Management's Discussion and Analysis 2015

This management discussion and analysis (MD&A) is dated March 3, 2016 and should be read in conjunction with the audited consolidated financial statements and notes of Canyon Services Group Inc. ("Canyon" or the "Company") as at and for the years ended December 31, 2015 and 2014. Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2014, is available online at www.sedar.com. All amounts are denominated in Canadian dollars unless otherwise identified.

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.

CORPORATE OVERVIEW

Canyon is an oilfield services company that focuses operations in the Western Canadian Sedimentary Basin ("WCSB") operating two core business lines: Pressure Pumping Services and Fluid Management Services. Canyon provides Pressure Pumping Services and Fraction Energy Services Ltd. ("Fraction") provides Fluid Management Services (Fraction was acquired by Canyon effective July 1, 2014 (the "Fraction Acquisition")).

000's except per share, job amounts and hydraulic pumping capacity (three month information unaudited)	Three Months Ended December 31,		Year Ended December 31,		
	2015	2014	2015	2014	2013
Consolidated revenues	$93,940	$188,265	$403,998	$591,022	$299,614
Income (loss) and comprehensive income (loss)	($18,261)	$22,280	($62,063)	$49,094	($4,375)
Per share-basic	($0.26)	$0.32	($0.90)	$0.75	($0.07)
Per share-diluted	($0.26)	$0.32	($0.90)	$0.74	($0.07)
Adjusted EBITDA(1)	$7,667	$45,576	$31,330	$121,478	$32,496
Funds from operations(1)	$8,668	$38,084	$34,229	$103,819	$38,716
Adjusted income (loss) and comprehensive income (loss)(1)	($4,491)	$24,870	($20,461)	$56,120	($45)
Adjusted per share-basic(1)	($0.07)	$0.36	($0.30)	$0.85	$0.00
Adjusted per share-diluted(1)	($0.07)	$0.36	($0.30)	$0.84	$0.00
Total pressure pumping jobs completed (2)	817	818	2,479	2,942	1,828
Consolidated pressure pumping revenue per job (2)	$104,301	$215,784	$146,592	$192,004	$164,529
Average fracturing revenue per job	$182,352	$318,705	$208,446	$269,894	$232,460
Hydraulic Pumping Capacity:					
Average HHP	255,500	245,500	255,500	240,500	225,500
Exit HHP	255,500	255,500	255,500	255,500	225,500
Capital expenditures	$2,208	$36,830	$28,878	$112,677	$14,840

000's except per share amounts	As at December 31, 2015	As at December 31, 2014	As at December 31, 2013
Cash and cash equivalents	$3,059	$20,613	$21,308
Working capital	$27,578	$21,880	$41,730
Total long-term financial liabilities	$59,473	$36,193	$3,096
Total assets	$510,088	$638,770	$402,707
Cash dividends declared per share	$0.29	$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.

FINANCIAL AND OPERATING HIGHLIGHTS

Industry Conditions

2015 has seen dramatically lower industry activity across the WCSB in response to continuing low commodity prices. Global concerns around oil supply and economic growth together with record global inventory levels have resulted in West Texas Intermediate oil prices for Q4 2015 and for the year ended 2015 declining by 43% and 48%, respectively, over the comparable 2014 periods (source: Nickles Energy Group). Similarly, in the case of natural gas, AECO Spot prices for Q4 2015 and for the year ended 2015 have declined by 32% and 40% respectively, over the comparable 2014 periods (source: Nickles Energy Group) in response to persistently strong U.S. production levels, sluggish demand due to mild winter conditions and high inventory levels. In response to the lower commodity pricing environment, exploration and production ("E&P") companies have reduced capital programs leading to dramatic declines in drilling rig utilization, well licensing and well completions, all of which are key indicators of industry activity across the WCSB. In Q4 2015, WCSB drilling rig utilization averaged 23%, about half the 50% level reached in Q4 2014 (source: Nickles Energy Group), while annual 2015 drilling rig utilization averaged 26% compared to 49% in 2014. Similarly, well licenses and completions decreased by 58% and 59% respectively in the current quarter compared to the prior year's comparable quarter (source: Nickles Energy Group), while 2015 annual well licenses and completions declined by 50% and 49%, respectively, relative to 2014.

In pressure pumping, the lower industry activity led to rapidly deteriorating customer pricing levels commencing in January 2015, which continued throughout the year and into 2016. Q4 2015 customer pricing declined sequentially about 7% from prior quarter levels, while Q1 2016 is already experiencing further pricing degradation over Q4 2015 levels. In fluid management, prices have declined by 15% to 30% for water transfer services and significantly lower for containment services.

Since the beginning of the new year, accelerating weakness in oil prices suggests a much weaker outlook for WCSB activity levels than previously expected. In response, E&P companies continue to negatively adjust capital programs as they strive to spend within decreasing projected cash flows.

The above *Industry Conditions* are referred to throughout this MD&A.

Overall Performance and Results of Operations

The aforementioned *Industry Conditions* led to significant declines in financial results in Q4 2015 and annual financial results from the comparative 2014 periods. In Q4 2015, consolidated revenues totaled

$93.9 million, down 50% from $188.3 million in Q4 2014 when industry activity and pricing were considerably higher. For the year ended December 31, 2015, consolidated revenues were $404.0 million (including revenue of $43.8 million from fluid management), down 32% from consolidated revenues in the prior year of $591.0 million (including revenue of $29.1 million from the fluid management business acquired July 1, 2014).

The challenging *Industry Conditions* were the primary driver leading to Q4 2015 consolidated adjusted EBITDA (see *Non-GAAP Measures*) of $7.7 million compared to $45.6 million in Q4 2014. The decrease in consolidated adjusted EBITDA from Q4 2014 is due to the significant operating leverage that is characteristic of the pressure pumping business. For the year ended December 31, 2015, consolidated adjusted EBITDA is $31.3 million compared to $121.5 million in 2014 as lower activity levels and severe pricing degradation set in early in the year which was only partially mitigated by cost efficiencies and savings implemented throughout the year. The Company was able to maintain positive adjusted EBITDA, in part, due to the shift of a majority of its workforce to variable pay coupled with its significant cost reduction measures (see *Cost Reduction Measures* for further details).

The fourth quarter and full year 2015 consolidated loss and comprehensive loss of $18.3 million and $62.1 million, respectively, was impacted by a non-cash impairment charge of $10.7 million and $29.6 million, respectively. The impairment charges are primarily associated with goodwill related to the Fraction Acquisition. Annual 2015 results are also affected by an increase in amortization expense related to intangible assets associated with the Fraction Acquisition of $6 million. 2014 annual results include only half a year of amortization expense as the Fraction Acquisition was completed on July 1, 2014.

Overview of Pressure Pumping Services

In pressure pumping, the *Industry Conditions* led to lower activity and rapidly deteriorating customer pricing levels commencing in January 2015 and continuing throughout the year. This has resulted in current pricing levels approximately 35% lower than those prevailing at the beginning of 2015.

Although Q4 2015 and annual 2015 drilling and completions activity levels are down approximately 54% and 48%, respectively (source: Nickles Energy Group), and customer pricing is down by approximately 35% from peak 2014 levels, Pressure Pumping Services was able to remain relatively active in the quarter. Q4 2015 jobs from all service lines completed remained relatively flat at 817 in comparison to Q4 2014; however, revenues earned decreased by 52% compared to Q4 2014. In the current quarter cementing jobs completed increased by 68% over Q4 2014 due to the addition of contract-based work, while hydraulic fracturing jobs completed declined by 27% over the same periods due to *Industry Conditions*. Average fracturing revenue per job decreased 42% to $182,352 in Q4 2015 from $318,705 in Q4 2014 due to the aforementioned pricing declines and a job mix that was weighted towards smaller, lower revenue cementing jobs. Activity did slow in December due to late seasonal slowdowns and reductions in our customer's drilling and completion budgets caused by the declining commodity prices.

