

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered in the United States under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, except as permitted by the Underwriting Agreement (as defined herein) and pursuant to an exemption from the registration requirements of the 1933 Act and state securities laws, these securities may not be offered, sold or delivered within the United States (within the meaning of Regulation S under the 1933 Act) and this short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Mullen Group Ltd. at 121A – 31 Southridge Drive, Okotoks, Alberta, T1S 2N3, telephone 403-995-5200, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

New Issue

June 17, 2019



**\$110,000,000 Principal Amount**

**110,000 - 5.75% Convertible Unsecured Subordinated Debentures  
Due November 30, 2026**

**Price: \$1,000 per Offered Debenture**

This short form prospectus qualifies the distribution of \$110,000,000 aggregate principal amount of 5.75% convertible unsecured subordinated debentures (the "Offered Debentures"). The Offered Debentures will be issued by Mullen Group Ltd. (the "Corporation" or "Mullen Group") at a price of \$1,000 (the "Offering Price") per Offered Debenture.

The Offered Debentures will bear interest at an annual rate of 5.75% payable semi-annually in arrears, on May 31 and November 30 in each year (each an "Interest Payment Date") commencing on November 30, 2019. The November 30, 2019 interest payment will represent accrued interest for the period from and including the Closing Date (as defined herein), to but excluding November 30, 2019.

See "Description of the Securities Being Distributed – General", "Use of Proceeds" and "Consolidated Capitalization".

### **Debenture Conversion Privilege**

Each Offered Debenture will be convertible into common shares of the Corporation ("Common Shares") at the option of the holder thereof at any time after the Closing Date but prior to 5:00 p.m. (Calgary time) on the earliest of: (i) the Business Day (as defined herein) immediately preceding the Maturity Date (as defined herein); (ii) the Business Day immediately preceding the Redemption Date (as defined herein); and (iii) if called for repurchase pursuant to a Change of Control (as defined herein), on the Business Day immediately preceding the payment date, in each case, at a conversion price of \$14.00 per Common Share, subject to adjustment in accordance with the Indenture (as defined herein) (the "Conversion Price"), representing a conversion rate of approximately 71.4286 Common Shares per \$1,000 principal amount of Offered Debentures, subject to adjustment in accordance with the Indenture (as defined herein). Upon conversion, holders of Offered Debentures will be entitled to receive accrued and unpaid interest thereon from and including the last Interest Payment Date up to, but excluding, the Conversion Date (as defined herein) in addition to the applicable number of Common Shares (as defined herein) to be received on conversion. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price, are set out under "Description of the Securities Being Distributed – Conversion Privilege".

The Offered Debentures will not be redeemable by the Corporation before November 30, 2023, except in certain limited circumstances following a Change of Control. On and after November 30, 2023 and prior to November 30, 2025, the Offered Debentures may be redeemed by the Corporation, subject to certain restrictions, in whole or in

part from time to time, on not more than 60 days' and not less than 40 days' prior written notice, at the Redemption Price (as defined herein), provided that the Current Market Price (as defined herein) on the date on which notice of redemption is given is at least 125% of the Conversion Price. On or after November 30, 2025 and prior to the Maturity Date, the Offered Debentures may be redeemed by the Corporation, subject to certain restrictions, in whole or in part from time to time, on not more than 60 days' and not less than 40 days' prior written notice, at the Redemption Price. See "*Description of the Securities Being Distributed – Redemption and Purchase*".

On the Redemption Date or on the Maturity Date, as applicable, subject to required regulatory approvals and provided that no Event of Default (as defined herein) has occurred and is continuing, the Corporation may, at its option, on not more than 60 days' and not less than 40 days' prior written notice, elect to satisfy its obligation to repay, in whole or in part, the principal amount of the Offered Debentures, which are to be redeemed or which have matured plus accrued and unpaid interest to but excluding the Redemption Date or the Maturity Date, as applicable, by issuing and delivering freely tradeable Common Shares to the holders of the Offered Debentures. Payment for such Offered Debentures which the Corporation elects to repay in Common Shares would be satisfied by delivering that number of Common Shares obtained by dividing the principal amount of the Offered Debentures by 95% of the Current Market Price on the Redemption Date or Maturity Date, as applicable. Further particulars of the interest, redemption, repurchase and maturity provisions of the Offered Debentures are set out under "*Description of the Securities Being Distributed - Redemption and Purchase*" and "*Description of the Securities Being Distributed - Payment upon Redemption or Maturity*".

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol "MTL". The TSX has conditionally approved the listing of the Offered Debentures and the Common Shares issuable on the conversion, redemption and maturity of the Offered Debentures, or pursuant to the Indenture, on the TSX. Listing of the Offered Debentures and such Common Shares is subject to the Corporation's fulfillment of all the requirements of the TSX on or before September 6, 2019. See "*Risk Factors – Risks Relating to the Offering – Market for the Offered Debentures*".

On June 4, 2019, the last trading day before the public announcement of the Offering (as the Offering was announced after the close of trading on the TSX), the closing price of the Common Shares on the TSX was \$10.00, and on June 14, 2019, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX was \$9.52. See "*Risk Factors - Volatility of Market Price of Common Shares*".

This short form prospectus also qualifies the distribution upon conversion, redemption or maturity of the Common Shares issuable upon conversion, redemption or maturity of the Offered Debentures, including any Offered Debentures issued pursuant to the Over-Allotment Option (as defined herein) and Common Shares issued pursuant to the Common Share Interest Payment Election (as defined herein).

The terms of the Offering (as defined herein), including the Offering Price, were determined by negotiation between the Corporation and RBC Dominion Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc. (collectively, the "Co-Lead Underwriters"), on their own behalf and on behalf of TD Securities Inc., National Bank Financial Inc., Raymond James Ltd., Industrial Alliance Securities Inc. and Peters & Co. Limited (collectively with the Co-Lead Underwriters, the "Underwriters").

	Price to the Public	Underwriters' Fee <sup>(1)</sup>	Net Proceeds to the Corporation <sup>(2)</sup>
Per Offered Debenture.....	\$1,000	\$40	\$960
Total <sup>(3)</sup> .....	\$110,000,000	\$4,200,000	\$105,800,000

**Notes:**

- (1) Upon closing of the Offering, the Corporation will pay the Underwriters a cash commission equal to 4.0% of the gross proceeds of the Offering (the "Underwriters' Fee"). See "*Plan of Distribution*". However, the Underwriters have agreed that no commission will be charged on subscriptions by certain directors and members of management, which subscriptions are anticipated to total \$5,000,000.
- (2) Before deducting the expenses of the Offering, estimated to be \$440,000, which will be paid from the general funds of the Corporation.
- (3) The Corporation has granted to the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional 15,000 Offered Debentures at a price of \$1,000 per Offered Debenture, exercisable, at any time and from time to time, in whole or in part, until the date which is 30 days following the Closing Date to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total gross proceeds of the Offering, the Underwriters' Fee and the net proceeds to the Corporation (before deducting expenses of the Offering) will be \$125,000,000, \$4,800,000 and \$120,200,000, respectively. This short form prospectus also

qualifies the distribution of the Over-Allotment Option and the Offered Debentures issuable upon exercise of the Over-Allotment Option. See “*Plan of Distribution*” and the table below.

**There is currently no market through which the Offered Debentures may be sold and purchasers may not be able to resell Offered Debentures purchased under this short form prospectus. This may affect the pricing of the Offered Debentures in the secondary market, the transparency and availability of trading prices and the liquidity of the Offered Debentures, and the extent of issuer regulation. See “*Risk Factors – Market for the Offered Debentures*”.**

The following table sets forth the number of Offered Debentures that may be issued by the Corporation pursuant to the Over-Allotment Option.

<u>Underwriters’ Position</u>	<u>Maximum size or number of securities held</u>	<u>Exercise period</u>	<u>Exercise price</u>
Over-Allotment Option	\$15,000,000 principal amount of Offered Debentures (15,000 Offered Debentures)	Exercisable up to 30 days following closing of the Offering	\$1,000 per Offered Debenture

A purchaser who acquires Offered Debentures forming part of the Underwriters’ over-allotment position acquires those securities under this short form prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Underwriters, as principals, conditionally offer the Offered Debentures, subject to prior sale, if, as and when issued by the Corporation and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) referred to under “*Plan of Distribution*” and subject to approval of certain legal matters relating to the Offering on behalf of the Corporation by Carscallen LLP and on behalf of the Underwriters by Torys LLP.

Subscriptions for the Offered Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about June 21, 2019 or such other date not later than the date that is 42 days after the date of the receipt for this short form prospectus as the Corporation and the Underwriters may agree (the “**Closing Date**”). See “*Plan of Distribution*”.

The Corporation has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

**The Underwriters propose to offer the Offered Debentures initially at the Offering Price. After a reasonable effort has been made to sell all of the Offered Debentures at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Offered Debentures remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Debentures is less than the gross proceeds paid by the Underwriters to the Corporation. See “*Plan of Distribution*”.**

Except in certain limited circumstances, including without limitation, with respect to Offered Debentures sold pursuant to Section 4(a)(2) of the 1933 Act, which shall be issued in definitive, fully registered form: (i) the Offered Debentures will be registered and represented electronically through the book entry only system of CDS Clearing and Depository Services Inc. (“**CDS**”); (ii) subject to certain applicable laws, no certificates evidencing the Offered Debentures will be issued; and (iii) purchasers of Offered Debentures will receive only a customer confirmation or statement from an Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Debentures is purchased. See “*Plan of Distribution*” and “*Description of the Securities Being Distributed - Book Entry only Debentures*”.

RBC Dominion Securities Inc. is a direct or indirect wholly-owned subsidiary of a Canadian chartered bank which is a lender to the Corporation and to which the Corporation is presently indebted. Consequently, the Corporation may be considered to be a “connected issuer” of RBC Dominion Securities Inc. under applicable Canadian securities laws. See “*Relationship Between the Corporation and Certain Underwriters*”, “*Use of Proceeds*” and “*Consolidated Capitalization*”.

An investment in the securities of the Corporation is speculative and involves a number of risks. An investment in the Offered Debentures should only be made by those persons who can afford a loss of their entire investment. The risk factors contained in this short form prospectus or in the documents incorporated by reference herein should be carefully reviewed and considered by purchasers in connection with an investment in the Offered Debentures. See “*Forward-Looking Information Advisory*” and “*Risk Factors*” in this short form prospectus and “*Important Information about this Document – Forward-Looking Statements*” and “*Principal Risks and Uncertainties*” in the AIF (as defined herein).

After giving effect to the Offering, the earnings coverage ratio for the 12 months ended December 31, 2018 was (0.25) and the additional income before interest and income tax expense required to achieve a ratio of one-to-one was \$32,918,000. After giving effect to the Offering, the earnings coverage ratio for the 12 months ended March 31, 2019 was 0.14 and the additional income before interest and income tax expense required to achieve a ratio of one-to-one was \$22,282,000. See “*Earnings Coverage*” and “*Supplementary Earnings Coverage Ratio*”.

The corporate head office and registered office of the Corporation is located at 121A - 31 Southridge Drive, Okotoks, Alberta, T1S 2N3.

All references herein to “\$” are to Canadian dollars unless otherwise specified.

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## SELECTED DEFINITIONS

In this short form prospectus, the abbreviations and terms set forth below have the following meanings:

“**1933 Act**” means the *United States Securities Act of 1933*, as amended;

“**2014 Senior Note Purchase Agreement**” means the note purchase agreement dated September 16, 2014;

“**AIF**” has the meaning attributed thereto under “*Documents Incorporated by Reference*”;

“**Annual MD&A**” has the meaning attributed thereto under “*Documents Incorporated by Reference*”;

“**Applicable Period**” means any monthly period announced by the Board of Directors as a period of time for which a cash dividend or distribution will be declared and paid by the Corporation to the holders of all or substantially all of the outstanding Common Shares;

“**Bank Credit Facility**” has the meaning attributed thereto in Note (1) to the table under “*Consolidated Capitalization*”;

“**Board of Directors**” or “**Board**” means the board of directors of the Corporation;

“**Business Day**” means any day, other than a Saturday or Sunday or any other day that the Debenture Trustee in Calgary, Alberta or Toronto, Ontario, is not generally open for the transaction of business;

“**Canadian GAAP**” has the meaning attributed thereto under “*Non-GAAP Terms*”;

“**Cash Change of Control**” has the meaning attributed thereto under “*Summary of the Offering*”;

“**CDS**” has the meaning attributed thereto on page (iii) hereof;

“**Change of Control**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Repurchase Upon a Change of Control*”;

“**Change of Control Offer Price**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Repurchase upon a Change of Control*”;

“**Closing Date**” has the meaning attributed thereto on page (iii) hereof;

“**Co-Lead Underwriters**” has the meaning attributed thereto on page (ii) hereof;

“**Common Share**” means a common share in the capital of the Corporation;

“**Common Share Interest Payment Election**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Interest Payment Election*”;

“**Conversion Date**” means the date on which an Offered Debenture is surrendered for conversion when the register of the Debenture Trustee is open and in accordance with the provisions of the Indenture or, in the case of a Debenture Certificate, on the date on which it is received by the Debenture Trustee in accordance with the provisions of the Indenture; provided that if an Offered Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the person or persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened;

“**Conversion Price**” has the meaning attributed thereto on the face page hereof;

“**Corporation**” or “**Mullen Group**” has the meaning attributed thereto on the face page hereof;

“**CRA**” means the Canada Revenue Agency;

“**Current Market Price**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Conversion Privilege*”;

“**Debenture Beneficial Owner**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Book Entry Only Debentures*”;

“**Debenture Certificate**” means a certificate evidencing Offered Debentures issued pursuant to the Indenture;

“**Debenture Offer**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Repurchase Upon a Change of Control*”;

“**Debenture Trustee**” means Computershare Trust Company of Canada;

“**Effective Date**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Make Whole Change of Control*”;

“**Event of Default**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Events of Default*”;

“**GAAP**” means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada, or any successor institute, which, for greater certainty, shall include IFRS;

“**IFRS**” means the International Financial Reporting Standards issued by the International Accounting Standards Board for publicly accountable enterprises, or such other generally accepted accounting principles and practices applied in Canada from time to time;

“**Indenture**” means the trust indenture to be dated as of the Closing Date, between the Corporation and the Debenture Trustee, under which the Offered Debentures will be issued;

“**Interest Obligation**” means the Corporation’s obligation to pay interest on the Offered Debentures in accordance with the Indenture;

“**Interest Payment Date**” has the meaning attributed thereto on the face page hereof;

“**Lender**” means Royal Bank of Canada who is lender to the Corporation pursuant to the Bank Credit Facility;

“**Make-Whole Premium**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Make Whole Change of Control*”;

“**Maturity Date**” means November 30, 2026;

“**MD&A**” has the meaning attributed thereto under “*Documents Incorporated by Reference*”;

“**NI 45-102**” has the meaning attributed thereto under “*Description of Securities Being Distributed - Payment Upon Redemption or Maturity*”.

