of projected future cash flows) necessary to conduct a detailed valuation of the equipment. The preliminary fair values attributed to the equipment are not final; therefore, could be materially different from the final acquisition accounting.

(3) A preliminary fair value estimate has been determined for the deferred tax liability based on certain differences between the carrying amount of certain assets and the underlying value for tax as at the acquisition date. At this time, Canyon does not have complete information to complete the final acquisition accounting which may have an impact on the deferred tax liability.

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5. Trade and other receivables

The Company's accounts receivable are due from customers that operate in the oil and gas exploration and production industry, and are subject to typical industry credit risks that include oil and natural gas price fluctuations and the customers' ability to secure appropriate financing. During the nine month period ended September 30, 2014, no single customer accounted for more than 24% of the Company's revenue (year ended December 31, 2013: 11%). As at September 30, 2014, five customers accounted for 49% (December 31, 2013 – five customers accounted for 50%) of the Company's accounts receivable while five customers account for 50% (December 31, 2013 – five customers account for 39%) of the revenue.

The Company's accounts receivable is aged as follows:

000's of dollars	September 30, 2014	December 31, 2013
Current (0-30 days from invoice date)	\$72,386	\$32,678
31-60 days past due	24,844	23,135
Over 60 days past due	24,809	6,851
Sub-total	122,039	62,664
Less: Allowance for doubtful accounts	(87)	(261)
Total	\$121,952	\$62,403

6. Cost of services:

Cost of services for the three and nine months ended September 30, 2014 is detailed as follows:

000's of dollars	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Employee benefits expense	\$34,705	\$18,384	\$80,659	\$50,796
Depreciation of equipment	12,401	7,500	31,202	22,271
Operating expense	103,647	43,538	226,783	109,972
	\$150,753	\$69,422	\$338,644	\$183,039

During the nine months ended September 30, 2014, inventories recognized as cost of services amounted to \$112,294 (2013: \$57,528).

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Notes to the Condensed Consolidated Interim Financial Statements
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7. Administrative Expenses:

Administrative expenses for the three and nine months ended September 30, 2014 are detailed as follows:

000's of dollars	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Employee benefits expense	\$6,181	\$3,070	\$13,315	\$7,969
Depreciation of equipment	481	449	1,360	1,130
Amortization of intangibles	8	22	34	66
Share – based payment transactions	1,073	799	2,959	2,950
Other administration expenses	2,119	1,880	6,096	5,179
	\$9,862	\$6,220	\$23,764	\$17,294

8. Income tax expense:

The Company's consolidated effective tax rate for the nine months ended September 30, 2014 was 26.8% (2013: (8.8)%). The change in effective tax rate was caused mainly by the impact of non-deductible expenses.

000's of dollars	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Current tax expense (recovery):				
Current period	\$10,329	\$(81)	\$8,261	\$55
Deferred tax expense (recovery):				
Origination and reversal of temporary differences	451	1,606	2,083	(512)
Total income tax expense (recovery)	\$10,780	\$1,525	\$10,344	\$(457)

Reconciliation of Effective Tax Rate

000's of dollars	2014	Nine Months Ended		2013
		2014	2013	
Income (loss) and comprehensive income (loss) for the period		\$28,314		\$(4,752)
Total income tax expense (recovery)		10,344		(457)
Income (loss) excluding income tax		38,658		(5,209)
Income tax recovery using the Company's domestic tax rate	25.0%	9,665	(25.0)%	(1,302)
Non-deductible expenses	1.9%	717	14.0%	732
Other	(0.1)%	(38)	2.2%	113
	26.8%	\$10,344	(8.8)%	\$(457)

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Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

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9. Property and equipment:

000's of dollars	Land	Office, Shop & Yard	Field Equipment	Automotive	Office Equipment & Leaseholds	Total
Cost:						
Balance at January 1, 2013	\$9,340	\$21,026	\$281,867	\$81,141	\$5,565	\$398,939
Additions:						
Owned	106	3,638	10,508	90	498	14,840
Finance leases	-	-	-	1,994	264	2,258
Disposals	-	-	(5,498)	(1,250)	-	(6,748)
Balance at Dec 31, 2013	\$9,446	\$24,664	\$286,877	\$81,975	\$6,327	\$409,289
Additions:						
Acquisitions through business combination	-	19	19,009	3,572	168	22,768
Owned	957	162	65,176	9,197	1,153	76,645
Finance leases	-	-	-	3,092	214	3,306
Disposals	-	-	(8,418)	(2,087)	(247)	(10,752)
Balance at September 30, 2014	\$10,403	\$24,845	\$362,644	\$95,749	\$7,615	\$501,256
Accumulated depreciation:						
Balance at January 1, 2013	\$ -	\$2,923	\$66,393	\$26,704	\$3,203	\$99,223
Depreciation for the period	-	1,017	21,908	7,890	698	31,513
Disposals	-	-	(4,117)	(806)	-	(4,923)
Balance at Dec 31, 2013	\$ -	\$3,940	\$84,184	\$33,788	\$3,901	\$125,813
Depreciation for the period	-	866	20,590	5,963	603	28,022
Disposals	-	-	(3,879)	(1,406)	(173)	(5,458)
Balance at September 30, 2014	\$ -	\$4,806	\$100,895	\$38,345	\$4,331	\$148,377
Carrying amounts:						
At December 31, 2013	9,446	20,724	202,693	48,187	2,426	283,476
At September 30, 2014	10,403	20,039	261,749	57,404	3,284	352,879

Property and Equipment Under Construction

As at September 30, 2014, costs incurred on field and automotive equipment and facilities under construction totaled \$50,121 (December 31, 2013: \$7,759).

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Leased equipment

The leased equipment secures lease obligations. As at September 30, 2014, the net carrying amount of the leased equipment was \$6,732 (December 31, 2013: \$5,567).

Change in depreciation estimate

During the nine months period ended September 30, 2014, management revised estimates and underlying assumptions on the depreciable lives of certain equipment. One of the components of fracturing equipment, which management previously expected to dispose of after two years of use, is now expected to last one and a half years from the date of purchase.

The change in estimate is being made on a prospective basis and management estimates depreciation expense on this equipment to increase by approximately \$432 in 2014.

10. Trade and other payables:

000's of dollars	September 30, 2014	December 31, 2013
Trade payables	\$49,352	\$32,079
Accrued expenses	40,604	29,004
Deferred share unit obligation	-	4,156
	<u>\$89,956</u>	<u>\$65,239</u>

11. Loans and borrowings:

000's of dollars	Nominal Interest Rate	Year of Maturity	September 30, 2014	December 31, 2013
Current Liabilities:				
Finance lease liabilities	6.0-9.3%	2014-2015	\$2,682	\$2,688
			<u>\$2,682</u>	<u>\$2,688</u>
Non-current liabilities:				
Drawing on credit facility	0.4-1.4%	2014	\$50,000	\$-
Finance lease liabilities	6.0-9.3%	2014-2015	\$4,249	\$3,096
			<u>\$54,249</u>	<u>\$3,096</u>

The Company's facilities comprise an Operating Facility and a Revolving Facility.

Effective January 31, 2014, the Company amended its credit agreement to include a foreign exchange limit of \$5 million to facilitate the purchase of foreign exchange forward contracts should the Company decide to do so.

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On July 2, 2014, the Company amended its credit agreement to extend the term by one year. This facility now consists of a \$20 million Operating Facility and an \$80 million Revolving Facility which includes a \$10 million accordion feature. During the quarter, the Company exercised \$20 million of the accordion feature thereby reducing this feature from \$30 million to \$10 million.

The Operating Facility is a three year committed revolving facility up to a maximum of \$20 million, and bears interest, payable monthly, at the bank's prime lending rate plus 0.4% to 1.4%, dependent on certain financial ratios of the Company. As at September 30, 2014, no amounts (December 31, 2013: \$nil) were drawn on the Operating Facility.

The Revolving Facility is a three year committed revolving facility up to a maximum of \$80 million including a \$10 million accordion feature which is available upon request by the Company, subject to review and approval by the lender. This facility bears interest, payable monthly, at the bank's prime lending rate plus 0.4% to 1.4%, dependent on certain financial ratios of the Company. As at September 30, 2014 \$50 million (December 31, 2013: \$nil) was drawn on the Revolving Facility.

Security for the Operating Facility and the Revolving Facility is provided by a general security over all of the Company's assets.

The Company is bound by certain financial and non-financial covenants. The Company was in compliance with the terms of the lending agreements as at September 30, 2014 and December 31, 2013.