For the year ended December 31, 2015, pressure pumping revenues totaled $360.2 million from 2,479 jobs completed, a decrease of 36% compared to $561.9 million from 2,942 jobs in 2014. Average fracturing revenue per job for the year ended December 31, 2015 decreased by 23% to $208,446 from $269,894 over the prior year as greater fracturing intensity partially offset the significant pricing declines.

Canyon's average equipment capacity as at December 31, 2015 of 255,500 HHP increased modestly from the prior year average available equipment capacity of 240,500 HHP due to 2014 capital program commitments being completed in early 2015. In conjunction with the previously announced staffing reductions at the end of Q1 2015, Canyon has right-sized its fleet to match anticipated activity which resulted in the temporary idling of about 10% of the Company's pressure pumping equipment for most of 2015.

Fortunately, changing well and completions designs have resulted in increased fracturing intensity on a per well basis in the form of more fractures per wellbore and/or larger individual fracture designs. One of the main predictors of service intensity for pressure pumping is the average total length in meters per well. Meters drilled per well has increased by about 13% year over year (source: Nickles Energy Group) however, total meters drilled has decreased by about 46% in Q4 2015 relative to Q4 2014 due to the sharp decrease in well completions activity. In addition, proppant usage per stage increased dramatically since 2014 and has led to 2015 total proppant volumes pumped per fracturing job by Canyon increasing by 18% compared to the comparable 2014 period. In the year ended December 31, 2015, average Ottawa White sand volumes pumped per fracturing job by Canyon's customers increased by 45% and represented approximately 66% of total sand pumped by Canyon for the year compared to 53% of total sand pumped by Canyon in 2014. The service intensity per well, indicated by the increases in meters drilled per well, combined with the increased proppant volumes and the usage of more expensive types of proppant, has only partially offset the activity and pricing declines.

Pressure pumping cash flow and profitability remains highly levered to changes in customer pricing due to the service intensive nature of the business. Throughout 2015, Canyon has been working with suppliers, as well as continuing to vigorously review our internal operations and systems to reduce both variable and fixed input costs. These include: 1) proppants and chemicals; 2) third-party hauling and fuel; and 3) labour, benefits and accommodations. The goal of these reductions is to permanently reduce our input costs of delivering services to our customers. These cost reduction efforts have not been significant enough to offset the dramatic reduction in Canyon's services' pricing. As a result, Pressure Pumping adjusted EBITDA in Q4 and full year 2015 remained positive at $8.4 million and $24.5 million, respectively, but was down significantly from the comparable 2014 periods due to *Industry Conditions*.

Overview of Fluid Management Services

Fraction was acquired by Canyon effective July 1, 2014 and continues to operate as an independent operating segment. Fraction is a provider of fracturing fluid logistics, containment, transfer and storage for the oil and gas industry in Northwest Alberta and Northeast British Columbia. The acquisition of Fraction has complemented Canyon's offering of services to our customers.

As a result of the weak *Industry Conditions,* prices have declined by approximately 25% for water transfer services, and up to 70% for containment services, when compared to peak 2014 pricing levels. For the three months ended December 31, 2015 Fraction contributed $9.0 million in revenue and $1.3 million in adjusted EBITDA compared to $12.9 million in revenue and $3.3 million in adjusted EBITDA in the comparable 2014 quarter. For the year ended December 31, 2015, the division contributed $43.8 million in revenue and $11.6 million in adjusted EBITDA compared to a six month contribution in 2014 of $29.1 million in revenue and $9.5 million in adjusted EBITDA.

Industry Conditions negatively affected Q4 2015 revenues and profitability compared to Q4 2014. While tank rentals, fluid containment and fluid transfer services are still required for completions, the volume of work has decreased and there is continued pressure on pricing due to strong competition. The decline in volume of work is evidenced by a decline in tank rental utilization rates to 38% in Q4 2015 from 59% in Q4 2014.

Cost Reduction Measures

To mitigate the significant decreases in services' pricing, the Company has been working diligently to reduce all operating and input costs, primarily focused on: chemicals; proppants; fuel; third party hauling; accommodations; and labour. During 2015, chemical costs have been reduced by approximately 20%, and third party hauling rates have decreased by approximately 30%. The cost of both Canadian and U.S. sourced proppants has been reduced by approximately 15% net of exchange rate fluctuations. Minor concessions have been received from fuel suppliers in addition to the benefits of lower oil prices and accommodation costs have been reduced by about 15%. As previously reported, in 2015 Canyon reduced its permanent employee count in the Pressure Pumping and Fluid Management divisions by 22% and 15%, respectively, to match the reduced 2015 activity levels. The reduced work force resulted in one time severance costs of $1.5 million for 2015, including $1.0 million in Q4, and the idling of approximately 10% of the Pressure Pumping fleet which is a better match of the available fleet to industry demand given the *Industry Conditions.* In addition, all of the Company's remaining employees' salaries were rolled back between 5% and 10%, with a 10% reduction of executive management salaries and directors' fees. Various employee benefits have also been reduced or suspended.

Canyon does not view the reduction of input costs as a one-time exercise and is continuing to work with suppliers and customers to gain concessions and economies of scale. More importantly, we have made and will continue to make changes to permanently reorganize and transform certain business processes with the goal of permanently reducing the cost of delivering our services. The Pressure Pumping division is moving away from a fixed cost model to a variable pay model so that expenses are more closely linked to revenue. The pressure pumping industry has historically experienced significant volatility of cash flows due to the fact that many field employees received fixed base salaries. This previous lack of flexibility within the Pressure Pumping division's cost structure magnified cash flow losses during low activity periods. Canyon's move to a variable cost structure should aid in reducing cash flow volatility during periods of low activity levels. Effective August 1, 2015, Canyon introduced an hourly rate for the transportation group to more closely match the compensation structure of the trucking industry. Effective November 1, 2015, Canyon introduced a day rate for the majority of the field staff in its pressure pumping business and made further changes to a day rate model effective January 1, 2016. These changes now place approximately 74% of the Company's consolidated workforce on a variable pay structure compared to about 10% at the beginning of 2015.

Dividend

The Board of Directors (the "Board") continuously reviews the long-term capital structure of the Company and its corresponding dividend policy each fiscal quarter. The sustained weakness in oil prices early in 2016 suggests a much weaker outlook for WCSB activity levels than previously anticipated, with 2016 activity levels expected to be even lower than 2015's weak levels. In this environment, the Company remains focused on controlling all costs and in preserving its balance sheet. Consequently, the Board is suspending the quarterly dividend. During 2015, due to the *Industry Conditions*, the Board determined that it was prudent to make two dividend reductions. A 50% reduction in May 2015 to $0.075 per common share per quarter effective for the July 2015 payment, and a further reduction of the quarterly dividend to $0.03 per common share effective for the October 2015 payment. This was maintained for the December 17, 2015 declared dividend (paid on January 25, 2016). The suspension of the remaining $0.03 per common share per quarter dividend will reduce annual cash outflows by $8.3 million, which combined with the previous two reductions reduce total annual cash outflows by $41.6 million. These dividend reductions, will help Canyon preserve balance sheet flexibility and provide the Company with additional financial capacity to pursue organic growth prospects and asset acquisitions, should such attractive opportunities arise.

Key Events

Some of the key strategic events during 2015 and to the date of this MD&A are as follows:

- In 2015, Canyon made significant progress on a number of cost reduction measures. In addition to price concessions realized on input costs, Canyon has moved away from the fixed salary model for certain groups within our Company to a variable pay model so that expenses are more closely linked to revenue. As a result, approximately 74% of the Company's consolidated workforce is now on a variable pay structure compared to about 10% at the beginning of 2015.