“**Non-GAAP Terms**” has the meaning attributed thereto under “*Non-GAAP Terms*”;

“**Offered Debentures**” has the meaning attributed thereto on the face page hereof;

“**Offering**” means the offering of \$110,000,000 aggregate principal amount of Offered Debentures at a price of \$1,000 per Offered Debenture pursuant to this short form prospectus and, where the context requires, includes the



offering of up to an additional \$15,000,000 aggregate principal amount of Offered Debentures pursuant to the Over-Allotment Option;

“**Offering Price**” has the meaning attributed thereto on the face page;

“**Options**” means options to acquire Common Shares granted pursuant to the Corporation’s stock option plan;

“**Over-Allotment Option**” has the meaning attributed thereto on page (ii) hereof;

“**Redemption Date**” means the date set for the redemption of the Offered Debentures;

“**Redemption Price**” means, in respect of an Offered Debenture, an amount equal to the principal amount thereof plus accrued and unpaid interest thereon, if any, up to but excluding the Redemption Date fixed for such Offered Debenture, payable on the Redemption Date, the amount of which may be payable by the issuance of the Common Shares, qualified hereunder;

“**Resident Holder**” is a holder of Offered Debentures who, for purposes of the Tax Act, is resident in Canada;

“**Senior Indebtedness**” has the meaning attributed thereto under “*Description of the Securities Being Distributed – Subordination*”;

“**Senior Notes**” means the notes issued pursuant to the 2014 Senior Note Purchase Agreement and consisting of US\$117.0 million of Series G Notes, US\$112.0 million of Series H Notes, \$30.0 million of Series I Notes, \$3.0 million of Series J Notes, \$58.0 million of Series K Notes and \$80.0 million of Series L Notes;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time;

“**TSX**” means the Toronto Stock Exchange;

“**Underwriters**” has the meaning attributed thereto on page (ii) hereof;

“**Underwriters’ Fee**” has the meaning attributed thereto on page (ii) hereof;

“**Underwriting Agreement**” means the agreement dated effective as of June 4, 2019 among the Corporation and the Underwriters in respect of the Offering; and

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders. All dollar amounts set forth in this short form prospectus are in Canadian dollars, except where otherwise indicated.

#### **FORWARD-LOOKING INFORMATION ADVISORY**

This short form prospectus and the documents incorporated by reference herein contain certain forward-looking information which is based upon the Corporation’s expectations, estimates, projections, assumptions and beliefs. The use of any of the words “anticipate”, “may”, “will”, “believe”, “expect”, “potential”, “continue”, “view”, “objective”, “should”, “plan”, “intend”, “ongoing”, “estimate”, “project” or similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking information. In addition, this short form prospectus and the documents incorporated by reference herein may contain forward-looking information attributed to third party industry sources. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections

and other forward-looking information will not occur. Such forward-looking information in this short form prospectus speaks only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference herein.

Forward-looking information in this short form prospectus includes, but is not limited to, statements with respect to:

- the closing of the Offering and the timing thereof;
- the use of the net proceeds of the Offering;
- the receipt of all the required stock exchange and other approvals in connection with the Offering; and
- the payment of monthly dividends at \$0.05 per Common Share per month.

With respect to the forward-looking information contained in this short form prospectus, the Corporation has made certain assumptions including, but not limited to, the following:

- the closing of the Offering and the timing thereof are based on the assumption that all required stock exchange and other approvals in connection with the Offering are obtained and that all other conditions to the closing of the Offering are satisfied or waived;
- the use of part of the net proceeds of the Offering to transact on potential acquisitions in the Trucking/Logistics segment of the Corporation is based on the assumption that the Corporation will continue to evaluate a number of acquisition opportunities, that at least one such acquisition opportunity is strategic to Mullen Group and meets Mullen Group's financial requirements, and that Mullen Group will have access to sufficient capital to complete such potential strategic acquisition; and
- the current payment of monthly dividends at \$0.05 per Common Share per month is based on the assumption that Mullen Group will generate sufficient free cash flow from operating activities to support the monthly dividend.

Forward-looking information contained in certain documents incorporated by reference into this short form prospectus is based on the assumptions described in such documents.

Although the Corporation believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. The Corporation cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Corporation that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Some of the risks and other factors, some of which are beyond the Corporation's control, which could cause results to differ materially from those expressed in the forward-looking information contained in this short form prospectus and the documents incorporated by reference herein include, but are not limited, to the factors disclosed under "*Risk Factors*" in this short form prospectus and under "*Principal Risks and Uncertainties*" in the AIF and the Annual MD&A which are incorporated by reference herein.

**Readers are cautioned that the foregoing list of factors and risks is not exhaustive. The forward-looking information contained in this short form prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Corporation is not under any duty to update any of the forward-looking information after the date of this short form prospectus to conform such statements to actual results or to changes in the Corporation's expectations and the Corporation disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.**

#### NON-GAAP TERMS

Certain financial performance measures ("**Non-GAAP Terms**") in this short form prospectus or in the documents incorporated by reference herein are not recognized financial terms under Canadian generally accepted accounting principles ("**Canadian GAAP**"). For publicly accountable enterprises, such as Mullen Group, Canadian GAAP is governed by principles based on IFRS and interpretations of international financial reporting interpretations

committee. Mullen Group uses such financial performance measures in order to provide shareholders and potential investors with additional measures to evaluate Mullen Group's ability to fund its operations and information regarding its liquidity. In addition, these measures are used by management in its evaluation of performance.

Management believes these Non-GAAP Terms are useful supplemental measures. These Non-GAAP Terms do not have standardized meanings and may not be comparable to similar measures presented by other entities. Specifically, operating income before depreciation and amortization – adjusted, operating margin – adjusted, net income – adjusted, earnings per share – adjusted, net capital expenditures, net debt, total net debt and cash flow per share are not measures recognized by Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. The Non-GAAP Terms should not be considered in isolation or as a substitute for measures prepared in accordance with Canadian GAAP. Investors are cautioned that these indicators should not replace the forgoing Canadian GAAP terms: net income, earnings per share, purchases of property, plant and equipment, proceeds on sale of property, plant and equipment and debt. Reference is made to the advisories relating to Non-GAAP Terms in the documents incorporated by reference herein in this short form prospectus for the definitions, calculations and reconciliations of such terms.

### DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at 121A – 31 Southridge Drive, Okotoks, Alberta, T1S 2N3, telephone 403-995-5200. In addition, copies of the documents incorporated herein by reference may be obtained from various securities commissions or similar authorities in Canada through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents of the Corporation, filed with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated into and form an integral part of this short form prospectus:

- (a) the annual information form of the Corporation dated February 6, 2019 for the fiscal year ended December 31, 2018 (the "AIF");
- (b) the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2018 and 2017, together with the notes thereto and the independent auditor's report thereon;
- (c) the management's discussion and analysis of the financial condition and results of operations of the Corporation for the year ended December 31, 2018;
- (d) the unaudited condensed consolidated financial statements of the Corporation as at and for the three month periods ended March 31, 2019 and 2018, together with the notes thereto;
- (e) the management's discussion and analysis of the financial condition and results of operations of the Corporation for the three month period ended March 31, 2019 (the "MD&A");
- (f) the management information circular of the Corporation dated March 14, 2019 with respect to the annual general meeting of the shareholders of the Corporation held on May 1, 2019;
- (g) the marketing materials (as such term is defined in applicable Canadian securities laws) dated June 4, 2019 and June 5, 2019; and
- (h) the material change report dated June 7, 2019 with respect to the Offering.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any annual information forms, "marketing materials" (as such term is defined in applicable Canadian securities laws), material change reports (except confidential material change reports), financial statements and related management's discussion and analysis, business

acquisition reports and information circulars filed by the Corporation with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and before the termination of the Offering, are deemed to be incorporated by reference in this short form prospectus.

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.**

### MARKETING MATERIALS

Any “template version” of any “marketing materials” (as such terms are defined in applicable Canadian securities laws) that is used by the Underwriters in connection with the Offering does not form a part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of any marketing materials that will be filed under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) are deemed to be incorporated by reference in this short form prospectus.

### SUMMARY OF THE OFFERING

The following is a brief summary of certain of the terms of the Offering. For a more complete description of the terms of the Offered Debentures, see “*Description of the Securities Being Distributed*”.

<b>Issue:</b>	\$110,000,000 aggregate principal amount of 5.75% convertible unsecured subordinated debentures.
<b>Issue Price:</b>	\$1,000 per Offered Debenture.
<b>Closing Date:</b>	On or about June 21, 2019
<b>Over-Allotment Option:</b>	The Underwriters have been granted the Over-Allotment Option to purchase up to an additional \$15,000,000 aggregate principal amount of Offered Debentures at the Offering Price, exercisable up to 30 days following the Closing Date to cover over-allotments, if any, and for market stabilization purposes. A purchaser who acquires Offered Debentures forming part of the Underwriters’ over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.
<b>Interest:</b>	The Offered Debentures will bear interest at a rate of 5.75% per annum, payable semi-annually in arrears, on the Interest Payment Dates, commencing on November 30, 2019. The first interest payment will represent accrued interest from the Closing Date up to, but excluding November 30, 2019.
<b>Interest Payment Election:</b>	Provided that no Event of Default has occurred and is continuing, the Corporation may elect, from time to time, subject to applicable regulatory approval and applicable securities laws, to satisfy the Corporation’s Interest Obligation, on an Interest Payment Date occurring after the Closing Date: (i) in cash; (ii) by delivering sufficient Common Shares to the Debenture Trustee for sale, to satisfy the Interest Obligation on the Interest Payment Date, in which event holders of the Offered Debentures will be entitled to receive a cash payment equal to

the interest payable from the proceeds of the sale of such Common Shares, or (iii) any combination of (i) and (ii) above. See “*Description of the Securities Being Distributed – Interest Payment Election*”.

**Maturity Date:** November 30, 2026.

**Use of Proceeds:** Mullen Group intends to use the net proceeds from the Offering for general corporate purposes, which may include future acquisitions in their Trucking/Logistics segment.

**Ranking and Subordination:** The Offered Debentures will be direct, subordinated, unsecured obligations of the Corporation and will rank equally with one another and will rank *pari passu* with all other future subordinated unsecured indebtedness of the Corporation and will rank subordinate to all existing and future senior indebtedness of the Corporation, as more particularly described under “*Description of the Securities Being Distributed – Subordination*”. The Indenture does not restrict the Corporation or its subsidiaries from incurring additional indebtedness, including Senior Indebtedness, or from mortgaging, pledging or charging their respective properties to secure any indebtedness or liabilities, including Senior Indebtedness. See “*Description of the Securities Being Distributed – Rank*”.

The payment of the principal and premium, if any, of, and interest on, the Offered Debentures will be subordinated and postponed, and subject in right of payment in the circumstances referred to below and more particularly as set forth in the Indenture, to the full and final payment of all of the Corporation’s Senior Indebtedness.

The Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to the Corporation’s property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Corporation, whether or not involving insolvency or bankruptcy, or any marshalling of the Corporation’s assets and liabilities, then holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Offered Debentures or any unpaid interest accrued thereon excluding the issuance of Common Shares on conversion, redemption or maturity of the Offered Debentures. The Indenture also provides that the Corporation will not make any payment, and the holders of the Offered Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Offered Debentures: (i) in a manner inconsistent with the terms (as they exist on the date of issue) of the Offered Debentures; or (ii) at any time when a default or an event of default has occurred under the Senior Indebtedness and is continuing or upon the acceleration of Senior Indebtedness and the notice of such default, event of default or acceleration has been given by or on behalf of holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full. See “*Description of the Securities Being Distributed – Subordination*”.

**Conversion Privilege:** Each Offered Debenture will be convertible into freely tradable fully paid and non-assessable Common Shares at the option of the holder at any time prior to the close of business on the earliest of (i) the Business Day immediately preceding the Maturity Date, and (ii) if called for redemption, on the Business Day immediately preceding any Redemption Date, or (iii) if called for repurchase pursuant to a Change of Control, on the Business Day immediately preceding the payment date, in each case, at the Conversion Price, representing a conversion rate of approximately 71.4286 Common Shares per \$1,000 principal amount of Offered Debentures, subject to adjustment in accordance with the Indenture. If the holder elects to convert its Offered Debentures in connection with a Change of Control that occurs prior to the Maturity Date, the holder will be entitled to receive additional Common Shares as a

Make-Whole Premium on conversion in certain circumstances. See “*Description of the Securities Being Distributed – Repurchase Upon a Change of Control*” and “*Description of the Securities Being Distributed – Make Whole Change of Control*”.

Upon conversion of any Offered Debentures, holders thereof will receive accrued and unpaid interest thereon from and including the last Interest Payment Date up to, but excluding, the Conversion Date in addition to the applicable number of Common Shares to be received on conversion. Holders converting their Offered Debentures will become holders of record of Common Shares on the Conversion Date provided that, if an Offered Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the person entitled to receive Common Shares shall become the holder of record of such Common Shares as at the date on which such register is next reopened. Notwithstanding the foregoing, no Offered Debentures may be converted on an Interest Payment Date or during the five Business Days preceding an Interest Payment Date in each year, commencing November 30, 2019, as the registers of the Debenture Trustee will be closed during such periods. The Conversion Price is subject to adjustment in certain circumstances. See “*Description of the Securities Being Distributed – Conversion Privilege*”.