12. Deferred tax assets and liabilities:

Recognized Deferred Tax Assets and Liabilities

	Assets		Liabilities		Net	
	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2014	Dec. 31, 2013
Property and equipment	\$-	\$ -	\$25,131	\$23,564	\$25,131	\$23,564
Intangible assets	-	(44)	660	-	660	(44)
Loans and borrowings	(1,733)	(1,446)	-	-	(1,733)	(1,446)
Share-based payment transactions	-	(1,040)	-	-	-	(1,040)
Share issue costs	(28)	(133)	-	-	(28)	(133)
	\$(1,761)	\$(2,663)	\$25,791	\$23,564	\$24,030	\$20,901

As at September 30, 2014, deferred tax assets are based on a rate of 25% and total \$1,761 (December 31, 2013: \$2,663). Deferred tax assets mainly comprise amounts deductible for tax purposes in future periods in respect of: (i) amounts resulting from the recording of finance lease obligations; (ii) amounts included in trade and other payables in respect of the Company's Share Appreciation Rights; and (iii) expenses associated with the issuance of common shares in 2009 and 2010. The deferred tax liabilities of \$25,791 as at September 30, 2014 (December 31, 2013: \$23,564) which are based on a rate of 25% comprise the difference between the carrying amount of property and equipment and intangible assets and the underlying value for tax purposes.

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13. Share capital:

000's of shares	Common Shares	
	September 30, 2014	December 31, 2013
Common shares issued as at January 1, 2014	62,528	61,846
Issuance of shares related to business combination	5,400	-
Exercise of share options	614	550
Conversion of incentive based units	52	132
Common shares issued as at end of period	68,594	62,528

Dividends

On March 19, 2014, the Company declared a quarterly dividend of \$0.15 per common share, which was paid on April 25, 2014.

On June 26, 2014, the Company declared a quarterly dividend of \$0.15 per common share, which was paid on July 25, 2014.

On September 25, 2014, the Company declared a quarterly dividend of \$0.15 per common share, which was paid on October 24, 2014.

During the nine months ended September 30, 2014, the Company paid quarterly dividends of \$29.1 million or \$0.45 per common share.

14. Share-based payments:

(a) Share Purchase Option Plan:

The Company's share purchase option plan (the "Plan") is available to Directors and certain employees as determined by the Company's Board of Directors.

The per share weighted average fair value of stock options granted during the nine months ended September 30, 2014 was \$1.75 (2013: \$2.59) based on the date of grant valuation using the Black-Scholes option pricing model. Stock-based compensation of \$1,770 has been recorded for the nine months ended September 30, 2014 (2013: \$2,007).

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A summary of the status of the Company's stock option plan as at September 30, 2014 and December 31, 2013 and changes during the periods then ended is presented below:

000's of options	Options Outstanding	Range of Exercise Price	Weighted Average Exercise Price
Outstanding as at January 1, 2013	2,663	\$ 0.78 – \$ 15.54	\$ 8.22
Granted	1,618	\$10.28 – \$ 12.15	\$11.05
Exercised	(550)	\$ 0.78 – \$ 11.64	\$ 2.81
Forfeited	(295)	\$ 4.28 – \$ 15.12	\$11.70
Outstanding as at December 31, 2013	3,436	\$ 0.96 – \$ 15.54	\$10.12
Granted	994	\$10.74 – \$ 18.42	\$11.78
Exercised	(614)	\$ 0.96 – \$ 15.54	\$ 7.33
Forfeited	(167)	\$ 4.31 – \$ 16.27	\$10.65
Outstanding as at September 30, 2014	3,649	\$ 2.43 – \$ 17.92	\$11.02
Exercisable as at September 30, 2014	1,440	\$ 2.43 – \$ 15.54	\$ 10.21

(b) Stock-Based Compensation Plan:

(Number of incentive based units in thousands)

The Company has a Stock-Based Compensation Plan (the "Plan") to provide certain directors, officers, key employees and consultants of the Company with an opportunity to acquire common shares in lieu of cash bonuses. Each incentive based unit will give the participant the right to receive, on or after the vesting date for such incentive based unit upon exercise, one common share for no further consideration or payment by such participant. For the nine months ended September 30, 2014, there were 218 incentive based units (2013: 185) granted to directors, officers and employees of the Company. There were 52 incentive based units (2013: 133) converted into common shares of the Company by directors, officers and employees during the nine months ended September 30, 2014 and 14 incentive based units (2013: 19) were forfeited. The compensation cost to the Company for the nine months ended September 30, 2014 was \$1,326 (2013: \$776). As at September 30, 2014, there were 481 incentive based units outstanding (December 31, 2013: 329).