- Given the weak industry conditions, Canyon initially reduced its dividend in May 2015, reduced the dividend again in July 2015, and is now suspending its $0.03 per common share per quarter dividend.

The suspension of the remaining $0.03 per common share per quarter dividend will reduce annual cash outflows by $8.3 million, which combined with the previous two reductions reduce total annual cash outflows by $41.6 million. The Board will continue to regularly review the ability of the Company to reinstate a dividend payment policy in the context of the market for Canyon's services.

- On September 11, 2015, Canyon acquired a private oilfield fluid hauling business located in Grande Prairie, Alberta (the "Acquisition") for total consideration of $8.5 million cash and $1.0 million in Canyon common shares. The Acquisition represents a complementary service line for the Fluid Management Services division and will enhance Fraction's existing fluid storage, transfer and logistics services.

- On July 21, 2015, Canyon entered into a new extendible revolving operating credit facility (the "Facility"), replacing its previous credit facility, with a syndicate of financial institutions (the "Lenders"). Under the Facility, the total committed facilities increased from $90 million to $100 million and the accordion feature was increased from $10 million to $50 million. The accordion feature is available upon request by Canyon, subject to review and approval by the Lenders. The Facility has a term of three years and is extendible annually.

- Subsequent to December 31, 2015, the Company amended certain terms of the Facility (the "Amended Facility"). The Amended Facility provides the Company with more financial flexibility with reduced financial covenant requirements. The key financial covenant items include a deferral of testing the debt to EBITDAS calculation to Q3 2017 and amendments to the debt service coverage ratio and the debt to capitalization ratio.

- On December 24, 2015, Canyon declared a quarterly dividend of $0.03 per common share, or $2.1 million, which was paid to shareholders on January 25, 2016. For the year, Canyon declared dividends of $19.6 million or $0.285 per share.

INDUSTRY COMMENTARY & 2016 OUTLOOK

Our customers are continually adjusting to the volatile and sharply lower commodity prices by reducing or deferring drilling and completions activities. The dramatic deterioration of oil and natural gas prices since mid-2014 has significantly altered industry expectations of activity levels and job pricing for the remainder of 2016. While the announcement of the Alberta royalty review by the provincial government removes some uncertainty for our customers, there are a number of unknowns in the plan. Overall, the initial reaction to the royalty review seems positive, but the effect on activity is unknown.

Another layer of uncertainty is Liquefied Natural Gas ("LNG") development for the west coast of British Columbia. The decrease in commodity prices has affected LNG-driven activity levels and ultimately the timing of final investment decisions. While numerous projects have been proposed, representing approximately 15–20 billion cubic feet per day in combined export capacity (source: Canadian Association of Petroleum Producers), the timing of development has yet to be determined. Project approvals were granted in 2013 and front-end engineering was initiated for some projects, but the decline in commodity prices combined with reduced global economic growth rates are having an impact on Canadian LNG development. While we continue to anticipate a positive final investment decision for a project in 2016, the timing of a meaningful ramp-up in activity remains uncertain.

While Canyon has reduced costs in 2015 to respond to decreased activity and pricing levels, the impact of significantly lower customer pricing in the year has more than offset benefits gained from our cost reduction measures and eroded margins in comparison to 2014. However, in 2016 we will see a full year's benefit from our cost reduction measures, and we will continue to constantly monitor our cost structure in order to drive efficiencies wherever possible. In 2016 to date, our customers continue to seek lower pricing for services as global commodity prices continue to decline and are at the lowest levels in nearly 15 years. We expect our customer's to reduce their capital budgets in 2016 below 2015 levels in response to lower commodity prices which will only increase the competition as service companies compete for the limited amount of work remaining in the WCSB.

The Pressure Pumping Services division has changed the fixed cost model for the majority of the field staff towards a variable cost model to better match expenses to revenue. Canyon introduced an hourly rate for the transportation group to more closely match the compensation structure of the trucking industry effective August 1, 2015 and effective November 1, 2015 and January 1, 2016, Canyon introduced a day rate for the majority of the field staff in its pressure pumping business which now places approximately 74% of the Company's consolidated workforce on a variable pay structure. These changes will help the Company better manage our cash flows in 2016.

Although the Company has low debt to capitalization levels relative to our competition, and has made significant progress in implementing a flexible and lower cost structure, we are not immune to the worst year-over-year drilling and completions activity reduction this industry has experienced in decades. Additionally, we expect 2016 activity to decrease further from 2015's low levels. However, we believe Canyon is better positioned than our competitors to navigate the continued downturn and grow our market share in the WCSB due to our relatively low debt levels and primarily variable cost structure.

We are working closely with our customers to increase efficiencies in all of our service offerings, with specific focus on our pad-based 24 hour projects which offers the most cost savings to our customers. With the acquisition of the Fluid Management Services division and subsequent incremental investment in the oilfield fluid hauling business, Canyon is now able to bundle fracturing and fluid services for the customer thereby avoiding well completion delays, providing more efficient operations for the customer.

As a result of our relatively strong financial position and our reduced cost structure, Canyon's strategy remains essentially unchanged for 2016. Our goal is to build a Canadian service provider that can succeed and grow over the long term and provide superior long-term return on invested capital to our investors by reducing finding and development costs for our customers. In the short-term, our primary focus will be to maintain and grow our market share, which will negatively impact short-term return on invested capital. However, we believe that our strong service offering, variable cost structure, combined with our relatively strong financial position, will position Canyon to be a stronger business when commodity prices recover.

Canyon will continue to seek out attractive investment opportunities. Canyon is actively evaluating oilfield acquisition opportunities that will add both long-term value on a per share basis and enhance our relative competitive position with customers. We plan to grow Canyon's operating assets over the next five years, with a focus on servicing the WCSB. We continue to strengthen relationships with top-tier customers and build our reputation in the region's premier unconventional plays.

NON-GAAP MEASURES

The Company's Annual 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.

Adjusted EBITDA, funds from operations, adjusted income (loss) and comprehensive income (loss) and adjusted per share amounts are not recognized measures under IFRS. Management believes that in addition to income (loss) and comprehensive income (loss), the following measures are useful to help assess the results of the Company.

Descriptions and reconciliations of these Non-GAAP Measures to the most directly comparable IFRS measures are outlined below.

Adjusted EBITDA

Canyon calculates adjusted EBITDA as income and comprehensive income (loss) 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, income tax (recovery) expense, bargain purchase on business combination and impairment.

Adjusted EBITDA is a useful supplemental measure as it provides an indication of the cash results generated by the Company's principal business activities prior to consideration of how those activities are financed and how the results are taxed.

000's (three month information unaudited)	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Income (loss) and comprehensive income (loss)	($18,261)	$22,280	($62,063)	$49,094
Add (deduct):				
Depreciation and amortization	15,487	15,225	60,587	49,320
Finance costs	689	534	2,699	1,512
Foreign exchange (gain) loss	484	(155)	2,606	746
Share-based payment transactions	1,547	1,026	6,507	3,985
Gain on sale of property and equipment	(167)	(127)	(415)	(315)
Gain on business combination		-	(543)	-
Impairment	10,715	-	29,615	-
Income tax (recovery) expense	(2,827)	6,793	(7,663)	17,136
Adjusted EBITDA	$7,667	$45,576	$31,330	$121,478

Funds from Operations

Funds from operations refers to cash flow from operations before changes in non-cash working capital, income taxes recovered (paid), but includes finance costs and current tax recovery (expense).

Funds from operations is a measure of liquidity based on cash generated by the Company's activities without consideration of the timing of the monetization of non-cash working capital items or payment of taxes. Management believes that funds from operations provides investors with an indication of cash available for capital commitments, debt repayments, payment of taxes, and other expenditures.