**Redemption and Purchase:**

The Offered Debentures will not be redeemable by the Corporation prior to November 30, 2023, except in certain limited circumstances following a Change of Control. On or after November 30, 2023 and prior to November 30, 2025, the Offered Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days and not less than 40 days’ prior written notice at the Redemption Price, provided that the Current Market Price on the date on which notice of redemption is provided is at least 125% of the Conversion Price. On or after November 30, 2025 and prior to the Maturity Date, the Offered Debentures may be redeemed in whole or in part at the option of the Corporation on not more than 60 days’ and not less than 40 days’ prior written notice at the Redemption Price. In the event that a holder of Debentures exercises their conversion right following a notice of redemption by the Corporation, such holder shall be entitled to receive accrued and unpaid interest, in addition to the applicable number of Common Shares to be received on conversion, for the period from and including the latest interest payment date prior to, but excluding, the date of conversion. See “*Plan of Distribution*” and “*Risk Factors – Offered Debentures will be Subordinate to Senior Indebtedness*”.

In the case of redemption of less than all of the Offered Debentures, the Offered Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the TSX (or such other recognized exchange on which the Offered Debentures may be listed).

The Corporation will have the right to purchase Offered Debentures for cancellation in the market, by tender or by private contract, at any time, subject to regulatory requirements. See “*Description of the Securities Being Distributed – Redemption and Purchase*”.

**Change of Control:**

Within 30 days of the Corporation giving notice of the occurrence of a Change of Control, the Corporation will be required to make a Debenture Offer at the Change of Control Offer Price. See “*Description of the Securities Being Distributed – Repurchase upon a Change of Control*”.

In addition to the requirement for the Corporation to make a Debenture Offer, and subject to regulatory approval, in the event of a Change of Control in respect of which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash (other than cash payments for fractional Common Shares and cash payments made in respect of dissenter’s appraisal rights); (ii) trust units, limited partnership units or other participating equity securities of a trust, limited partnership or similar entity that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; (iii) equity securities that are not traded or

intended to be traded immediately following such transactions on a stock exchange; or (iv) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange, subject to regulatory approval (in each case, a “Cash Change of Control”), holders of Offered Debentures may, for the period beginning ten trading days prior to the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered, elect to convert their Offered Debentures and, subject to certain limitations, receive, subject to and upon completion of the Change of Control, in addition to the number of Common Shares they would otherwise be entitled to receive as set out under “*Description of the Securities Being Distributed – Conversion Privilege*”, an additional number of Common Shares per \$1,000 principal amount of Offered Debentures as set out in the Indenture. See “*Description of the Securities Being Distributed – Make Whole Change of Control*”.

**Payment upon Redemption or Maturity:**

Subject to the paragraph below, on any Redemption Date or on the Maturity Date, as applicable, the Corporation will repay the indebtedness represented by the Offered Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Offered Debentures, together with accrued and unpaid interest thereon, if any, up to but excluding the Redemption Date, or the Maturity Date, as applicable.

On any Redemption Date or on the Maturity Date, as applicable, the Corporation may, at the Corporation’s option, provided no Event of Default has occurred and is continuing at such time, on not more than 60 days’ and not less than 40 days’ prior written notice and subject to any required regulatory approvals and in compliance with applicable securities laws, elect to satisfy the Corporation’s obligation to repay, in whole or in part, the principal amount of the Offered Debentures and accrued and unpaid interest to but excluding the Redemption Date, or the Maturity Date, as applicable, which are to be redeemed or which have matured by issuing and delivering Common Shares to the holders of the Offered Debentures. Payment for such Offered Debentures subject to the election would be satisfied by delivering that number of freely tradeable Common Shares obtained by dividing the principal amount of the Offered Debentures subject to the election which are to be redeemed or have matured together with all accrued and unpaid interest payable, by 95% of the Current Market Price on the Redemption Date or the Maturity Date, as the case may be.

In the event a holder of Offered Debentures exercises its conversion rights following delivery of a notice of redemption by the Corporation, such holder shall be entitled to receive the applicable number of Common Shares to be received on conversion on the Business Day immediately preceding the Conversion Date, plus any accrued and unpaid interest for the period from and including the latest Interest Payment Date up to but excluding the Conversion Date.

No fractional Common Shares will be issued upon redemption or maturity of the Offered Debentures; in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the relevant fraction of the Current Market Price of a whole Common Share. See “*Description of the Securities Being Distributed – Offered Debentures – Payment upon Redemption or Maturity*”.

**Restriction on Share Redemption or Maturity Right:**

The Corporation will not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or

(c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the right to issue Common Shares on redemption or maturity of the Offered Debentures; or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Corporation's right to issue Common Shares on redemption or maturity of the Offered Debentures.

**Events of Default:**

The Indenture provides that an Event of Default will occur if certain events described in the Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the Offered Debentures: (i) failure for 30 days to pay interest on the Offered Debentures when due; (ii) failure to pay principal or premium, if any (whether by payment in cash or delivery of Common Shares), on the Offered Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise; (iii) default in the delivery, when due, of any Common Shares or other consideration, including any Make-Whole Premium, payable upon conversion with respect to the Offered Debentures, which default continues for 15 days; (iv) default in the observance or performance of any covenant or condition of the Indenture and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Debenture Trustee or from holders of not less than 25% of the aggregate principal amount of the Offered Debentures specifying such default and requiring the Corporation to rectify or obtain a waiver for same; and (v) certain events of bankruptcy, insolvency or reorganization of the Corporation or any material subsidiary under bankruptcy or insolvency laws; and (vi) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for borrowed money of the Corporation and as a result of such event of default: (A) indebtedness for borrowed money thereunder in excess of \$20,000,000 (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable; and (B) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness.

If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and will, upon the request of holders of not less than 25% in principal amount of the then outstanding Offered Debentures, declare the principal of (and premium thereon, if any) and interest on all outstanding Offered Debentures to be immediately due and payable. See "*Description of the Securities Being Distributed – Events of Default*".

**Risk Factors:**

See "*Risk Factors*" and other information included or incorporated by reference in this short form prospectus for a discussion of the factors that should be carefully considered before making a decision to invest in the Offered Debentures.

**Lock-Up Restrictions:**

The Corporation and each director and officer who holds Common Shares immediately prior to the Closing will be subject to a 90 day restriction on the issuance of Common Shares, in the case of the Corporation, or the transfer or sale of Common Shares in the case of each director and officer, subject to certain exceptions, including the prior written consent of the Co-Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld.

**Listing and Trading:**

The TSX has conditionally approved the listing of the Offered Debentures and the Common Shares issuable upon conversion, redemption or maturity of the Offered Debentures on the TSX. Listing of such securities is subject to the Corporation's fulfillment of all the requirements of the TSX on or before September 6, 2019. See "*Risk Factors – Risks Relating to the Offering – Market for the Offered Debentures*".



**Governing Law:** The Indenture and the Offered Debentures will be governed and construed in accordance with the laws of the Province of Alberta.

### MULLEN GROUP LTD.

Mullen Group is one of the leading suppliers of trucking and logistics services in Canada and provides a wide range of specialized transportation and related services to the oil and natural gas industry in western Canada – two sectors of the economy in which Mullen Group has strong business relationships and industry leadership.

The issued and outstanding Common Shares are listed on the TSX under the symbol “MTL”.

Further details concerning the Corporation, including information on the Corporation’s assets, operations and history, are provided in the AIF and other documents incorporated by reference into this short form prospectus. Readers are encouraged to thoroughly review these documents as they contain important information about the Corporation.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the Corporation’s consolidated share and loan capitalization as at March 31, 2019 and the pro forma capitalization of the Corporation as at March 31, 2019 after giving effect to the Offering. There have been no material changes in the share or loan capitalization of the Corporation since March 31, 2019.

Designation <i>(in thousands, except share amounts)</i>	Authorized	As at March 31, 2019	As at March 31, 2019, after giving effect to the Offering <sup>(4)(6)(8)</sup>
<b>Bank Credit Facility<sup>(1)</sup></b>	\$125,000	\$35,300	Nil <sup>(6)</sup>
<b>Senior Notes<sup>(2)(9)</sup></b>	-	\$475,842	\$475,842
<b>Lease Liabilities<sup>(3)</sup></b>	-	\$40,764	\$40,764
<b>Offered Debentures<sup>(8)</sup></b>	\$125,000	N/A	\$119,760 <sup>(4)</sup>
<b>Share Capital<sup>(10)</sup></b>	Unlimited	\$946,910	\$946,910
Common Shares <sup>(5)(7)</sup>		(104,824,973 Common Shares)	(104,824,973 Common Shares)

**Notes:**

- (1) Mullen Group has a \$125,000,000 demand unsecured bank credit facility (the “**Bank Credit Facility**”). Interest on the Bank Credit Facility is payable monthly and is based on either the bank prime rate plus 0.50 percent or bankers’ acceptance rates plus an acceptance fee of 1.50 percent. The Bank Credit Facility does not have any financial covenants; however, Mullen Group cannot be in default in respect of its Senior Notes and must be in compliance with certain reporting and general covenants. Mullen Group is in compliance with all of these reporting and general covenants.
- (2) Further details on the Senior Notes are set forth in Note 12 to the unaudited condensed consolidated financial statements of the Corporation as at March 31, 2019.
- (3) Mullen Group’s lease liabilities mainly relate to real property leases that are utilized by the Business Units within their operations. Certain Business Units have also entered into leases pertaining to various pieces of operating equipment including rail cars, trucks and trailers.
- (4) **Assuming the Over-Allotment Option is exercised in full.** After deducting estimated expenses of this Offering of \$440,000 and the Underwriters’ Fee of \$4,800,000. Upon closing of the Offering, the Corporation will pay the Underwriters a cash commission equal to 4.0% of the gross proceeds of the Offering. However, the Underwriters have agreed that no commission will be charged on subscriptions by certain directors and members of management, which subscriptions are anticipated to total \$5,000,000.
- (5) As at March 31, 2019, the Corporation also had options outstanding to purchase an aggregate of 3,422,500 Common Shares at a weighted average exercise price of \$19.18 per Common Share.
- (6) Assumes the net proceeds of this Offering are used to temporarily repay the Bank Credit Facility.
- (7) The Offered Debentures may be converted, at the option of the holder, into Common Shares. See “*Description of the Securities Being Distributed - Conversion Privilege*”.
- (8) This amount will be reduced by the amount attributed to the equity component of the Offered Debentures for accounting purposes.
- (9) Mullen Group has certain financial covenants that must be met under its Senior Notes, which includes a total net debt to operating cash flow ratio. The term “total net debt” means all debt including the Senior Notes, lease liabilities, the Bank Credit Facility and letters of credit less any unrealized gain on derivative financial instruments (March 31, 2019 - \$36,900,000) plus any unrealized loss on derivative financial instruments (March 31, 2019 – NIL), as disclosed within derivative financial instruments on the consolidated statement of financial position of the Corporation. Additionally, the Senior Notes are subject to a priority debt covenant which prohibits the Corporation from permitting any priority debt to exceed 15% of consolidated total assets. As at December 31, 2018 priority debt was 0.0% of consolidated total assets and as at March 31, 2019 priority debt was 0.3% of consolidated total assets. The term “priority debt” means the aggregate of all secured

debt of the Corporation and debt of any subsidiary of the Corporation but does not include secured debt of the Corporation if it is secured equally with the Senior Notes. The term “consolidated total assets” means the total assets of the Corporation as reflected on the consolidated statement of financial position of the Corporation. As disclosed in the MD&A, the Corporation is also subject to a fixed charge coverage ratio being the ratio of total earnings available for fixed charges to total fixed charges. The term “total earnings available for fixed charges” is comprised of consolidated net income, provision for income tax, depreciation and amortization, non-cash charges including stock based compensation, amortization of debt issue costs, accretion expense on debentures, gain/(loss) on sale of equipment, gain on fair value of equity investments, change in fair value of investments, earnings/(loss) from equity investments, goodwill impairment, gain on contingent consideration and net foreign exchange gain/(loss), all as more particularly described in the 2014 Senior Note Purchase Agreement. The term “total fixed charges” is comprised of interest on long-term debt and rental charges, , all as more particularly described in the 2014 Senior Note Purchase Agreement.

(10) There will be an amount attributed to the equity component of the Offered Debentures for accounting purposes.

## DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

The Offered Debentures will be issued under the Indenture between the Corporation and the Debenture Trustee. The following is a summary of the material attributes and characteristics of the Offered Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Indenture, which, following the Closing Date, may be viewed under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### General

The Offered Debentures will be issued under and pursuant to the provisions of the Indenture to be entered into between the Corporation and the Debenture Trustee. The Offered Debentures will be limited to an aggregate principal amount of up to \$125,000,000, including the Offered Debentures issued upon exercise of the Over-Allotment Option. The Over-Allotment Debentures shall be dated as of the Closing Date regardless of their actual date of issue and shall bear interest from and including the Closing Date. The Corporation may, however, from time to time, without the consent of the holders of any outstanding Offered Debentures, issue debentures in addition to the Offered Debentures offered hereby.

The Offered Debentures will be dated as of the Closing Date. The Offered Debentures will be issuable only in denominations of \$1,000 and integral multiples thereof.

The Corporation may elect, from time to time, subject to applicable regulatory approval and provided an Event of Default has not occurred and is continuing, to satisfy its obligation to pay the Interest Obligation on an Interest Payment Date occurring after the Closing Date: (i) in cash; (ii) by delivering sufficient Common Shares to the Debenture Trustee for sale, to satisfy the Interest Obligation on the Interest Payment Date, in which event holders of the Offered Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Common Shares; or (iii) any combination of (i) and (ii) above. See “*Description of the Securities Being Distributed – Interest Payment Election*” below.

The Offered Debentures will be issued in electronic form as book entry only in the name of CDS or its nominee, and purchasers of Offered Debentures hereunder will receive customer confirmations of purchase from the Underwriter or registered dealer from which the applicable Offered Debentures are purchased. Holders of beneficial interests in the Offered Debentures will have the limited right to receive physical certificates evidencing their ownership of Offered Debentures pursuant to the specific circumstances described under “*Description of the Securities Being Distributed – Book Entry Only Debentures*”.