(c) Share Appreciation Rights (cash settled):

(Number of units in thousands)

The Company established a Deferred Share Unit (DSU) plan for the President. The deferred share units obligation of \$nil as at September 30, 2014 (December 31, 2013: \$4,156) is recorded as a liability in trade and other payables and revalued at each reporting period. In the nine months ended September 30, 2014, the Company recorded a reduction in compensation costs of \$137 (2013: \$167) related to the cash-settlement of the DSU's. As at September 30, 2014, there are nil DSU's (December 31, 2013: 400) outstanding as they were exercised on January 16, 2014 immediately prior to expiry.

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Notes to the Condensed Consolidated Interim Financial Statements
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15. Capital commitments:

As at September 30, 2014 the Company has commitments to purchase property and equipment for \$32.0 million (as at December 31, 2013: \$9.2 million).

16. Operating segments

The purchase of Fraction resulted in meeting certain thresholds as defined in IFRS 8 – *Operating Segments* which requires the Company to disclose segments which engage in business activities in which revenues are earned and expenses are incurred, whose operating results are regularly reviewed by the entity's chief operating decision maker to make resource decisions and for which discrete financial information is available.

The Company's segments are determined by services provided which are its core business of pressure pumping services, including hydraulic fracturing and chemical stimulation services and its fluid management services which provides water and fracturing fluid management including storage and pumping. The Corporate segment does not represent an operating segment and is included for informational purposes only.

Three months ended September 30, 2014	Pressure Pumping Services	Fluid Management Services	Corporate	Total
Revenue	\$188,225	\$16,256	\$-	\$204,481
Cost of services	(141,118)	(9,635)	-	(150,753)
Gross profit	47,107	6,621	-	53,728
Administrative expenses	(5,255)	(1,769)	(2,838)	(9,862)
Results from operating activities	\$41,852	\$4,852	\$(2,838)	\$43,866
Income tax expense	\$9,531	\$1,249	\$-	\$10,780
Segment assets as at September 30, 2014	\$461,875	\$127,755	\$4,946	\$594,576
Segment liabilities as at September 30, 2014	\$161,425	\$19,083	\$699	\$181,207
Three months ended September 30, 2013	Pressure Pumping Services	Fluid Management Services	Corporate	Total
Revenue	\$81,081	\$-	\$-	\$81,081
Cost of services	(69,422)	-	-	(69,422)
Gross profit	11,659	-	-	11,659
Administrative expenses	(4,235)	-	(1,985)	(6,220)
Results from operating activities	\$7,424	\$-	\$(1,985)	\$5,439
Income tax expense	\$1,525	\$-	\$-	\$1,525
Segment assets as at December 31, 2013	\$396,534	\$-	\$6,173	\$402,707
Segment liabilities as at December 31, 2013	\$91,562	\$-	\$9,759	\$101,321

CANYON SERVICES GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

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Nine months ended September 30, 2014	Pressure Pumping Services	Fluid Management Services	Corporate	Total
Revenue	\$386,689	\$16,256	\$-	\$402,945
Cost of services	(329,009)	(9,635)	-	(338,644)
Gross profit	57,680	6,621	-	64,301
Administrative expenses	(15,528)	(1,769)	(6,467)	(23,764)
Results from operating activities	\$42,152	\$4,852	\$(6,467)	\$40,537
Income tax expense	\$9,095	\$1,249	\$-	\$10,344
Segment assets as at September 30, 2014	\$461,875	\$127,755	\$4,946	\$594,576
Segment liabilities as at September 30, 2014	\$161,425	\$19,083	\$699	\$181,207
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Nine months ended September 30, 2013	Pressure Pumping Services	Fluid Management Services	Corporate	Total
Revenue	\$195,398	\$-	\$-	\$195,398
Cost of services	(183,039)	-	-	(183,039)
Gross profit	12,359	-	-	12,359
Administrative expenses	(12,155)	-	(5,139)	(17,294)
Results from operating activities	\$204	\$-	\$(5,139)	\$(4,935)
Income tax recovery	\$(457)	\$-	\$-	\$(457)
Segment assets as at December 31, 2013	\$396,534	\$-	\$6,173	\$402,707
Segment liabilities as at December 31, 2013	\$91,562	\$-	\$9,759	\$101,321