000's (three month information unaudited)	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Net cash from operating activities	$11,288	$56,657	$13,102	$83,335
Add (deduct):				
Income taxes recovered (paid)	(260)	(2,286)	8,979	(6,747)
Change in non-cash working capital related to operating activities	(3,858)	(8,644)	6,526	44,113
Current tax recovery (expense)	2,187	(7,109)	8,321	(15,370)
Finance costs	(689)	(534)	(2,699)	(1,512)
Funds from operations	$8,668	$38,084	$34,229	$103,819

Adjusted Income (Loss) and Comprehensive Income (Loss)

Adjusted income (loss) and comprehensive income (loss) is calculated as income (loss) and comprehensive income (loss) plus amortization expense on intangibles, bargain purchase on business combination, impairment expense and share-based payment transactions.

Adjusted per share basic and diluted earnings (loss) per share are calculated as adjusted income (loss) and comprehensive income (loss) divided by weighted average basic and diluted shares outstanding.

These measures provide investors with results generated by the Company's business activities in the normal course of business, not taking into account share-based payments expense, one-time items or amortization of intangibles or impairment which are not reflective of past operational activity.

Readers should be cautioned that the above metrics should not be construed as an alternative to income (loss) and comprehensive income (loss), determined in accordance with IFRS, as an indicator of the Company's performance. Canyon's method of calculating these metrics may differ from other companies and accordingly, they may not be comparable to measures used by other companies.

000's (three month information unaudited)	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Income (loss) and comprehensive income (loss)	($18,261)	$22,280	($62,063)	$49,094
Amortization expense on intangibles	1,508	1,564	6,023	3,041
Gain on business combinations	-	-	(543)	-
Impairment	10,715	-	29,615	-
Share-based payment transactions	1,547	1,026	6,507	3,985
Adjusted income (loss) and comprehensive income (loss)	($4,491)	$24,870	($20,461)	$56,120
Adjusted per share-basic	($0.07)	$0.36	($0.30)	$0.85
Adjusted per share-diluted	($0.07)	$0.36	($0.30)	$0.84

CONSOLIDATED STATEMENTS OF OPERATIONS (Quarterly)

000's except per share amounts (Unaudited)	Three Months Ended December 31, 2015	2014
Revenue	$93,940	$188,265
Cost of services	(93,620)	(147,617)
Gross profit	320	40,648
Administrative expenses	(8,179)	(9,817)
Amortization expense	(1,508)	(1,506)
Results from operating activities	(9,367)	29,325
Finance costs	(689)	(534)
Foreign exchange gain (loss)	(484)	155
Gain on sale of property and equipment	167	127
Impairment	(10,715)	-
Income (loss) before income tax	(21,088)	29,073
Income tax (expense) recovery	2,827	(6,793)
Income (loss) and comprehensive income (loss)	($18,261)	$22,280
Adjusted EBITDA(1)	$7,667	$45,576
Adjusted income (loss) and comprehensive income (loss)(1)	($4,491)	$24,870
Adjusted income (loss) per share:(1)		
Basic	($0.07)	$0.36
Diluted	($0.07)	$0.36

Note (1): See *Non-GAAP Measures*.

For discussion of fourth quarter consolidated statements of operations, adjusted EBITDA, Income (loss) and comprehensive income (loss), see *Industry Conditions* and *Overall Performance and Results of Operations.*

PRESSURE PUMPING SERVICES FINANCIAL REVIEW (Quarterly)

000's (Unaudited)	Three Months Ended December 31, 2015			2014	
	Total	% of revenue	% change	Total	% of revenue
Revenue	$84,932		(52%)	$175,398	
Cost of services	(85,262)	(100%)	(38%)	(137,997)	(79%)
Gross profit	(330)	-%	(101%)	37,401	21%
Administrative expenses	(3,812)	(4%)	(33%)	(5,672)	(3%)
Amortization expense	(4)	-%	(98%)	(216)	-%
Results from operating activities	(4,146)	(5%)	(113%)	31,513	18%
Add non-cash items:					
Depreciation and amortization	11,559	14%	(4%)	12,057	7%
Share-based payments expense	1,004	1%	157%	390	-%
Adjusted EBITDA(1)	$8,417	10%	(81%)	$43,960	25%

Note (1): See *Non-GAAP Measures*.

Revenue

In Q4 2015, Canyon completed 817 pressure pumping jobs, largely unchanged from 818 jobs completed in Q4 2014 although industry activity levels were approximately one-half of prior year's levels. In the current quarter lower-revenue cementing jobs completed increased by 68% over Q4 2014 due to the addition of contract work, while higher-revenue hydraulic fracturing jobs completed declined by 27% over the same periods due to *Industry Conditions.* Commodity prices remained low throughout the quarter which, coupled with reduced industry activity, has led to sharply lower customer pricing. As a result, Pressure Pumping Services revenue decreased by 52% to $84.9 million from $175.4 million in Q4 2014.

Cost of services

Cost of services includes materials, products, transportation and repair costs, employee benefits expense and depreciation of property and equipment. The following table provides a summary of cost of services:

000's	Three Months Ended December 31,		
(Unaudited)	2015	% change	2014
Materials, products, transportation and repair costs	$55,874	(42%)	$96,631
Employee benefits costs	18,419	(38%)	29,836
Depreciation of property and equipment	10,969	(5%)	11,530
Total cost of services	$85,262	(38%)	$137,997

- Materials, products, transportation and repair costs decreased by 42% in Q4 2015 when compared to Q4 2014 due to lower activity and previously noted Cost Reduction Measures. Total costs of services did not decline in proportion to revenue declines as supplier discounts were not in proportion to services revenue pricing decreases. Additionally, certain of the input costs purchased in United States dollars (USD) were negatively affected by the appreciation in USD relative to the Canadian dollar.
- Employee benefits expense decreased by 38% in Q4 2015 due to reduced activity levels, as well as a reduction in the permanent employee count. While the Company implemented wage rate reductions in response to *Industry Conditions*, pricing for services deteriorated more than the wage rate reductions.
- Depreciation of property and equipment has remained relatively flat year over year. In 2014, Canyon added 30,000 HHP, coiled tubing equipment, transportation and logistics equipment, nitrogen and cement and acid equipment. While additional equipment was added to Canyon's fleet throughout 2014, the increased asset base for amortization expense was offset by a change in the expected useful life of coiled tubing, nitrogen and cementing equipment which reduced the depreciation expense of these assets.

Administrative expenses (G&A)

The following table provides a summary of G&A:

000's (Unaudited)	Three Months Ended December 31, 2015	% change	2014
Employee benefits expense	$1,475	(60%)	$3,729
Share-based payments expense	1,004	157%	390
Other administrative expense	743	(28%)	1,031
Depreciation of property and equipment	590	13%	522
Total administrative expenses	$3,812	(33%)	$5,672

Overall, G&A decreased by $1.9 million mainly due to lower employee benefits expense attributable to the wage rate, benefits and staffing reductions implemented at the end of Q1 2015 as previously discussed. Share-based payments expense increased due to accelerated stock based compensation expense, as described in the notes to the consolidated financial statements.

Adjusted EBITDA

In Q4 2015, adjusted EBITDA expense decreased by 81% to $8.4 million from $44.0 million in Q4 2014. The primary cause of the decline was *Industry Conditions* that resulted in reduced activity and customer pricing.

FLUID MANAGEMENT SERVICES FINANCIAL REVIEW (Quarterly)

000's (Unaudited)	Three Months Ended December 31,				
	2015			2014	
	Total	% of revenue	% change	Total	% of revenue
Revenue	$9,008		(30%)	$12,867	
Cost of services	(8,358)	(93%)	(13%)	(9,620)	(75%)
Gross profit	650	7%	(80%)	3,247	25%
Administrative expenses	(1,862)	(21%)	18%	(1,573)	(12%)
Amortization expense	(1,504)	(17%)	(1%)	(1,521)	(12%)
Results from operating activities	(2,716)	(30%)	(1,875%)	153	1%
Add non-cash items:					
Depreciation and amortization	3,928	44%	24%	3,168	25%
Share-based payments expense	91	1%	100%	-	-%
Adjusted EBITDA(1)	$1,303	15%	(61%)	$3,321	26%

Note (1): See *Non-GAAP Measures*.