Notwithstanding the foregoing, Offered Debentures sold pursuant to Section 4(a)(2) of the *U.S. Securities Act of 1933* will be issued in definitive, fully registered form.

The Offered Debentures will bear interest from the date of issue at 5.75% per annum, which will be payable semi-annually on May 31 and November 30 in each year, commencing on November 30, 2019, computed on the basis of a 360-day year comprised of twelve 30 day months. The November 30, 2019 interest payment will represent accrued interest for the period from and including the Closing Date up to, but excluding, November 30, 2019. Interest on the Offered Debentures will be payable in lawful money of Canada as specified in the Indenture.

The Indenture does not contain a requirement for the Corporation to increase the amount of interest or other payments to holders of Offered Debentures should the Corporation become required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts.

Principal on the Offered Debentures will be payable in lawful money of Canada or, at the Corporation's option and subject to applicable regulatory approval and in compliance with applicable securities laws, after the Closing Date and provided no Event of Default has occurred and is continuing, by delivery of Common Shares to satisfy, in whole or in part, the Corporation's obligation to repay principal under the Offered Debentures, as further described under "*Description of the Securities Being Distributed – Redemption and Purchase*" and "*Description of the Securities Being Distributed – Payment upon Redemption or Maturity*".

The Offered Debentures will be the Corporation's direct obligations and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to the Senior Indebtedness as described under "*Description of the Securities Being Distributed – Subordination*". The Indenture will not restrict the Corporation's ability to incur additional indebtedness, including Senior Indebtedness, or to mortgage, pledge or charge the Corporation's properties to secure any indebtedness or liabilities, including Senior Indebtedness.

Original purchasers of Offered Debentures are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult a legal advisor. Under the Indenture, original purchasers of Offered Debentures under the Offering will have a contractual right of rescission against the Corporation following the issuance of Common Shares to such purchaser upon the conversion of the Offered Debentures to receive the amount paid for the Offered Debentures if this short form prospectus (including the documents incorporated by reference herein) and any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering. This contractual right of rescission will be consistent with the statutory right of rescission described under the heading "*Purchasers' Statutory and Contractual Rights*" in this short form prospectus and in addition to any right or remedy available to original purchasers under the securities legislation of certain provinces of Canada or otherwise at law.

The Offered Debentures will be transferable and may be presented for conversion at the principal offices of the Debenture Trustee in Calgary, Alberta and Toronto, Ontario.

### **Conversion Privilege**

Each Offered Debenture will be convertible at the option of the holder thereof into freely tradable fully paid and non-assessable Common Shares at any time after the Closing Date but prior to 5:00 p.m. (Calgary time) on the earliest of: (i) the Business Day immediately preceding the Maturity Date; (ii) the Business Day immediately preceding the Redemption Date; and (iii) if called for repurchase pursuant to a Change of Control, on the Business Day immediately preceding the payment date, in each case, at the Conversion Price, representing a conversion rate of approximately 71.4286 Common Shares per \$1,000 principal amount of Offered Debentures, subject to adjustment in accordance with the Indenture.

If a holder elects to convert its Offered Debentures in connection with a Change of Control that occurs prior to the Maturity Date, the holder will be entitled to receive additional Common Shares as a Make-Whole Premium on conversion in certain circumstances. See "*Description of the Securities Being Distributed – Offered Debentures – Make Whole Change of Control*".

Upon conversion of any Offered Debentures, the holder thereof will be eligible to receive accrued and unpaid interest thereon from and including the last Interest Payment Date up to, but excluding, the Conversion Date.

Holders converting their Offered Debentures will become holders of record of Common Shares on the Conversion Date provided that, if an Offered Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the person entitled to receive Common Shares shall become the holder of record of such Common Shares as at the date on which such register is next reopened. Notwithstanding the foregoing, no Offered

Debentures may be converted on an Interest Payment Date or during the five Business Days preceding May 31 and November 30 in each year, commencing November 30, 2019, as the registers of the Debenture Trustee will be closed during such periods. If an Offered Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Offered Debenture so surrendered for conversion shall not become the holder or holders of such Common Shares until the Business Day following such Interest Payment Date and, for clarity, any interest payable on such Offered Debentures will be for the account of the holder of record of such Offered Debentures at the close of business on the relevant record date.

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price in certain events including:

- (i) the subdivision or consolidation of the outstanding Common Shares;
- (ii) the issuance of Common Shares or securities convertible into Common Shares by way of stock dividend or otherwise;
- (iii) the payment of a cash dividend or distribution to all or substantially all of the holders of Common Shares in excess of \$0.05 per Common Share per Applicable Period;
- (iv) the issuance of options, rights or warrants to all or substantially all the holders of Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price;
- (v) the distribution to all holders of Common Shares of any securities, evidence of indebtedness or assets (other than securities or assets in respect of any event described in (ii), (iii) or (iv)); and
- (vi) the payment to all holders of Common Shares in respect of an issuer bid for Common Shares by the Corporation to the extent that the market value of the payment exceeds 95% of the then Current Market Price on the date of expiry of the bid.

Provided the Common Shares are then listed on the TSX (or such other recognized stock exchange), the term “**Current Market Price**” means and will be defined in the Indenture to mean, on any day, the arithmetic average of the volume weighted average trading price of the Common Shares on the TSX (or such other recognized stock exchange) for the 20 consecutive trading days ending on the fifth trading day preceding such date. If no such prices are available “**Current Market Price**” shall be the fair value of a Common Share as reasonably determined by the Board of Directors.

Subject to prior regulatory approval, if required, there will be no adjustment of the Conversion Price in respect of any event described in (ii), (iii), (iv) or (v) above if the holders of the Offered Debentures are allowed to participate as though they had converted their Offered Debentures prior to the applicable record date or effective date. The Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. However, any adjustments that are less than 1% of the Conversion Price will be carried forward and taken into account when determining subsequent adjustments.

In the case of: (i) any reclassification, capital reorganization or change (other than a change resulting only from consolidation or subdivision) of the Common Shares; (ii) the Corporation’s amalgamation, arrangement, consolidation or merger with or into any other entity; (iii) any sale, transfer or other disposition of the Corporation’s properties and assets as, or substantially as, an entirety to any other entity; or (iv) the Corporation’s liquidation, dissolution or winding-up, the terms of the conversion privilege will be adjusted so that each Offered Debenture will, subject to the Change of Control provisions, after such reclassification, capital reorganization, change, amalgamation, arrangement, consolidation, merger, sale, transfer, disposition, liquidation, dissolution or winding-up, be exercisable for the kind and amount of the Corporation’s securities or property, or of such continuing, successor or purchaser entity, as the case may be, which the holder thereof would have been entitled to receive as a result of such reclassification, capital reorganization, change, amalgamation, arrangement, consolidation, merger, sale, transfer, disposition, liquidation, dissolution or winding-up if on the effective date thereof it had been the holder of the number of Common Shares into which the Offered Debenture was convertible prior to the effective date thereof.

No fractional Common Shares will be issued upon conversion of the Offered Debentures. In lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the relevant fraction of the Current Market Price of a whole Common Share. Upon conversion, the Corporation may offer, and the converting holder may agree to the delivery of, cash for all or a portion of the Offered Debentures surrendered in lieu of Common Shares.

### **Redemption and Purchase**

The Offered Debentures will not be redeemable by the Corporation before November 30, 2023, except in certain limited circumstances following a Change of Control. See “*Description of the Securities Being Distributed – Repurchase upon a Change of Control*” below. On or after November 30, 2023 and prior to November 30, 2025, the Offered Debentures may be redeemed by the Corporation, in whole or in part from time to time, at the Corporation’s option on not more than 60 days’ and not less than 40 days’ prior written notice, at the Redemption Price, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after November 30, 2025 and prior to the Maturity Date, the Offered Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days’ and not less than 40 days’ prior written notice, at the Redemption Price.

In the case of redemption of less than all of the Offered Debentures, the Offered Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the TSX (or such other recognized exchange on which the Common Shares may be listed).

The Corporation will have the right to purchase Offered Debentures for cancellation in the market, by tender or by private contract, at any time, subject to regulatory requirements.

### **Payment upon Redemption or Maturity**

Subject to the paragraph below, on any Redemption Date or on the Maturity Date, as applicable, the Corporation will repay the indebtedness represented by the Offered Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Offered Debentures, together with accrued and unpaid interest thereon, if any, up to but excluding the Redemption Date or the Maturity Date.

On any Redemption Date or on the Maturity Date, as applicable, the Corporation may, at the Corporation’s option, on not more than 60 days’ and not less than 40 days’ prior written notice and subject to any required regulatory approvals, provided that no Event of Default has occurred and is continuing, elect to satisfy the Corporation’s obligation to repay, in whole or in part, the principal amount of the Offered Debentures which are to be redeemed or which have matured plus accrued and unpaid interest thereon to but excluding the Redemption Date or the Maturity Date, as applicable, by issuing and delivering Common Shares to the holders of the Offered Debentures. Payment for such Offered Debentures which the Corporation elects to repay in Common Shares would be satisfied by delivering that number of Common Shares obtained by dividing the principal amount of the Offered Debentures together with all accrued and unpaid interest payable by 95% of the Current Market Price on the Redemption Date or Maturity Date, as applicable.

Notwithstanding the foregoing, the Corporation may not elect to repay the Offered Debentures in Common Shares if (a) the Common Shares to be issued upon redemption or repayment at maturity of the Offered Debentures are subject to any “restricted period” or “seasoning period” under National Instrument 45-102 - *Resale of Securities* (“NI 45-102”) other than in respect of a “control distribution” (as defined in NI 45-102) or a transaction or series of transactions incidental to a control distribution; and/or (b) the Common Shares to be issued upon redemption or repayment at maturity of the Offered Debentures are not listed on the TSX or a national securities exchange or quoted in an inter-dealer quotation system of any registered national securities association.

In the event a holder of Offered Debentures exercises their conversion right following delivery of a notice of redemption by the Corporation, such holder shall be entitled to receive the applicable number of Common Shares to be received on conversion on the Business Day immediately preceding the Conversion Date, plus any accrued and

unpaid interest for the period from and including the latest Interest Payment Date to but excluding the Conversion Date.

No fractional Common Shares will be issued upon redemption or maturity of the Offered Debentures; in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the relevant fraction of the Current Market Price of a whole Common Share.

### **Cancellation**

All Offered Debentures converted, redeemed or purchased will be cancelled and may not be reissued or resold.

### **Rank**

The Offered Debentures will be direct, unsecured obligations of the Corporation and will be fully subordinated to all Senior Indebtedness. The Offered Debentures will rank equally with one another and will rank *pari passu* with all of the Corporation's other existing and future unsecured subordinated indebtedness to the extent that it is subordinated on the same terms, as more particularly described below under "*Subordination*".

The Indenture will not restrict the Corporation's ability to incur additional indebtedness, including Senior Indebtedness, or from mortgaging, pledging or charging their respective properties to secure any indebtedness or liabilities, including Senior Indebtedness.

### **Subordination**

The payment of the principal and premium, if any, of, and interest on, the Offered Debentures will be subordinated and postponed, and subject in right of payment to the full and final payment of all of the Corporation's Senior Indebtedness.

"**Senior Indebtedness**" will be defined in the Indenture as all existing and future obligations, liabilities and indebtedness of the Corporation which would, in accordance with GAAP, be classified upon a consolidated balance sheet of the Corporation as liabilities of the Corporation and, whether or not so classified, shall include (without duplication) all existing and future: (i) indebtedness of the Corporation or its subsidiaries for borrowed money; (ii) lease liabilities; (iii) obligations of the Corporation or its subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (iv) obligations of the Corporation or its subsidiaries arising pursuant to or in relation to bankers' acceptances, letters of credit and letters of guarantee (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (v) obligations of the Corporation or its subsidiaries under any swap, hedging or other similar contracts or arrangements; (vi) obligations of the Corporation or its subsidiaries under guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (vii) all indebtedness of the Corporation or its subsidiaries representing the deferred purchase price of any property including, without limitation, purchase money mortgages; (viii) accounts payable to trade creditors of the Corporation or its subsidiaries; (ix) all renewals, extensions and refinancing of any of the foregoing; (x) all accrued and unpaid interest, fees and other amounts in respect of any of the foregoing; and (xi) all costs and expenses incurred by or on behalf of the holder of any Senior Indebtedness in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same. "**Senior Indebtedness**" shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Offered Debentures.

For further clarity, "**Senior Indebtedness**" includes, without limitation, all obligations under the Bank Credit Facility, the Senior Notes, severance obligations of the Corporation and other indebtedness the principal of and premium, if any, and interest on and other amounts in respect of all such indebtedness of the Corporation (whether outstanding as at the date of the Indenture or thereafter incurred), other than indebtedness evidenced by the Offered Debentures and all other existing and future indebtedness or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be *pari passu* with, or subordinate in right of payment to, the Offered Debentures.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to the Corporation's property or assets, or in the event of any proceedings for the Corporation's voluntary liquidation, dissolution or other winding-up of the Corporation, whether or not involving insolvency or bankruptcy, or any marshalling of the Corporation's assets and liabilities of the Corporation, then holders of Senior Indebtedness will receive payment in full before the holders of Offered Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Offered Debentures or any unpaid interest accrued thereon excluding the issuance of Common Shares on conversion, redemption or maturity of the Offered Debentures. The Indenture will also provide that the Corporation will not make any payment, and the holders of the Offered Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Offered Debentures: (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Offered Debentures; or (b) at any time when a default or an event of default has occurred under the Senior Indebtedness and is continuing or upon the acceleration of Senior Indebtedness and the notice of such default, event of default or acceleration has been given by or on behalf of holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full.

The Debenture Trustee and the Corporation will also be authorized (and obligated upon a request from the Corporation) under the Indenture to enter into subordination agreements on behalf of the holders of Offered Debentures with any holder of Senior Indebtedness.