Revenue

The Fluid Management Services division, contributed $9.0 million (2014: $12.9 million) of revenue to Canyon in Q4 2015, a 30% decrease from Q4 2014. *Industry Conditions* caused increased competitive pressures from smaller service providers which led to pricing declines of 15% to 30% for water containment services and significantly higher pricing declines for containment services relative to Q4 2014.

Cost of services

The following table provides a summary of cost of services:

000's	Three Months Ended December 31,		
(Unaudited)	2015	% change	2014
Materials, products, transportation & repair costs	$3,957	(15%)	$4,681
Employee benefits costs	2,150	(34%)	3,274
Depreciation of property & equipment	2,251	35%	1,665
Total cost of services	$8,358	(13%)	$9,620

- Materials, products, transportation and repair costs decreased by 15% in Q4 2015 when compared to Q4 2014, mainly due to lower activity. Although discounts for costs were negotiated, the costs did not decrease in proportion to revenue as competitive pressures resulted in price decreases which were greater than input cost decreases.
- Employee benefits expense decreased by 34% in Q4 2015 due to a reduction in wage rates as well as a decrease in staffing to match reduced industry activity levels.
- The increase in depreciation expense for the division is primarily due to equipment additions in late 2014 and the inclusion of equipment pertaining to the acquisition of the fluid hauling business in September 2015.

Administrative expenses (G&A)

The following table provides a summary of G&A:

000's	Three Months Ended December 31,		
(Unaudited)	2015	% change	2014
Employee benefits expense	$660	(21%)	$837
Share-based payments expense	91	100%	-
Other administrative expense	1,111	51%	736
Total administrative expenses	$1,862	18%	$1,573

Employee benefits expense decreased by 21% mainly attributable to the wage rate and staffing reductions. This was partially offset by the increase in staff related to the Acquisition in September 2015. Other administrative expenses increased due to additional rent expense from an additional yard included in the Acquisition, and costs related to the negotiation and settlement of the earn out agreement related to the Acquisition.

Adjusted EBITDA

Q4 2015 adjusted EBITDA totaled $1.3 million, or 15% of revenues, a decrease of 61% from $3.3 million in Q4 2014. The primary cause of the decrease is *Industry Conditions* resulting in lower activity and customer pricing.

CORPORATE (Quarterly)

000's (Unaudited)	Three Months Ended December 31,		
	2015		2014
		% change	
Revenue	$-		$-
Administrative expenses	(2,505)	(3%)	(2,572)
Results from operating activities	(2,505)	(3%)	(2,572)
Add non-cash items:			
Share-based payments expense	452	(29%)	636
Adjusted EBITDA(1)	($2,053)	6%	($1,936)

Note (1): See *Non-GAAP Measures*.

This segment consists of costs incurred to operate a public company, including corporate management, head office costs, corporate share-based payment expenses and certain professional fees.

Administrative expenses (G&A)

G&A for the three months ended December 31, 2015 totaled $2.5 million (2014: $2.6 million) and includes employee benefits expense, share-based payments, and other head office administrative expenses.

Other Items – Quarterly Consolidated Statement of Operations

Finance costs

Finance costs include interest on bank indebtedness and finance lease obligations and totaled $0.7 million in Q4 2015 (2014: $0.5 million). Finance costs include interest on loans, finance lease obligations and automobile loans. The increase in finance costs is due to an increase in loans and borrowings compared to the prior year comparable quarter.

Foreign exchange gain (loss)

In Q4 2015 the Company recorded a foreign exchange loss of $0.5 million (2014: gain of $0.2 million). The Company purchases U.S. sourced proppants which require payment in USD. Payments are 30 to 45 days after purchase which cause foreign exchange gains and losses on outstanding USD accounts payable. The increase in foreign exchange loss in Q4 2015 over Q4 2014 is due to the weakening of the Canadian dollar relative to the USD.

Impairment

At the end of each reporting period, Canyon conducts a review of the carrying value for each of its cash generating units (“CGU”) for indicators of impairment. As a result of *Industry Conditions*, the Company tested its Fluid Management Services CGU in Q4 2015 for impairment and determined a goodwill write-down of $9.5 million was required in the Fluid Management Services CGU. Also included in impairment expense is $1.2 million on specific equipment that was partially constructed but not completed. The Company has no further plans to complete fabrication of the equipment.

Income tax recovery

For Q4 2015, the actual calculated tax rate did not equal the expected combined income tax rate of 26% primarily due to income before income tax including expenses that are not deductible for tax purposes, including: (1) goodwill impairment charge; and (2) non-deductible share-based payment expenses.

CONSOLIDATED STATEMENTS OF OPERATIONS (Annual)

000's except per share amounts	Year Ended December 31,	
	2015	2014
Revenue	$403,998	$591,022
Cost of services	(400,451)	(486,261)
Gross profit	3,547	104,761
Administrative expenses	(33,288)	(33,547)
Amortization expense	(6,023)	(3,041)
Results from operating activities	(35,764)	68,173
Finance costs	(2,699)	(1,512)
Foreign exchange loss	(2,606)	(746)
Gain on sale of property and equipment	415	315
Gain on business combination	543	-
Impairment	(29,615)	-
Income (loss) before income tax	(69,726)	66,230
Income tax (expense) recovery	7,663	(17,136)
Income (loss) and comprehensive income (loss)	($62,063)	$49,094
Adjusted EBITDA[1]	$31,330	$121,478
Adjusted income (loss) and comprehensive income (loss)[1]	($20,461)	$56,120
Adjusted income (loss) per share:[1]		
Basic	($0.30)	$0.85
Diluted	($0.30)	$0.84

Note (1): See *Non-GAAP Measures*.

For discussion of annual consolidated statements of operations, including adjusted EBITDA, Income (loss) and comprehensive income (loss), see *Industry Conditions* and *Overall Performance and Results of Operations.*

PRESSURE PUMPING SERVICES FINANCIAL REVIEW (Annual)

000's	Year Ended December 31,				
	2015			2014	
		% of revenue	% change		% of revenue
Revenue	$360,153		(36%)	$561,899	
Cost of services	(366,244)	(102%)	(22%)	(467,006)	(83%)
Gross profit	(6,091)	(2%)	(106%)	94,893	17%
Administrative expenses	(20,092)	(6%)	(6%)	(21,417)	(4%)
Amortization expense	(19)	-%	(100%)	-	-%
Results from operating activities	(26,202)	(7%)	(136%)	73,476	13%
Add non-cash items:					
Depreciation and amortization	46,549	13%	7%	43,338	8%
Share-based payments expense	4,158	1%	91%	2,175	-%
Adjusted EBITDA[(1)]	$24,505	7%	(79%)	$118,989	21%

Note (1): See *Non-GAAP Measures*.

Revenue

Pressure pumping revenues for the year ended December 31, 2015 decreased by 36% to $360.2 million compared to $561.9 million in 2014. Jobs completed decreased by 16% to 2,479 for 2015 from 2,942 jobs completed in 2014. The percentage decrease in revenues was more dramatic than the percentage decrease in the job count due to a job mix weighted to lower-revenue cementing and nitrogen jobs which, combined, increased by 28% year over year. Hydraulic fracturing jobs which accounted for about 90% of total pressure pumping revenues in 2015, decreased by 27% in the year. The *Industry Conditions* were the primary driver for the decrease in larger revenue generating hydraulic fracturing jobs as is evidenced by the average hydraulic fracturing revenue per job decreasing by 23% to $208,446 for 2015 compared to $269,894 for 2014 as larger job sizes partially offset the significant pricing declines.