#### **Repurchase upon a Change of Control**

Within 30 days following the occurrence of a Change of Control, the Corporation will be required to make a cash offer to purchase all of the Offered Debentures (the "**Debenture Offer**") at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon (the "**Change of Control Offer Price**"). A Change of Control shall include the acquisition by any person or group of persons acting jointly or in concert (within the meaning of National Instrument 62-104 - *Take-Over Bids and Issuer Bids* ("**NI 62-104**")) of ownership of, voting control or direction over 50% or more of the then outstanding Common Shares, or the sale or other transfer of all or substantially all of the Corporation's consolidated assets, excluding a sale, merger, reorganization or other similar transaction if the previous holders of the Common Shares hold at least 50% of the voting control or direction in such merged, reorganized or other continuing entity (each a "**Change of Control**").

The Indenture will contain notification and repurchase provisions requiring the Corporation to give written notice to the Debenture Trustee of the occurrence of a Change of Control at least 15 days prior to the anticipated effective date of an occurrence of a Change of Control together with the Debenture Offer. The Debenture Trustee will thereafter promptly mail to each holder of Offered Debentures a notice of the Change of Control together with a copy of the Debenture Offer to repurchase all outstanding Offered Debentures.

If Offered Debentures representing 90% or more of the aggregate principal amount of the Offered Debentures outstanding on the date of the giving of notice of the Change of Control are tendered for purchase following a Change of Control (other than Offered Debentures held at the date of the take-over bid by or on behalf of the offeror, associates or affiliates of the offeror or any one acting jointly or in concert within the meaning of NI 62-104 with the offeror), the Corporation will have the right to redeem all remaining Offered Debentures in cash on the purchase date at the Change of Control Offer Price. Notice of such redemption must be given to the Debenture Trustee by the Corporation within ten days following expiry of the right of the holders of the Offered Debentures to require repurchase after the Change of Control and, as soon as possible thereafter, by the Debenture Trustee to the holders of Offered Debentures not tendered for purchase.

#### **Make Whole Premium on Change of Control**

In addition to the requirement for the Corporation to make a Debenture Offer in the event of a Change of Control, if a Change of Control occurs on or before the Maturity Date in which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of:

- (i) cash (other than cash payments for fractional Common Shares and cash payments made in respect of dissenters' appraisal rights);
- (ii) trust units, limited partnership units or other participating equity securities of a trust, limited partnership or similar entity that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange;
- (iii) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or
- (iv) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange,

then subject to regulatory approvals, during the period beginning 10 trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered, holders of Offered Debentures will be entitled to convert their Offered Debentures, subject to certain limitations, and receive, in addition to the number of Common Shares they would otherwise be entitled to receive as set out under “*Description of the Securities Being Distributed – Conversion Privilege*” above, an additional number of Common Shares per \$1,000 principal amount of Offered Debentures as set out below (in each case, a “**Make-Whole Premium**”).

The number of additional Common Shares per \$1,000 principal amount of Offered Debentures constituting the relevant Make-Whole Premium will be determined by reference to the table below and is based on the date on which the Change of Control becomes effective (the “**Effective Date**”) and the Change of Control Offer Price paid per Common Share in the transaction constituting the Change of Control. If holders of Common Shares receive (or are entitled and able in all circumstances to receive), only cash in the transaction, the Change of Control Offer Price will be the cash amount paid per Common Share. Otherwise, the Change of Control Offer Price will be equal to the Current Market Price immediately preceding the Effective Date of such transaction.

The following table shows what the Make-Whole Premium would be for each hypothetical Change of Control Offer Price and Effective Date set out below, expressed as additional Common Shares per \$1,000 principal amount of Offered Debentures. For greater certainty, the Corporation will not be obliged to pay the Make-Whole Premium other than by issuance of Common Shares upon conversion, subject to the provision relating to adjustment of the Conversion Price in certain circumstances and following the completion of certain types of transactions described under “*Description of the Securities Being Distributed – Conversion Privilege*” above.

Make-Whole Premium Upon a Change of Control (Number of Additional Common Shares per \$1,000 Debentures)														
Effective Date	Change of Control Offer Price													
	\$10.00	\$10.50	\$11.00	\$11.50	\$12.00	\$12.50	\$13.00	\$13.50	\$14.00	\$14.50	\$15.00	\$17.00	\$19.00	\$21.00
21-Jun-19	28.5714	25.4819	22.7573	20.3478	18.2092	16.3064	14.6092	13.0919	11.7329	10.5131	9.4160	6.0100	3.7379	2.2138
21-Jun-20	28.5714	25.4819	22.7573	20.2965	18.0933	16.1376	14.3977	12.8467	11.4629	10.2248	9.1173	5.7141	3.4916	2.0357
21-Jun-21	28.5714	25.0648	22.1836	19.6400	17.3908	15.4000	13.6354	12.0689	10.6779	9.4407	8.3407	5.0153	2.9137	1.5900
21-Jun-22	28.5714	24.3476	21.3636	18.7330	16.4142	14.3688	12.5638	10.9726	9.5679	8.3297	7.2387	4.0318	2.1253	1.0152
21-Jun-23	28.5714	23.8095	20.2518	17.5017	15.0767	12.9384	11.0531	9.3911	7.9286	6.6455	5.5247	2.3947	0.8837	0.2490
21-Jun-24	28.5714	23.8095	19.4805	15.8835	13.4017	11.2416	9.3615	7.7230	6.2921	5.0393	3.9407	0.7553	0.0000	0.0000
21-Jun-25	28.5714	23.8095	19.4805	15.5279	11.9047	8.5714	6.0515	4.5511	3.3793	2.4738	1.7713	0.1606	0.0000	0.0000
30-Nov-25	28.5714	23.8095	19.4805	15.5279	11.9047	8.5714	5.4945	2.6455	0.2271	0.0000	0.0000	0.0000	0.0000	0.0000

The actual Change of Control Offer Price and Effective Date may not be set out in the table, in which case:

- (a) if the actual Change of Control Offer Price on the Effective Date is between two Change of Control Offer Prices in the table or the actual Effective Date is between two Effective Dates in the table, the Make-Whole Premium will be determined by a straight-line interpolation between the Make-Whole Premiums set out for the two Change of Control Offer Prices and the two Effective Dates in the table based on a 365-day year, as applicable;
- (b) if the Change of Control Offer Price on the Effective Date exceeds \$21.00 per Common Share, subject to adjustment as described below, the Make-Whole Premium will be zero; and



- (c) if the Change of Control Offer Price on the Effective Date is less than \$10.00 per Common Share, subject to adjustment as described below, the Make-Whole Premium will be zero.

The Change of Control Offer Prices set out in the table above will be adjusted as of any date on which the Conversion Price of the Offered Debentures is adjusted. The adjusted Change of Control Offer Prices will equal the Change of Control Offer Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Price as so adjusted and the denominator of which is the Conversion Price immediately prior to the adjustment giving rise to the Change of Control Offer Price adjustment. The number of additional Common Shares set out in the table above will be adjusted in the same manner as the Conversion Price as set out above under “*Description of the Securities Being Distributed – Conversion Privilege*”, other than by operation of an adjustment to the Conversion Price by adding the Make-Whole Premium as described above.

### **Interest Payment Election**

The Corporation may elect, from time to time, subject to applicable regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy the Corporation’s obligation to pay the Interest Obligation, on an Interest Payment Date occurring after the Closing Date, (i) in cash; (ii) by delivering sufficient Common Shares to the Debenture Trustee for sale, to satisfy the Interest Obligation on the Interest Payment Date, in which event holders of the Offered Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Common Shares (a “**Common Share Interest Payment Election**”); or (iii) any combination of (i) and (ii) above.

The Indenture will provide that, upon the Corporation making a Common Share Interest Payment Election, the Debenture Trustee will: (i) accept delivery from the Corporation of Common Shares; (ii) accept bids with respect to, and consummate sales of, such Common Shares, each as the Corporation shall direct in the Corporation’s absolute discretion through investment banks, brokers or dealers identified by the Corporation; (iii) invest the proceeds of such sales in securities issued or guaranteed by the Government of Canada which mature prior to the applicable Interest Payment Date; (iv) use the proceeds received from investment in such permitted government securities, together with any additional cash provided by the Corporation, to satisfy the Interest Obligation; and (v) perform any other action necessarily incidental thereto.

The Indenture will set out the procedures to be followed by the Corporation and the Debenture Trustee in order to effect the Common Share Interest Payment Election. If a Common Share Interest Payment Election is made, the sole right of holders of Offered Debentures in respect of interest will be to receive a cash payment equal to the interest owed on their Offered Debentures from the Debenture Trustee out of the proceeds of the sale of Common Shares in full satisfaction of the Interest Obligation, and the holder of such Offered Debentures will have no further recourse to the Corporation in respect of the Interest Obligation.

Notwithstanding the foregoing, neither the making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will: (i) result in the holders of the Offered Debentures not being entitled to receive, on the applicable Interest Payment Date, cash in an aggregate amount equal to the interest payable on such Interest Payment Date; or (ii) entitle or require such holders to receive any Common Shares in satisfaction of the Interest Obligation.

### **Restrictions on Share Redemption or Maturity Right**

The Corporation will not, directly or indirectly (through a subsidiary or otherwise), undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly: (i) the exercise or potential exercise of the right to issue Common Shares on redemption or maturity of the Offered Debentures; or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Corporation's right to issue Common Shares on redemption or maturity of the Offered Debentures.

### **Modification**

The rights of the holders of Offered Debentures may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which make binding on all holders of outstanding Offered Debentures, resolutions passed at meetings of the holders of outstanding Offered Debentures by votes cast thereat by holders of not less than 66⅔% of the principal amount of the then-outstanding Offered Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the then-outstanding Offered Debentures. In certain circumstances, the modification will instead, or in addition, require assent by the required percentage of Offered Debentures of each particularly affected series. Under the Indenture, certain amendments of a technical nature or which are not prejudicial to the rights of the holders of the Offered Debentures may be made to the Indenture without the consent of the holders of the Offered Debentures.

### **Consolidation, Mergers or Sales of Assets**

The Indenture will provide that the Corporation may not, without the consent of the holders of the Offered Debentures, consolidate or amalgamate with or merge into any person or sell, convey, transfer or lease all or substantially all of the Corporation's properties and assets to another person (other than the Corporation's direct or indirect wholly-owned subsidiaries) unless:

- (a) the resulting, surviving, continuing or transferee person expressly assumes all of the Corporation's obligations under the Offered Debentures and the Indenture;
- (b) the Offered Debentures will be valid and binding obligations of the resulting, surviving, continuing or transferee person entitling the holders thereof, as against such person, to all the rights of holders of Offered Debentures under the Indenture;
- (c) after giving effect to the transaction, no Event of Default, and no event that, after notice or lapse of time, or both, would become an Event of Default, will occur; and
- (d) such other conditions as may be described in the Indenture are met.

Although such transactions will be permitted under the Indenture, certain of the foregoing transactions could constitute a Change of Control, which would require the Corporation to offer to purchase the Offered Debentures as described above.

### **Events of Default**

The Indenture will provide that an event of default (an "Event of Default") in respect of the Offered Debentures will occur if certain events described in the Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the Offered Debentures: (i) failure for 30 days to pay interest on the Offered Debentures when due; (ii) failure to pay principal or premium, if any (whether by payment in cash or delivery of Common Shares), on the Offered Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise; (iii) default in the delivery, when due, of any Common Shares or other consideration, including any Make-Whole Premium, payable upon conversion with respect to the Offered Debentures, which default continues for 15 days; (iv) default in the observance or performance of any covenant or condition of the Indenture and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Debenture Trustee or from holders of not less than 25% of the aggregate principal amount of the Offered Debentures (or if the Event of Default shall exist only in respect of one or more series of the Offered Debentures then outstanding, then upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Offered Debentures of such series then outstanding) specifying such

default and requiring the Corporation to rectify or obtain a waiver for same; (v) certain events of bankruptcy, insolvency or reorganization of the Corporation or any material subsidiary under bankruptcy or insolvency laws; and (vi) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for borrowed money (other than non-recourse debt) of the Corporation and as a result of such event of default: (A) indebtedness for borrowed money thereunder in excess of \$20,000,000 (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable; and (B) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness.

If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and will, upon the request of holders of not less than 25% in principal amount of the then outstanding Offered Debentures, declare the principal of (and premium, if any) and interest on all outstanding Offered Debentures to be immediately due and payable. In certain cases, the holders of more than 50% of the principal amount of the Offered Debentures (or the applicable series of Offered Debentures to which the Event of Default relates, as applicable) then outstanding may, on behalf of the holders of all Offered Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

### **Offers for Debentures**

The Indenture will contain provisions to the effect that if an offer is made for the Offered Debentures which is a takeover bid for Offered Debentures within the meaning of NI 62-104 if the Offered Debentures were considered equity securities, and not less than 90% of the principal amount of the then outstanding Offered Debentures (other than Offered Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Offered Debentures held by those who did not accept the offer on the terms offered by the offeror.

### **Book Based Debentures**

The Offered Debentures issuable under the Offering will be issued in electronic form through the book based system and must be purchased or transferred through a CDS participant. On the Closing Date, the Debenture Trustee will cause the Offered Debentures to be delivered to CDS and registered in the name of its nominee. Unless the book-based system is terminated as described below, a purchaser acquiring a beneficial interest in the Offered Debentures (a "**Debenture Beneficial Owner**"), will only be entitled, pursuant to the *Business Corporations Act* (Alberta), to receive a certificate for Offered Debentures or the Common Shares issuable on the conversion, redemption or maturity of the Offered Debentures, if requested and withdrawn from the CDS book-based system. Such request will need to be made through the CDS participant through whom the beneficial interest in the securities are held at the time of the request. Purchasers of Offered Debentures will not be shown on the records maintained by CDS, except through a CDS participant.

Beneficial interests in Offered Debentures will be represented solely through the book-based system and such interests will be evidenced by customer confirmations of purchase from the Underwriter or registered dealer from which the applicable Offered Debentures are purchased in accordance with the practices and procedures of that registered dealer.

In addition, registration of interests in and transfers of the Offered Debentures will be made only through the depository service of CDS. As indirect holders of Offered Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Offered Debentures registered in their name; (b) may not have physical certificates representing their interest in the Offered Debentures; (c) may not be able to sell the Offered Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Offered Debentures as security. The Offered Debentures issuable under the Offering will be issued to Debenture Beneficial Owners thereof in fully registered and certificated form only if: (a) required to do so by applicable law; (b) requested by a Debenture Beneficial Owner in accordance with the agreements and policies between CDS and the CDS participants; (c) CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Offered Debentures and the Corporation is unable or does not wish to locate a qualified successor; or (d) the Corporation, at the Corporation's

option, with the consent of the Co-Lead Underwriters, decides to terminate the book-based system through CDS in accordance with the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of CDS participants and Debenture Beneficial Owners, of the availability through CDS of Debenture Certificates. Upon receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Offered Debentures in the form of definitive Debenture Certificates and thereafter the Corporation will recognize the holders of such Debenture Certificates as holders of Offered Debentures under the Indenture. Interest on the Offered Debentures will be paid directly to CDS and subsequently disbursed while the book-based system is in effect. If Debenture Certificates are issued, the Corporation will pay interest, either directly or through the Debenture Trustee or any agent of the Debenture Trustee, by prepaid ordinary mail, electronic transfer of funds or such other means as may be agreed to by the Debenture Trustee. Payment of principal, including payment in the form of Common Shares if applicable, and the interest due, at maturity or on a redemption date, will be paid directly to CDS and subsequently disbursed while the book-based system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Common Shares, if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

Neither the Corporation, the Debenture Trustee nor the Underwriters will assume any liability for: (a) any aspect of the electronic records maintained by CDS relating to any ownership interests or any other interests in the Offered Debentures or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Offered Debenture represented by an electronic position in the book entry only system administered by CDS (other than CDS or its nominee); (b) maintaining, supervising or reviewing any records relating to the Offered Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules and regulations governing CDS or any action to be taken by CDS on its own direction or at the direction of a CDS participant. The rules governing CDS provide that it acts as the agent and depository for the CDS participants. As a result, CDS participants must look solely to CDS and Debenture Beneficial Owners must look solely to CDS participants for any payments relating to the Offered Debentures, paid by or on behalf of the Corporation to CDS.

### **Discharge of the Indenture**

The Corporation may satisfy and discharge the Corporation's obligations under the Indenture in certain circumstances, including by delivering to the Debenture Trustee for cancellation all outstanding Offered Debentures or by depositing with the Debenture Trustee, or the paying agent, if applicable, after the Offered Debentures have become due and payable, whether at stated maturity or any redemption date, or any purchase date, or as a result of a Change of Control, or upon conversion or otherwise, cash or Common Shares (as applicable under the terms of the Indenture) sufficient to pay all of the outstanding Offered Debentures and paying all other sums payable under the Indenture. Despite such discharge, the holders of Offered Debentures and the Corporation shall continue to have and be subject to their respective rights, duties and obligations under certain provisions of the Indenture, including the provisions relating to conversion and redemption.

### **Governing Laws**

The Indenture and Offered Debentures will be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

## **DESCRIPTION OF COMMON SHARES**

A holder of Common Shares is entitled to one vote per share at meetings of shareholders, to receive dividends, if any, as and when declared by the Board, and to receive pro rata the remaining property and assets of Mullen Group upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares. As at March 31, 2019, there were 104,824,973 Common Shares issued and outstanding.

## PRIOR SALES

The following table summarizes the issuances by the Corporation of Common Shares or securities convertible into or exercisable for Common Shares in the 12-month period prior to the date of this short form prospectus:

Date of Issuance	Type of Securities	Option Exercise Price/Share Issue Price (\$)	Number of Securities
May 8, 2018	Options	\$16.72	15,000
July 3, 2018	Common Shares	\$15.00	133,334
August 7, 2018	Options	\$16.15	40,000
August 20, 2018	Options	\$16.21	25,000

## PRICE RANGE AND TRADING VOLUME

The Common Shares are listed and trade on the TSX under the symbol “MTL”. The following table sets forth the high and low trading prices (which are not necessarily the closing prices) and the aggregate volume of trading of the common shares on the TSX for the periods indicated (as quoted by the TSX):

Period	Price Range (\$)		Trading Volume
	High	Low	
<b>2018</b>			
June	15.88	14.31	2,642,230
July	16.67	15.18	2,055,134
August	16.93	15.88	1,892,323
September	16.12	14.64	2,228,402
October	16.04	13.43	3,654,805
November	14.17	12.04	3,041,094
December	12.70	11.39	3,007,662
<b>2019</b>			
January	13.00	11.98	8,158,109
February	12.63	11.26	7,297,149
March	12.83	11.64	4,610,289
April	12.53	9.99	6,950,898
May	10.33	9.39	6,333,072
June 1-June 14	10.13	9.41	2,708,599

## USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Offered Debentures under this short form prospectus (assuming exercise of the Over-Allotment Option in full) are estimated to be \$119,760,000 after deducting the Underwriters’ Fee of \$4,800,000 and the estimated expenses of the Offering of \$440,000. In the event that the Over-Allotment Option is not exercised, the net proceeds to the Corporation are estimated to be \$105,360,000 after deducting the Underwriters’ Fee of \$4,200,000 and the estimated expenses of the Offering of \$440,000. (The Underwriters have agreed that the 4.0% commission will not be charged on subscriptions by certain directors and members of management.) See “*Plan of Distribution*”.

The net proceeds (including any net proceeds from the exercise of the Over-Allotment Option) will be used to temporarily repay indebtedness under the Bank Credit Facility (thereby freeing up borrowing capacity that may be redrawn, as required) and for general corporate purposes, which may include future acquisitions in the Corporation’s Trucking/Logistics segment.

\$35.3 million of indebtedness was outstanding under the Bank Credit Facility as at March 31, 2019 and was principally used to fund the purchase of real property and working capital requirements.

While the Corporation intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in the Corporation's best interests.

The use of proceeds of the Offering by the Corporation is consistent with the Corporation's stated business objectives of strengthening the Corporation's balance sheet in light of the current operating environment and to position the Corporation to be able to consolidate market share and enhance its competitive position. There is no particular significant event or milestone that must occur for the Corporation's business objectives to be accomplished.

#### **PLAN OF DISTRIBUTION**

Pursuant to the terms and conditions of the Underwriting Agreement among the Corporation and each of the Underwriters, the Corporation has agreed to sell and the Underwriters have severally (not jointly and not jointly and severally) agreed to purchase on the Closing Date, \$110,000,000 aggregate principal amount of Offered Debentures payable in cash to the Corporation, against delivery of such Offered Debentures, subject to compliance with all necessary legal requirements and terms and conditions of the Underwriting Agreement.

The obligations of the Underwriters under the Underwriting Agreement are several not joint and not joint and several, and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (a) any order to cease or suspend trading in any securities of the Corporation or prohibiting or restricting the distribution of any of the Offered Debentures or the Common Shares is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission, the TSX or other governmental authority, and has not been rescinded, revoked or withdrawn; (b) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is announced, commenced or threatened by any securities commission, the TSX or other governmental authority or there is a change in law or the interpretation or administration thereof, if, in the reasonable opinion of the Underwriters (or any one of them), the change, announcement, commencement, threatening or advancement thereof adversely affects or may adversely affect, the trading or distribution of the Offered Debentures, the Common Shares or any other securities of the Corporation or could be expected to have a significant adverse effect on the market price or value of the Offered Debentures, the Common Shares or any other securities of the Corporation or the investment quality or marketability of the Offered Debentures or the Common Shares; (c) there should develop, occur or come into effect or existence, or be announced, any event, action, state, condition or occurrence of national or international consequence, including any act of terrorism, war or like event, or any law or other occurrence of any nature whatsoever, which, in the sole opinion of the Underwriters or any one of them, acting reasonably, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets in Canada or the United States or the business, operations or affairs of the Corporation and the Subsidiaries (taken as a whole); (d) there shall have occurred or be discovered any adverse change, as determined by the Underwriters (or any one of them) in their sole discretion, acting reasonably, in or affecting the business, operations, revenues, capital, properties, results of operations, affairs, assets, capitalization, condition (financial or otherwise), rights or liabilities (contingent or otherwise) of the Corporation and the Subsidiaries (taken as a whole); which in the opinion of the Underwriters (or any one of them), could reasonably be expected to have a significant adverse effect on the market price or value of the Offered Debentures, the Common Shares or any other securities of the Corporation or the investment quality or marketability of the Offered Debentures or the Common Shares; (e) the Underwriters (or any one of them) shall become aware of any adverse material information with respect to the Corporation or the Subsidiaries (taken as a whole) which had not been publicly disclosed or disclosed in writing to the Underwriters at or prior to the date hereof or which occurred after the effective date hereof but prior to the Closing Time; or (f) the Underwriters (or any one of them) determine that the Corporation shall be in breach of, default under or non-compliance with any representation, warranty, covenant, term or condition of the Underwriting Agreement in any material respect. The Underwriters are obligated to take up and pay for all Offered Debentures purchased under the Underwriting Agreement.

The Underwriting Agreement provides that the Corporation will pay the Underwriters' Fee of \$40 per Offered Debenture. The Conversion Price and Change of Control Offer Price of the Offered Debentures were determined by negotiation between the Corporation and the Co-Lead Underwriters on their own behalf and on behalf of the other Underwriters.

The Corporation has granted the Underwriters the Over-Allotment Option to purchase up to an additional 15,000 Offered Debentures at a price of \$1,000 per Offered Debenture, exercisable, at any time and from time to time, in whole or in part, until the date which is 30 days following the Closing Date, to cover over-allotments, if any, and for market stabilization purposes. A purchaser who acquires Offered Debentures forming part of the Underwriters' over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total Offering, the Underwriters' Fee and the net proceeds to the Corporation (before deducting expenses of the Offering) will be \$125,000,000, \$4,800,000 and \$120,200,000, respectively.

The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses. See "*Description of the Securities Being Distributed*".

The TSX has conditionally approved the listing of the Offered Debentures and the Common Shares issuable upon conversion, redemption or maturity of the Offered Debentures on the TSX. Listing of such securities is subject to the Corporation's fulfillment of all the requirements of the TSX on or before September 6, 2019.

Except as otherwise stated herein, the Offered Debentures will be issued in electronic form with CDS and must be purchased or transferred through a CDS participant. See "*Description of the Securities Being Distributed – Book Entry Only Debentures*".

Subject to applicable securities laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Offered Debentures at levels other than those that might otherwise prevail on the open market in accordance with applicable market stabilization rules. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Offered Debentures initially at the offering price specified herein. After a reasonable effort has been made to sell all of the Offered Debentures at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Offered Debentures remaining unsold. In the event the offering price of the Offered Debentures is reduced, the compensation received by the Underwriters will be decreased by the amount the aggregate price paid by the purchasers for the Offered Debentures is less than the gross proceeds paid by the Underwriters to the Corporation for the Offered Debentures. Any such reduction will not affect the proceeds received by the Corporation.

The Corporation has agreed, pursuant to the Underwriting Agreement, that, from the date of the Underwriting Agreement and ending on the date that is 90 days following the Closing Date, except as contemplated by the Underwriting Agreement, it will not issue, offer, or announce the issuance or offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or securities convertible into or exchangeable for Common Shares, without the prior consent of the Co-Lead Underwriters such consent not to be unreasonably withheld, other than: (a) pursuant to currently outstanding rights, agreements, options, warrants and other convertible securities, including any Common Shares issued pursuant to the exercise of any options granted pursuant to option or purchase plans, and any Common Shares issued pursuant to the exercise of any currently outstanding convertible unsecured subordinated debentures or the Offered Debentures; or (b) options or other awards granted pursuant to any stock option plans or stock purchase plans or any other stock based compensation plan currently in place for the Corporation. Subscriptions for the Offered Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The Offered Debentures and the Common Shares issuable upon conversion of the Offered Debentures have not been and will not be registered under the 1933 Act or any state securities laws of the United States and, subject to certain exceptions, may not be offered or sold in the United States except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. Except as permitted in the Underwriting Agreement and as expressly permitted by applicable laws of the United States, the Underwriters will not offer, sell or deliver the Offered Debentures within the United States. The Underwriting Agreement permits the Underwriters to offer and resell the Offered Debentures that they have purchased pursuant to the Underwriting Agreement to "qualified institutional buyers" (as defined in Rule 144A under the 1933 Act), in the United States, provided such

offers and sales are made in transactions exempt from the registration requirement of the 1933 Act in accordance with Rule 144A thereunder and exempt from registration under applicable state securities laws in reliance on similar exemptions from registration thereunder. Additionally, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Debentures outside the United States only in accordance with Rule 903 of Regulation S under the 1933 Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offered Debentures or Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirement of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirement under the 1933 Act.

### EARNINGS COVERAGE

The following earnings coverage ratios have been calculated on a consolidated basis for the 12 month period ended December 31, 2018 and are derived from audited financial information as of December 31, 2018 and for the twelve month period ended March 31, 2019 and are derived from the unaudited financial information as of March 31, 2019. *Pro forma* interest expense includes interest expense on the Offered Debentures.

<b>Earnings Coverage Ratios</b>	<u>December 31, 2018 after giving effect to the Offering</u>	<u>March 31, 2019 after giving effect to the Offering</u>
	(0.25) times <sup>(1)</sup>	0.14 times <sup>(2)</sup>

**Notes:**

- (1) Mullen Group's interest expense after giving effect to the issue of the Offered Debentures, amounted to \$26,352,000 for the 12 months ended December 31, 2018. Mullen Group's income before interest and income tax expense for the 12 months then ended was \$(6,566,000) which is (0.25) times Mullen Group's interest expense for this period. The additional income before interest and income tax expense required to achieve a ratio of one-to-one was \$32,918,000.
- (2) Mullen Group's interest expense, after giving effect to the issue of the Offered Debentures, amounted to \$25,849,000 for the 12 months ended March 31, 2019. Mullen Group's income before interest and income tax expense for the 12 months then ended was \$3,567,000 which is 0.14 times Mullen Group's interest expense for this period. The additional income before interest and income tax expense required to achieve a ratio of one-to-one was \$22,282,000.

### Supplementary Earnings Coverage Ratios

For the annual period ended December 31, 2018, Mullen Group incurred a non-cash goodwill impairment charge of \$100,000,000 (\$94,476,000 net of tax). Adjusting for such non-cash goodwill impairment charge, Mullen Group's interest expense after giving effect to the issue of the Offered Debentures, amounted to \$26,352,000 for the 12 months ended December 31, 2018 and the Corporation's income before interest and income tax expense for the 12 months then ended was \$87,910,000 which is 3.34 times Mullen Group's interest expense for this period.