Cost of services

The following table provides a summary of cost of services:

000's	Year Ended December 31,		
	2015		2014
		% change	
Materials, products, transportation and repair costs	$240,519	(24%)	$318,155
Employee benefits costs	81,478	(24%)	107,433
Depreciation of property and equipment	44,247	7%	41,418
Total cost of services	$366,244	(22%)	$467,006

- Materials, products, transportation and repair costs decreased by 24% for the year ended December 31, 2015 compared to the year ended December 31, 2014. These costs did not decrease in proportion with revenue in part due to: 1) timing of decrease in revenues versus the timing of price concessions negotiated with suppliers; 2) supplier concessions were not received in proportion to customer pricing decreases as a result of *Industry Conditions*; and 3) certain of the input costs purchased in USD were negatively affected by the appreciation in the USD.

- Employee benefits expense has decreased by 24% for 2015 compared to 2014. In 2014, staff levels increased over the second half of the year to handle the increase in 24 hour operations and higher activity. These higher staff levels were maintained through to the end of Q1 2015 as Canyon was busy to mid-March. At the end of Q1 2015, the Pressure Pumping Services reduced permanent staffing levels by 22% to match lower activity levels.

- The increase in depreciation of property and equipment for 2015 compared to 2014 is due to the addition of equipment to Canyon's fleet in the second half of 2014 combined with accelerated depreciation relating to the replacement of certain pump components. This was partially offset by a change in the expected useful life of coiled tubing, nitrogen and cementing equipment which reduced the depreciation expense of these assets.

Administrative expenses (G&A)

The following table provides a summary of G&A:

000's	Year Ended December 31,		
	2015		2014
	Total	% change	Total
Employee benefits expense	$9,147	(27%)	$12,555
Share-based payments expense	4,158	91%	2,175
Other administrative expense	4,502	(6%)	4,805
Depreciation of property and equipment	2,285	21%	1,882
Total administrative expenses	$20,092	(6%)	$21,417

Administrative expenses decreased by $1.3 million or 6% in 2015 relative to 2014. This was largely due to the 27% decrease in employee benefits expense which was attributable to wage rate and staffing reductions implemented at the beginning of Q2 2015. Offsetting the decrease in employee benefits expenses was: 1) the $2.0 million increase in share-based payments expense as a result of an increase in the number of units outstanding and the modification of the Share Option purchase plan as described in Note 16 of the Consolidated Financial Statements for the year ended December 31, 2015; and 2) the $0.4 million increase in depreciation expense as a result of more equipment being purchased throughout 2014.

Adjusted EBITDA

For the year ended December 31, 2015, adjusted EBITDA decreased by 79% to $24.5 million from $119.0 million in the comparable 2014 period. As previously discussed, lower activity levels and customer pricing due to *Industry Conditions* more than offset cost reduction measures implemented in the year.

FLUID MANAGEMENT SERVICES FINANCIAL REVIEW (Annual)

000's	Year Ended December 31,			
	2015		2014[2]	
		% of revenue		% of revenue
Revenue	$43,845		$29,123	
Cost of services	(34,207)	(78%)	(19,255)	(66%)
Gross profit	9,638	22%	9,868	34%
Administrative expenses	(6,307)	(14%)	(3,264)	(11%)
Amortization expense	(6,004)	(14%)	(3,041)	(10%)
Results from operating activities	($2,673)	(6%)	$3,563	12%
Add non-cash items:				
Depreciation and amortization	14,038	32%	5,983	21%
Share-based payments expense	279	1%	-	-%
Adjusted EBITDA[1]	$11,644	27%	$9,546	33%

Note (1): See *Non-GAAP Measures*.

Note (2): The Fluid Management Services division consists of results for the six months ended December 31, 2014 as Canyon acquired control on July 1, 2014. Therefore, all 2014 Fluid Management Services financial results are not comparable to the full year results of 2015. Certain financial analysis of Fluid Management Services division is described below.

Revenue

The Fluid Management Services division contributed $43.8 million of revenue for the year ended December 31, 2015 (six months ended December 31, 2014: $29.1 million) to the Company's consolidated results. Impacting the full year of operations by the Fluid Management Services division, were poor *Industry Conditions.*

Cost of services

The following table summarizes cost of services for the year ended December 31, 2015 and the six months ended December 31, 2014:

000's	Year Ended December 31,	
	2015	2014
Materials, products, transportation and repair costs	$15,121	$9,941
Employee benefits costs	11,052	6,335
Depreciation of property and equipment	8,034	2,979
Total cost of services	$34,207	$19,255

Total cost of services of $34.2 million for 2015 was 78% of fluid management revenues compared to $19.3 million, or 66% of revenues, for the six month post acquisition period in 2014. The increase in the percentage to 78% of revenues for 2015 is due to the cost reduction strategies implemented throughout the year lagging the severe revenue price decreases caused by *Industry Conditions*.

Administrative expenses (G&A)

The following table is a summary of G&A for the year ended December 31, 2015 and the six months ended December 31, 2014:

000's	Year Ended December 31,	
	2015	2014
Employee benefits expense	$2,692	$1,975
Share-based payments expense	279	-
Other administrative expense	3,336	1,289
Total administrative expenses	$6,307	$3,264

Total administrative expenses of $6.3 million in 2015 are for a twelve month period compared to $3.3 million for a six month period in 2014. The cost savings from wage rollbacks and staffing reductions implemented by the Fluid Management Services division in the year were approximately offset by the administrative expenses attributable to the addition of the fluid hauling business in September 2015.

Amortization Expense

The amortization expense of $6.0 million (2014: $3.0 million) relates to the amortization of customer relationships and non-competition agreements pursuant to the Fraction Acquisition.

Adjusted EBITDA

For the year ended December 31, 2015 adjusted EBITDA totaled $11.6 million (six months ended December 31, 2014: $9.5 million) in the Fluid Management Services division, or 27% of revenue (six months ended December 31, 2014: 33%). Although the Fluid Management Services division had an incremental six months of operation in 2015, results of operations did not increase proportionately due to negative *Industry Conditions*.

CORPORATE (Annual)

000's	Year Ended December 31,		
	2015		2014
	Total	% change	Total
Revenue	$-		$-
Administrative expenses	(6,889)	(22%)	(8,866)
Results from operating activities	(6,889)	(22%)	(8,866)
Add non-cash items:			
Share-based payments expense	2,070	14%	1,809
Adjusted EBITDA[1]	($4,819)	(32%)	($7,057)

Note (1): See *Non-GAAP Measures*.

This segment consists of costs incurred to operate a public company, including corporate management, head office costs, corporate share-based payment expenses and professional fees.

Administrative expenses (Corporate G&A)

The following table is a summary of Corporate G&A:

000's	Year Ended December 31,		
	2015		2014
	Total	% change	Total
Employee benefits expense	$3,193	(30%)	$4,539
Share-based payments expense	2,070	14%	1,809
Other administrative expense	1,626	(35%)	2,518
Total administrative expenses	$6,889	(22%)	$8,866

The decrease in Corporate G&A is mainly due to lower employee benefits expense as a result of wage rate and staffing reductions in 2015. In addition, there is $0.7 million of acquisition costs related to the Fraction Acquisition in 2014 included in other administrative expenses, offset by an increase to share based payments expense due to a higher ratio of SBCU's and options issued in 2015 relative to 2014.

Other Items – Year Ended December 31, 2015 Consolidated Statements of Operations

Finance costs and foreign exchange loss

Finance costs include interest on loans, finance lease obligations and automobile loans and totaled $2.7 million for the year ended December 31, 2015 (2014: $1.5 million). The increase in finance costs is primarily attributable to the increase in loans and borrowings used to partially fund the Company's capital program, as well as costs relating to the arrangement of the new Facility.