Adjusting for such non-cash goodwill impairment charge, Mullen Group's interest expense after giving effect to the issue of the Offered Debentures, amounted to \$25,849,000 for the 12 month period ended March 31, 2019 and the Corporation's income before interest and income tax expense for the 12 months then ended was \$98,043,000 which is 3.80 times Mullen Group's interest expense for this period.

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Felesky Flynn LLP, tax counsel to the Corporation, and Torys LLP, counsel to the Underwriters (collectively, "Counsel"), the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a person (each, a "Holder"): (i) who acquires the Offered Debentures pursuant to this Offering as the beneficial owner; (ii) who, for purposes of the Tax Act and at all relevant times, holds the Offered Debentures as capital property; (iii) who, for purposes of the Tax Act and at all relevant times, deals at arm's length and is not affiliated with the Corporation; and (iv) who is not exempt from tax under the Tax Act. Generally, the Offered Debentures and Common Shares will be considered to be capital property to a Holder provided the Holder does not hold the Offered Debentures or Common Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders resident in Canada who might not otherwise be considered to



hold their Offered Debentures or Common Shares as capital property may, in certain circumstances, be entitled to have their Offered Debentures and Common Shares and every other “Canadian security” as defined in the Tax Act treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to: (i) a Holder that is a “financial institution”, as defined in the Tax Act for purposes of certain rules applicable to “mark-to-market-property” and “specified debt obligations” as defined in the Tax Act; (ii) a Holder an interest in which is a “tax shelter investment” as defined in the Tax Act; (iii) a Holder that is a “specified financial institution” as defined in the Tax Act; (iv) a Holder whose functional currency for the purposes of the Tax Act is the currency of a country other than Canada; (v) a Holder that has or will enter into a “derivative forward agreement” or “synthetic disposition arrangement”, each as defined in the Tax Act, in respect of the Offered Debentures or Common Shares; or (vi) a Holder that is a corporation resident in Canada and is, or becomes, as a part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Debentures or Common Shares, controlled by a non-resident person or group of non-resident persons for purposes of the foreign affiliate dumping rules in Section 212.3 of the Tax Act. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Offered Debentures under this Offering. **Any such Holder should consult its own tax advisor with respect to an investment in the Offered Debentures or Common Shares.**

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and Counsel’s understanding of the current published administrative and assessing practices of the CRA. This summary assumes that all Proposed Amendments will be enacted in the form proposed; however, no assurances can be given that the Proposed Amendments will be enacted as proposed, if at all. Except for the Proposed Amendments, this summary does not take into account or anticipate changes in the income tax law, whether by legislative, governmental or judicial action, nor any changes in the administrative or assessing practices of the CRA. This summary does not take into account or anticipate provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of Offered Debentures or Common Shares, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made.**

**Prospective investors should be aware that the purchase of Offered Debentures and Common Shares has tax consequences which may not be described in this short form prospectus. Accordingly, prospective investors are advised to consult their own tax advisors with respect to the tax aspects of investing in, holding and disposing of the Offered Debentures and Common Shares.**

#### **Holders Resident in Canada**

The following portion of the summary is applicable to a Holder of Offered Debentures and Common Shares who, for purposes of the Tax Act, is resident in Canada (a “**Resident Holder**”).

#### **Taxation of Interest on Offered Debentures**

A Resident Holder of Offered Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Offered Debentures (i) that accrues or that is deemed to accrue to it to the end of the particular taxation year (or if the Resident Holder disposes of the Offered Debentures during the year, the interest that accrues from the last Interest Payment Date to the date of disposition), or (ii) that has become receivable by or is received by the Resident Holder before the end of that taxation year, including on conversion, redemption or maturity of the Offered Debentures, except to the extent that such interest was included in computing the Resident Holder’s income for a preceding taxation year.

Any other Resident Holder (including an individual, other than certain trusts) will be required to include in computing income for a taxation year all interest on the Offered Debentures that is received or receivable by the

Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent that the interest was included in the Resident Holder's income for a preceding taxation year. In addition, if at any time an Offered Debenture should become an "investment contract" (as defined in the Tax Act) in relation to a Resident Holder, such Resident Holder should be required to include in computing income for a taxation year any interest that accrues to the Resident Holder on the Offered Debenture up to the end of any "anniversary day" (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Resident Holder's income for that year or a preceding taxation year.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including interest income.

Mullen Group may elect to pay interest by issuing Common Shares to the Debenture Trustee for sale, in which event a Resident Holder would be entitled to a cash payment from the proceeds of sale of such Common Shares by the Debenture Trustee. If the Corporation was to satisfy an Interest Obligation in this manner, the Canadian federal income tax consequences to a Resident Holder would not differ from those described above.

### **Exercise of the Conversion Privilege**

A Resident Holder of Offered Debentures that converts an Offered Debenture into only Common Shares pursuant to the conversion privilege will be deemed not to have disposed of the Offered Debenture, and accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion.

Under the current administrative practice of the CRA, a Resident Holder who, upon conversion of an Offered Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Offered Debenture (and be treated as not having disposed of the remaining portion of the Offered Debenture), thereby realizing a capital gain (or a capital loss), or reduce the adjusted cost base of the Common Shares that the Resident Holder receives upon conversion by the amount of the cash received (and be treated as not having disposed of the Offered Debenture).

The aggregate cost to a Resident Holder of the Common Shares acquired upon exercise of such holder's right to convert an Offered Debenture generally should be equal to the aggregate of the adjusted cost base to the Resident Holder of the Offered Debenture immediately before the conversion, minus any reduction of adjusted cost base for cash received in lieu of fractional shares as discussed above. Generally, the adjusted cost base to a Resident Holder of Common Shares at any time should be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at such time.

Upon conversion of an Offered Debenture, interest thereon should be included in computing the income of the Resident Holder as described above under "*Holders Resident in Canada – Taxation of Interest on Offered Debentures*".

### **Dispositions of Offered Debentures**

A disposition or deemed disposition of an Offered Debenture by a Resident Holder, including a redemption, payment on maturity or purchase for cancellation (but not including by the conversion of an Offered Debenture into Common Shares pursuant to the Resident Holder's conversion privilege as described above), generally should result in the Resident Holder realizing a capital gain (or, subject to certain rules in the Tax Act, a capital loss) equal to the amount by which the proceeds of disposition, net of any amount otherwise required to be included in the Resident Holder's income as interest, exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) should be subject to the tax treatment described below under "*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

If the Corporation pays any amount upon the redemption, purchase or maturity of an Offered Debenture by issuing Common Shares to the Resident Holder, the Resident Holder's proceeds of disposition of the Offered Debenture will be equal to the fair market value, at the time of disposition of the Offered Debenture, of the Common Shares and any other consideration so received, but not including amounts in respect of interest, as described below. The Resident Holder's adjusted cost base of the Common Shares so received will be equal to the fair market value of such

Common Shares. For the purposes of determining the adjusted cost base to a Resident Holder of Common Shares so received at any time, the cost of such Common Shares will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at that time.

Upon a disposition or deemed disposition of an Offered Debenture, interest thereon should be included in computing the income of the Resident Holder as described above under “*Holdings Resident in Canada – Taxation of Interest on Offered Debentures*”, and should be excluded in computing the Resident Holder’s proceeds of disposition of the Offered Debenture.

Any Resident Holder that disposes of its Offered Debentures for consideration equal to fair market value will generally be entitled to deduct in computing income for the year of disposition an amount equal to any interest included in income in that or any preceding year to the extent that no amount was received or became receivable by the Resident Holder in respect of such interest.

### **Disposition of Common Shares**

A disposition or a deemed disposition of a Common Share by a Resident Holder (except to the Corporation, other than a purchase by the Corporation in the open market if the Corporation acquired the Common Shares in the manner in which shares would normally be purchased by any member of the public in the open market) will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceeds (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Holdings Resident in Canada – Taxation of Capital Gains and Capital Losses*”.

### **Taxation of Capital Gains and Capital Losses**

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year must be included in the Resident Holder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A Resident Holder that is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay a refundable tax on certain investment income, including taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

### **Receipt of Dividends on Common Shares**

Dividends received or deemed to be received on Common Shares held by a Resident Holder will be included in the Resident Holder’s income for the purposes of the Tax Act.

Such dividends received by a Resident Holder that is an individual (including most trusts) should be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable

Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as “eligible dividends”.

Taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. **Resident Holders who are individuals should consult their own tax advisors in this regard.**

A Resident Holder that is a corporation is required to include such dividends in computing its income and generally should be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a holder that is a corporation as proceeds of a disposition or as a capital gain. The Tax Act imposes a refundable tax on dividends received (or deemed to be received) in a taxation year by Resident Holders that are either “private corporations” or “subject corporations”. Resident Holders that are either “private corporations” or “subject corporations” should consult their tax advisors in this regard.

### **Holders Not Resident in Canada**

This portion of the summary applies to a Holder who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention (i) is neither resident nor deemed to be resident in Canada, (ii) does not, and is not deemed to, use or hold the Offered Debentures or Common Shares, in carrying on a business in Canada, (iii) is entitled to receive all payments (including interest and principal) in respect of an Offered Debenture, and (iv) deals at arm’s length with any transferee that is resident in Canada and to whom the Holder disposes of an Offered Debenture (a “**Non-Resident Holder**”). In addition, this discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere or an “authorized foreign bank” (as defined in the Tax Act).

The following portion of this summary is also not applicable to a Non-Resident Holder that is at any time a “specified shareholder” (as defined in subsection 18(5) of the Tax Act) of the Corporation or that does not at any time deal at arm’s length for purposes of the Tax Act with a “specified shareholder” of the Corporation. Generally, for this purpose, a “specified shareholder” is a person that owns, has a right to acquire or is otherwise deemed to own, either alone or together with persons with whom such person does not deal at arm’s length for purposes of the Tax Act, shares of the Corporation’s capital stock that either: (i) give the holders of such shares 25% or more of the votes that could be cast at an annual meeting of the shareholders of the Corporation; or (ii) have a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of the Corporation’s capital stock. Such Non-Resident Holders should consult their own tax advisors.

### **Taxation of Interest on Offered Debentures**

A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Corporation as, on account or in lieu of, or in satisfaction of, interest or principal on the Offered Debentures.

However, a Non-Resident Holder who transfers or is deemed to transfer an Offered Debenture to a holder resident or deemed to be resident in Canada for purposes of the Tax Act should consult its own tax advisor for advice with respect to the tax consequences of such transfer. See *“Risk Factors – Offered Debentures may be Subject to Withholding Tax and Participating Debt Interest”*.

### **Exercise of Conversion Privilege**

Generally, the conversion of an Offered Debenture into only Common Shares on the exercise of a conversion privilege by a Non-Resident Holder will be deemed not to constitute a disposition of the Offered Debenture, and, accordingly, a Non-Resident Holder will not recognize a gain or loss on such conversion (even if the Offered Debenture constitutes “taxable Canadian Property” of the Non-Resident Holder at the time of the conversion). On the conversion of an Offered Debenture by a Non-Resident Holder into Common Shares and cash in lieu of a fraction of such Common Shares, if such Common Shares constitute “taxable Canadian property” to the Non-Resident Holder, as discussed below, and if the value of such cash does not exceed \$200, under the current administrative practice of the CRA, the Non-Resident Holder may choose to (i) treat this amount as proceeds of

disposition and calculate and report a gain or loss and pay tax in Canada subject to relief under the Tax Treaty, or (ii) reduce, by the amount of cash received, the adjusted cost of such Common Shares received.

### **Disposition of Offered Debentures and Common Shares**

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of an Offered Debenture or Common Share unless the Non-Resident Holder's Offered Debentures or Common Shares, as the case may be, are, or are deemed to be, "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable tax treaty between Canada and the country of residence of the Non-Resident Holder. See the section below entitled "*Taxable Canadian Property*".

### **Receipt of Dividends on Common Shares**

Where a Non-Resident Holder receives or is deemed to receive a dividend on Common Shares, the amount of such dividend will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. For instance, where the Non-Resident Holder is a resident of the United States that is entitled to benefits under the Canada-United States Income Tax Convention (1980) as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends generally should be reduced to 15%.

### **Taxable Canadian Property**

Provided the Common Shares are listed on a designated stock exchange (which currently includes the TSX) at the time of disposition, the Offered Debentures and Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless, at any time during the 60-month period preceding the disposition, (i) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder, partnerships in which the Non-Resident Holder or any such person holds an interest directly by or through one or more partnerships, or the Non-Resident Holder together with all such persons and partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Corporation and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) "Canadian resource properties"; (c) "timber resource properties"; and (d) options in respect of, or interests in or rights in property described in (a) to (c) (as such terms are defined in the Tax Act).

**Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Offered Debentures and Common Shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property. A Non-Resident Holder whose Offered Debentures or Common Shares are taxable Canadian property should consult their own tax advisors with respect to the consequences of disposing of such securities.**

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Felesky Flynn LLP, tax counsel to the Corporation, and Torys LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force on the date hereof, provided that the Common Shares are listed on a designated stock exchange (which currently includes the TSX) on the Closing Date, the Offered Debentures acquired pursuant to the Offering will be, and the Common Shares issuable on the conversion, redemption or maturity of the Offered Debentures if issued on the date hereof would be, "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), deferred profit sharing plan (except in the case of Offered Debentures, a deferred profit sharing plan to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution), registered education savings plan ("RESP"), registered disability savings plan ("RDSP") and tax-free savings account ("TFSA").

Notwithstanding that the Offered Debentures and Common Shares may be a "qualified investment", individuals who hold the Offered Debentures or Common Shares through a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP

will be subject to a penalty tax if the Offered Debentures or Common Shares are a “prohibited investment” within the meaning of the Tax Act for that TFSA, RRSP, RRIF, RESP or RDSP, as the case may be. The Offered Debentures or Common Shares will generally not be a “prohibited investment” provided the individual: (i) deals at arm’s length with the Corporation for purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in the Tax Act) in the Corporation. Purchasers who may wish to hold their Offered Debentures or Common Shares in a trust governed by a TFSA, RRSP, RRIF, RESP and RDSP are advised to consult their own tax advisors regarding the “prohibited investment” rules having regard to their own particular circumstances.