Bargain purchase on business combination

On September 11, 2015, the Company completed the Acquisition for total consideration of $9.5 million consisting of the issuance of 0.2 million Canyon common shares at $5.04 per share, and cash consideration of $8.5 million. The net identifiable assets of $10.0 million were greater than the purchase price, resulting in a bargain purchase of $0.5 million. The bargain purchase on acquisition arose due to depressed commodity prices which allowed the Company to purchase the business for less than fair value.

Impairment

At the end of each reporting period, Canyon conducts a review of its carrying value for each of its CGUs for indicators of impairment. As a result of the *Industry Factors*, the Company tested its Fluid Management Services CGU for impairment and determined a goodwill write-down of $28.4 million was required in the Fluid Management Services CGU. Also included in impairment expense is $1.2 million on specific equipment in the Pressure Pumping CGU.

Income tax recovery

For 2015, the actual calculated tax rate did not equal the expected effective income tax rate of 26% primarily due to income before income tax including expenses that are not deductible for tax purposes, including: 1) goodwill impairment charge; and 2) non-deductible share-based payment expenses. Additionally, the current year effective tax rate is affected by increases to corporate income tax rates which change the value of deferred tax assets and liabilities. The effects of changes in value of deferred tax assets and liabilities are recognized in the period the change in corporate tax rate occurs.

Summary of Quarterly Results[1]

000's except per share amounts (Unaudited)		Revenue	Adjusted EBITDA[2]	Income (Loss) and Comprehensive Income (Loss)	Basic Income (Loss) per Share	Diluted Income (Loss) per Share
2015[1]	Q4	$93,940	$7,667	($18,261)	($0.26)	($0.26)
	Q3	$111,314	$15,082	($20,863)	($0.30)	($0.30)
	Q2	$43,159	($9,754)	($21,857)	($0.32)	($0.32)
	Q1	$155,585	$18,335	($1,082)	($0.02)	($0.02)
2014[1]	Q4	$188,265	$45,576	$22,280	$0.32	$0.32
	Q3	$204,309	$57,656	$30,601	$0.45	$0.44
	Q2	$60,253	($9,186)	($15,263)	($0.23)	($0.23)
	Q1	$138,195	$27,432	$11,850	$0.19	$0.19

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 Q2 2015 and Q2 2014, the lower revenues, negative adjusted EBITDA and loss and comprehensive loss were negatively impacted by the seasonal weather related drilling delays caused by the annual spring break-up. In Q1 2015, Q3 2015 and Q4 2015, the poor *Industry Conditions* caused a general negative trend in 2015 quarterly financial results relative to the 2014 quarterly counterparts.

Strong Q3 and Q4 2014, revenue, adjusted EBITDA, and income and comprehensive income were the result of the Company's equipment fleet essentially being fully utilized and the inclusion of Fraction's financial results.

LIQUIDITY AND CAPITAL RESOURCES

Funds from operations

Funds from operations totaled $8.7 million for the three months ended December 31, 2015, down from funds from operations of $38.1 million in the prior year's comparable quarter. For 2015, funds from operations decreased by 67% to $34.2 million from $103.8 million in 2014. The decrease in funds from operations is due to negative *Industry Conditions* as previously described. The funds generated from operations were primarily used to finance completion of the 2014 capital program, 2015 capital program, and the Company's quarterly dividend. Please refer to "*Capital Expenditures*" below.

Financing

(Share amounts in thousands)

Equity:

For Q4 and year ended 2015, there were nil and 219 common shares issued, respectively, by the Company to employees and officers upon exercise of options pursuant to the Share Purchase Option Plan and 35 and 101 incentive based units, respectively pursuant to the Share-Based Compensation Plan for aggregate proceeds of $nil and $0.6 million, respectively. In addition, the Company issued 200 common shares at $5.04 per share as part of the consideration paid for the Acquisition.

Debt:

Effective July 21, 2015, Canyon entered into a Facility, replacing its previous facility, with a syndicate of financial institutions (collectively, the "Lenders"). The principal amount of the Facility totals $100 million with an accordion feature that allows for the expansion of the Facility by up to an aggregate maximum principal amount of $50 million. The accordion feature is available upon request by Canyon, subject to review and approval by the Lenders. The Facility has a term of three years, extendible annually, and bears interest at variable rates depending on certain financial ratios and metrics. Subsequent to December 31, 2015, the Company entered into an Amended Facility with its Lenders. See *Capital Management* for further discussion of the Facility financial covenant requirements and further discussion on the Amended Facility.

Bank indebtedness net of cash and cash equivalents as at December 31, 2015 totaled $56.9 million (December 31, 2014: $21.0 million) and comprises $60.0 million drawn on the extendible revolving operating credit facility less cash and cash equivalents of $3.1 million (December 31, 2014: $30 million drawn on the previous revolving facility plus $11.6 million drawn on the previous operating facility less cash and cash equivalents of $20.6 million). In addition, finance leases as at December 31, 2015 total $8.7 million (December 31, 2014: $8.9 million).

Under the Amended Facility, Canyon has $40.0 million available which excludes amounts that might be available from the accordion feature of $50.0 million.

Working Capital and Cash Requirements

As at December 31, 2015, Canyon had a working capital balance of $27.6 million compared to $21.9 million as at December 31, 2014. As at December 31, 2015 trade and other receivables decreased to $59.1 million from $123.7 million as at December 31, 2014 due to negative *Industry Conditions*. Inventories decreased by $6.2 million mainly due to lower chemical and proppant levels required for decreased activity levels. 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 December 31, 2015, accounts receivable includes an allowance of $0.1 million for doubtful receivables (December 31, 2014: $41 thousand).

Investments

For the three months and year ended December 31, 2015, capital expenditures, net of finance leases and assets purchased through business combinations, totaled $2.2 million and $28.9 million, respectively, including maintenance capital, storage, transportation and water transfer 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 equity 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 bank indebtedness less cash. Capitalization is calculated as the debt, as described above, plus shareholders' equity.

The Company also manages its capital structure to maintain compliance with the financial covenants on its Facility.

The Company is required to maintain certain financial covenants, including a debt to capitalization ratio, which shall not exceed 0.25 to 1.00, and a debt service coverage ratio, which shall not be less than 1.25 to 1.00, both measured at the end of each fiscal quarter.

- The debt to capitalization ratio, for purposes of the covenant calculation in the credit facilities agreement, differs slightly from the calculation in the above table. For purposes of the covenant calculation, the ratio is calculated as bank indebtedness, plus finance leases ("Total Debt"), to total equity plus Total Debt ("Capitalization"). The debt to capitalization ratio as at December 31, 2015 was 0.165 to 1.00.

- The debt service coverage ratio refers to the ratio of earnings before interest, taxes, depreciation, amortization, impairment and share-based payments ("EBITDAS") of the Company for the four quarters ending December 31, 2015 to interest expense plus all scheduled principal repayments of debt including finance leases for the four quarters ending December 31, 2015. The debt service coverage ratio as at December 31, 2015 was 4.15 to 1.00.

- The debt to capitalization ratio will be replaced by a debt to EBITDAS ratio beginning with the fiscal quarter ending September 30, 2016. The debt to EBITDAS ratio refers to the ratio of EBITDAS for the four quarters ending at the end of the fiscal quarter to Total Debt. The debt to EBITDAS ratio shall not exceed 3.50 to 1.00 at any time during the fiscal quarter ended September 30, 2016 and 3.00 to 1.00 thereafter.