## **RISK FACTORS**

An investment in the Offered Debentures involves a degree of risk, should be considered speculative and is only suitable for those investors who are willing to risk a loss of their entire investment. Investors should carefully consider the risks described under the heading “*Principal Risks and Uncertainties*” in the AIF incorporated by reference in this short form prospectus as well as the risk factors set forth below in this short form prospectus prior to making an investment decision and consult their own experts where necessary.

### **Dividends**

Declaration and payment of dividends in the future will be dependent on, among other things, the results of operations and financial condition of Mullen Group, the need for funds to finance ongoing operations and other business considerations as the Board considers relevant.

### **Future Sales of Common Shares by the Corporation**

The Corporation may issue additional Common Shares in the future, which may dilute a shareholder’s holdings in the Corporation or negatively affect the market price of the Common Shares. The Corporation’s articles permit the issuance of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series, and shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Corporation have the discretion to determine the provisions attaching to any series of the preferred shares and the price and the terms of issue of further issuances of Common Shares. Also, additional Common Shares will be issued by the Corporation on the exercise of stock options under the Corporation’s stock option plan and on the conversion of any of the Offered Debentures.

### **Reallocation of Net Proceeds**

The Corporation currently intends to allocate the net proceeds received from the Offering as described under “*Use of Proceeds*” in this short form prospectus. However, management will have discretion in the actual application of the net proceeds, and may elect to allocate proceeds differently from that described in “*Use of Proceeds*” if it believes it would be in the best interests of the Corporation to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

### **Volatility of Market Price of Common Shares**

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation’s operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts’ estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under “*Important Information about this Document – Advisory*” in the AIF and “*Forward-Looking Information Advisory*” herein. In addition, the market prices for securities in the stock markets, including the TSX, are subject to significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Common Shares.

## **Market for the Offered Debentures**

The TSX has conditionally approved the listing of the Offered Debentures and the Common Shares issuable upon conversion, redemption or maturity of the Offered Debentures on the TSX. Listing of such Offered Debentures and Common Shares will be subject to the Corporation's fulfillment of all the requirements of the TSX on or before September 6, 2019. However, there is currently no market through which the Offered Debentures may be sold and purchasers may not be able to resell Offered Debentures purchased under this short form prospectus. This may affect the pricing of the Offered Debentures in the secondary market, the transparency and the availability of trading prices and the liquidity of the securities. There can be no assurance that an active trading market will develop for the Offered Debentures after completion of the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

## **Offered Debentures will be Subordinate to Senior Indebtedness**

The Offered Debentures will be subordinate to the Corporation's Senior Indebtedness including, without limitation, the Bank Credit Facility and the Senior Notes, accounts payables to trade creditors of the Corporation and all existing and future obligations, liabilities and indebtedness of the Corporation which would, in accordance with IFRS, be classified upon a consolidated balance sheet of the Corporation as liabilities of the Corporation (including, if applicable, severance amounts payable by the Corporation). The Offered Debentures will also be effectively subordinate to claims of creditors of the Corporation's subsidiaries, except to the extent that the Corporation is a creditor of such subsidiaries ranking at least *pari passu* with such creditors. In the event of the Corporation's insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up, the Corporation's assets would be made available to satisfy the obligations of the creditors of such Senior Indebtedness before being available to pay the Corporation's obligations to the holders of the Offered Debentures. Accordingly, all or a substantial portion of the Corporation's assets could be unavailable to satisfy the claims of the holders of the Offered Debentures.

## **Offered Debentures may be repaid in Common Shares**

Mullen Group may not be able to refinance the principal amount of the Offered Debentures in order to repay the principal outstanding or may not have generated enough cash from operations to meet this obligation. The Corporation may, at the Corporation's option, on not more than 60 days' and not less than 40 days' prior notice and subject to any required regulatory approvals, unless an Event of Default has occurred and is continuing, elect to satisfy the Corporation's obligation to repay, in whole or in part, the principal amount of the Offered Debentures and accrued and unpaid interest to but excluding the Redemption Date or the Maturity Date, as applicable, which are to be redeemed or which have matured by issuing and delivering Common Shares to the holders of the Offered Debentures. There is no guarantee that the Corporation will be able to repay the outstanding principal amount or accrued and unpaid interest at the time of repayment in cash upon maturity of the Offered Debentures.

## **Prevailing yields on similar securities**

Prevailing yields on similar securities will affect the market value of the Offered Debentures. Assuming all other factors remain unchanged, the market value of the Offered Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

## **Redemption on a Change of Control**

The Corporation will be required to offer to purchase for cash all outstanding Offered Debentures upon the occurrence of a Change of Control. However, it is possible that following a Change of Control, the Corporation will not have sufficient funds at that time to make the required purchase of outstanding Offered Debentures or that restrictions contained in other indebtedness will restrict those purchases. See "*Description of the Securities Being Distributed – Repurchase upon a Change of Control*". In addition, the Corporation's ability to purchase the Offered Debentures in such an event may be limited by law, by the Indenture, by the terms of other present or future agreements relating to indebtedness, and agreements that the Corporation may enter into in the future which may replace, supplement or amend the Corporation's future debt. The Bank Credit Facility, as amended, future credit agreements or other agreements may contain provisions that could prohibit the purchase of the Offered Debentures by the Corporation in certain circumstances, without the consent of the Lender. The Corporation's failure to

purchase the Offered Debentures would constitute an Event of Default under the Indenture, which might constitute a default under the terms of the Corporation's other indebtedness at that time.

If a holder of Offered Debentures converts its Offered Debentures in connection with a Change of Control, the Corporation may, in certain circumstances, be required to increase the conversion rate, as described under "*Description of the Securities Being Distributed – Make Whole Change of Control*". While the increased conversion rate is designed, among other things, to compensate a holder of Offered Debentures for the lost option time value of its Offered Debentures as a result of a Change of Control in certain circumstances, the increased conversion rate amount is only an approximation of such lost value and may not adequately compensate the holder for such loss. In addition, in some circumstances as described under "*Description of the Securities Being Distributed – Make Whole Change of Control*", no adjustment will be made.

#### **Indenture does not Contain Certain Covenant Protections**

The Indenture will not restrict the Corporation from incurring additional indebtedness or from mortgaging, pledging or charging the Corporation's assets to secure any indebtedness. The Indenture will not contain any provisions specifically intended to protect holders of the Offered Debentures in the event of a future leveraged transaction involving the Corporation.

#### **Offered Debentures may be Redeemed prior to Maturity**

The Offered Debentures may be redeemed, in certain circumstances, on or after November 30, 2023 and prior to the Maturity Date at any time and from time to time, at the redemption prices set forth in this short form prospectus, together with any accrued and unpaid interest. See "*Description of the Securities Being Distributed – Redemption and Purchase*". Holders of Offered Debentures should assume that this redemption option will be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the Corporation's interest to redeem the Offered Debentures.

#### **Right Following Certain Transactions**

In the event of certain transactions, pursuant to the terms of the Indenture, each Offered Debenture will become convertible into securities, cash or property receivable by a holder of Common Shares in such transactions. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Offered Debentures. For example, if the Corporation was acquired in a cash merger, each Offered Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on future prospects and other factors. See "*Description of the Securities Being Distributed – Conversion Privilege*".

#### **Offered Debentures are Subject to Credit Risk**

The likelihood that purchasers of the Offered Debentures will receive payments owing to them under the terms of the Offered Debentures will depend on the Corporation's financial health and creditworthiness at the time of such payments.

#### **Coverage Ratios**

See "*Earnings Coverage Ratios*", which is relevant to an assessment of the risk that the Corporation may be unable to pay interest or principal on the Offered Debentures when due.

#### **Tax Laws Relating to Withholding May Change**

The Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Offered Debentures in the event that the Corporation is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Offered Debentures. At present, no amount is required to be withheld from such payments to holders of Offered Debentures under the circumstances discussed under the heading "*Certain Canadian Federal Income Tax Considerations*", but no assurance can be given that, in the



future, applicable income tax laws or treaties will not be changed in a manner that may require the Corporation to withhold amounts in respect of tax payable on such amounts.

### **Offered Debentures may be Subject to Withholding Tax and Participating Debt Interest**

The Tax Act generally provides that withholding tax is not payable on interest paid or credited to non-residents of Canada who deal at arm's length with the payor. However, Canadian withholding tax continues to apply to payments of "participating debt interest", subject to potential relief under any applicable income tax convention. For purposes of the Tax Act, participating debt interest is generally interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which could include a conversion of the obligation or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an "excess"). The deeming rule does not apply in respect of certain "excluded obligations", although it is not clear whether a particular convertible debenture would qualify as an "excluded obligation". If a convertible debenture is not an "excluded obligation", issues that arise are whether any excess would be considered to exist, whether any such excess which is deemed to be interest is "participating debt interest", and if the excess is participating debt interest, whether that results in all interest on the obligation being considered to be participating debt interest.

The CRA has stated that no excess, and therefore no participating debt interest, would in general arise on the conversion of a "standard convertible debenture" (as that term was defined in a letter from the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants sent to the CRA on May 10, 2010) and therefore, there would be no withholding tax in such circumstances (provided that the payor and payee deal at arm's length for purposes of the Tax Act). The Offered Debentures should generally meet the criteria set forth in the CRA's statement. However, the application of the CRA's published guidance to the Offered Debentures is uncertain and there is a risk that CRA could take the position that amounts paid or payable to a non-resident holder of Offered Debentures on account of interest or any excess may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty or convention). As noted under "Tax laws relating to withholding may change" above, the Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Offered Debentures in the event that it is required to withhold Canadian withholding tax on payment of interest (including any excess that may be considered to be participating debt interest).

### **Forward-Looking Information may Prove Inaccurate**

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this short form prospectus under the heading "*Forward-Looking Information Advisory*".

## **RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS**

RBC Dominion Securities Inc. is a direct or indirect wholly-owned subsidiary of a Canadian chartered bank which is a lender to the Corporation and to which the Corporation is presently indebted. As at March 31, 2019, the Corporation had \$35.3 million of indebtedness outstanding under the Bank Credit Facility. The Corporation is in compliance with all material terms of the agreements governing the Bank Credit Facility and the lender under the Bank Credit Facility has not waived any breach by the Corporation thereunder since the execution thereof. The Corporation's financial position has not materially changed, in an adverse manner, since the indebtedness was incurred under the Bank Credit Facility. See "*Consolidated Capitalization*".

The decision to distribute the Offered Debentures offered hereunder and the determination of the terms of the distribution were made through negotiations primarily between the Corporation and the RBC Dominion Securities Inc., on its own behalf and on behalf of the other Underwriters. The Lender under the Bank Credit Facility did not have any involvement in such decision or determination, but has been advised of the issuance and terms thereof. As a consequence of the issuance of the Offered Debentures, the Underwriters will receive their respective share of the Underwriters' Fee.

#### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The independent auditor of the Corporation is PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Calgary, Alberta.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

#### **INTERESTS OF EXPERTS**

Certain legal matters in connection with the issuance of the Common Shares offered under this short form prospectus will be passed upon on behalf of the Corporation by Carscallen LLP and Felesky Flynn LLP and on behalf of the Underwriters by Torys LLP. As of the date hereof, the partners and associates of Carscallen LLP, as a group, beneficially own, directly and indirectly, less than 1% of the securities of the Corporation. As of the date hereof, the partners and associates of Felesky Flynn LLP, as a group, beneficially own, directly or indirectly, less than 1% of the securities of the Corporation. As of the date hereof, the partners and associates of Torys LLP, as a group, beneficially own, directly and indirectly, less than 1% of the securities of the Corporation.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

PricewaterhouseCoopers LLP is independent with respect to the Corporation in accordance with the Rules of professional conduct of the Chartered Professional Accountants of Alberta.

#### **PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

Under the Indenture, an original purchaser of Offered Debentures under the Offering will have a contractual right of action against the Corporation for rescission upon the conversion by such purchaser of the principal amount of such Offered Debentures into Common Shares in accordance with the terms of the Indenture to receive the amount paid for the Offered Debentures if this short form prospectus (including the documents incorporated by reference herein) and any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of the closing of the Offering. This contractual right of rescission will be consistent with the statutory right of recession described above and in addition to any right or remedy available to original purchasers under the securities legislation of certain provinces of Canada or otherwise at law. See "*Description of the Securities Being Distributed*".

**CERTIFICATE OF MULLEN GROUP LTD.**

Dated: June 17, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, excluding Quebec.

(signed) "Murray K. Mullen"

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

(signed) "P. Stephen Clark"

P. Stephen Clark  
Chief Financial Officer

**On Behalf of the Board of Directors**

(signed) "Stephen H. Lockwood"

Stephen H. Lockwood  
Director

(signed) "Philip J. Scherman"

Philip J. Scherman  
Director

## CERTIFICATE OF THE UNDERWRITERS

Dated: June 17, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, excluding Quebec.

**RBC DOMINION SECURITIES  
INC.**

(signed) "*Ian McArthur*"

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Ian McArthur  
Managing Director

**CIBC WORLD MARKETS  
INC.**

(signed) "*Jason Stefanson*"

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Jason Stefanson  
Vice Chairman & Managing  
Director

**SCOTIA CAPITAL INC.**

(signed) "*Michael Mahoney*"

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Michael Mahoney  
Managing Director

**TD SECURITIES INC.**

(signed) "*Scott Barron*"

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Scott Barron  
Managing Director

**NATIONAL BANK  
FINANCIAL INC.**

(signed) "*Bradley Spruin*"

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Bradley Spruin  
Managing Director

**RAYMOND JAMES LTD.**

(signed) "*Kyle Rookes*"

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Kyle Rookes  
Managing Director

**INDUSTRIAL ALLIANCE  
SECURITIES INC.**

(signed) "*Trevor Conway*"

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Trevor Conway  
Managing Director

**PETERS & CO. LIMITED**

(signed) "*Cameron E. Plewes*"

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Cameron E. Plewes  
President