As of December 31, 2015, Canyon is in compliance with each of the above financial covenants. The Company has $60.0 million drawn on its Facility at December 31, 2015 (see "Financing" above), which combined with cash and cash equivalents of $3.1 million results in net bank debt of $56.9 million at year end. The Company may be required to adjust its capital structure from time to time as a result of expansion activities or *Industry Conditions*.

Subsequent to December 31, 2015, the Company entered into an Amended Facility. Although there were no changes to amounts available under the Facility, there were amendments to certain of the financial covenants.

- The debt to capitalization ratio was amended such that the ratio is not to exceed 0.30 to 1.00 and the definition of Total Debt has been changed to be reduced by cash on hand and the definition of Total Capitalization was changed to exclude the value of goodwill and intangibles. The debt to capitalization ratio shall be replaced by a debt to EBITDAS ratio beginning with the fiscal quarter ending September 30, 2017. The debt to EBITDAS ratio shall not exceed 4.00 to 1.00 at any time during the fiscal quarter ended September 30, 2017, 3.50 to 1.00 at any time during the fiscal quarter ended December 31, 2017, and 3.00 to 1.00 thereafter.

- The debt service coverage ratio shall not be less than 0.75:1.00 from July 1, 2016 to December 31, 2016. From January 1, 2017 to June 30, 2017, the debt service coverage ratio shall not be less than 1.00:1.00, returning to a ratio of 1.25:1.00 thereafter.

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 December 31, 2015, Canyon's contractual obligations are summarized as follows:

000's except per share amounts	Total	Next 12 months	1-3 years	4-5 years	After 5 years
Trade and other payables	$57,491	$57,491	$-	$-	$-
Bank indebtedness and finance leases	68,652	3,873	64,779	-	-
Dividend payable	2,074	2,074	-	-	-
Operating leases and office space	6,305	2,341	3,268	696	
Capital expenditure commitments	755	755	-	-	-
Total contractual obligations	$135,277	$66,534	$68,047	$696	$-

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

Capital Expenditures

Capital expenditure commitments will be funded from cash available, funds from operations and if required, available debt facilities. Please see "Working Capital and Cash Requirements".

For the three months and year ended December 31, 2015, Canyon incurred capital expenditures of $2.2 million and $28.9 million, respectively, which is consistent with the previously anticipated $28.6 as disclosed in the Company's MD&A dated November 4, 2015. For the year ended December 31, 2015, the capital expenditures of $28.9 million included $8.1 million of growth capital carried over from 2014, $10.8 million for maintenance capital and $10.0 million for fluid transfer equipment, sand logistical equipment, transportation and other miscellaneous support equipment.

In addition to the $28.9 million of capital expenditures for the year ended December 31, 2015, Canyon completed the Acquisition for total consideration of $8.5 million cash and $1.0 million in Canyon shares. The net assets have been recorded at a fair value of $10.0 million.

Given the current *Industry Conditions*, the Company will look to minimize 2016 capital expenditures to required maintenance capital and modest customer requests that will generate additional funds from operations. Therefore, Canyon's total capital expenditures for 2016, other than capital expenditures through business combinations, are anticipated to be $12 million. Canyon will continue to monitor its capital expenditure requirements as industry activity levels become more certain.

Outstanding Share, Option and Incentive Based Unit Data

The following table summarizes Canyon's capitalization as follows:

000's except per share amounts (Unaudited)	March 3, 2016	December 31, 2015	December 31, 2014
Common Shares	69,944	69,124	68,604
Options	1,725	3,203	3,671
Incentive Based Units	2,546	1,240	497

Share options and incentive based units granted, exercised and forfeited for the three months and year ended December 31, 2015 are summarized as follows:

000's except per share amounts (Unaudited)	Three months ended December 31, 2015	2014	Year ended December 31, 2015	2014
Share Options Granted	-	84	1,925	1,078
Share Options Exercised	-	11	219	624
Share Options Forfeited	171	52	341	219
Share Options Exchanged	-	-	1,774	-
Share Options Expired	2	-	59	-
Incentive Based Units Granted	7	17	896	236
Incentive Based Units Exercised	35	-	101	52
Incentive Based Units Forfeited	32	2	52	16

The average exercise price of the options granted for the year ended December 31, 2015 was $6.30 (2014: $11.71).

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

Loans and borrowings comprise amounts drawn on the Company's bank credit facilities and finance leases for equipment and automobiles. The Company manages its interest rate risk on bank credit facilities by utilizing a combination of short-term fixed rates through the use of 30 to 90 day Banker's Acceptance rates and floating rates. The finance leases for equipment and automobiles are at fixed interest rates.

Foreign Currency Risk

The Company is exposed to currency risk on purchases that are denominated in United States Dollars (USD). At December 31, 2015 and 2014 the exposure to USD was primarily as a result of USD denominated accounts payable of USD8,589 and USD19,454, respectively.

At December 31, 2015, the Company did not engage in the buying and selling derivatives. Subsequent to December 31, 2015, to manage the currency risk on outstanding USD accounts payable balances and on anticipated USD purchases, the Company entered into derivative contracts. At March 3, 2016, the following contracts were outstanding:

Notional Quantity (USD)	Floor (CAD:USD)	Cap (CAD:USD)	Time to expiry
Put: 3,500	n/a	1.52	March 15, 2016
Collar: 2,900	1.4225	1.52	April 15, 2016
Collar: 2,500	1.4225	1.52	May 16, 2016

The Company may choose to unwind the derivative instruments in advance of the expiry date to more closely align actual timing of physical payment of the USD accounts payable and anticipated USD purchases.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at December 31, 2015, 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 Annual Consolidated Financial Statements as at and for the years ended December 31, 2015 and 2014. Future accounting pronouncements are provided at notes 2(b) to the Consolidated Financial Statements as at and for the years ended December 31, 2015 and 2014.

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 years ended December 31, 2015 and 2014 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 the Annual 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. For Pressure Pumping, revenue is recognized as work is completed and agreed upon by the customer. For Fluid Management, revenue is recognized based on equipment and manpower usage 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 $0.1 million has been established as at December 31, 2015 (December 31, 2014 - $41 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.

During the period, the Company reviewed the useful lives of certain equipment which resulted in changes in the expected useful lives of coil tubing, nitrogen and cementing equipment. Based on the Company's physical examination of these assets, it was found that due to the Company's preventative maintenance program, its equipment would last longer than initially estimated. The equipment is now expected to remain in use twice as long as initially estimated. Please refer to Note 10 to the Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

Non-Financial Assets

Where impairment indicators exist, the recoverable amount of the asset or CGU is determined using the greater of fair value less costs of disposal 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 of disposal requires management to make estimates of fair value using market conditions for similar assets as well as estimations for costs of disposal, 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. For the year ended December 31, 2015, the Company recorded a goodwill impairment of $28.4 million and an impairment loss of $1.2 million on specific equipment that was partially constructed but not completed. The Company has no further plans to complete fabrication on the equipment.

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.

Business Combination

The measurement of the acquired assets and assumed liabilities are based on information available to the Company on the acquisition date.

Tax Positions

The Company is subject to income and commodity taxes. Judgment is required in determining provisions for taxation. There are many transactions and calculations for determination of the various tax assets and liabilities. The Company maintains provisions for tax assets and liabilities. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, the Company is subject to ongoing audits, and it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will be recognized in the consolidated financial statements in the period in which such determination is made.

Critical Judgments in Applying Accounting Policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the Annual 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 judgments 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 annual 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, 2015. 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.

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 60 exploration and production entities, ranging from large multinational public entities to small private companies. Notwithstanding the Company's significant customer base, five customers account for 66% of the Company's accounts receivable as at December 31, 2015. For the three months and year ended December 31, 2015 five customers accounted for 53% and 49%, respectively, of the Company's revenue. 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 manufacturing, 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 year beginning on January 1, 2015 and ending on December 31, 2015, 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, 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.