Press Release TSX - FRC

CANYON REPORTS FIRST QUARTER 2017 RESULTS

Calgary, Alberta – May 4, 2017 – Canyon Services Group Inc. ("Canyon" or the "Company") today announces its first quarter 2017 results. The following results should be read in conjunction with the Management's Discussion and Analysis (MD&A), the Condensed Consolidated Interim Financial Statements and notes of Canyon for the three months ended March 31, 2017 and the Annual Information Form for the year ended December 31, 2016, which are available on SEDAR at www.sedar.com.

HIGHLIGHTS

First quarter 2017 compared with first quarter 2016

Q1 2017 financial results improved significantly compared to Q1 2016 primarily as a result of improved market conditions, increased well intensity and improved cost efficiency. Pressure Pumping equipment prices for fracturing services[1] increased by approximately 20% sequentially and when compared to Q1 2016's unsustainable levels.

- Net income for Q1 2017 of $1.6 million, compared to a net loss of $20.6 million in Q1 2016.
- Adjusted EBITDA[1] for Q1 2017 of $23.4 million, compared to negative $3.7 million in Q1 2016.
- Total proppant pumped for Q1 2017 of 194,849 tonnes, compared to 100,589 tonnes in Q1 2016.
- Average utilized fracturing equipment[1] was 140,000 HHP, compared to 87,500 HHP in Q1 2016.

First Quarter 2017 Highlights

The first quarter of 2017 saw meaningful year-over-year activity increases.

- Canyon's Pressure Pumping hydraulic fracturing activity (measured by tonnes of proppant pumped) increased by 94% from Q1 2016, which compares to an increase in Q1 2017 Canadian well completions of 43%[2] from Q1 2016.
- Pressure Pumping equipment prices for hydraulic fracturing services[1] were 20% above the comparative first quarter 2016 levels and 20% above Q4 2016 levels, but remained 45% below Q4 2014 exit pricing levels.
- Canyon was able to maintain relatively stable gross pricing for our customers with Pressure Pumping fracturing revenue per tonne[1] up by only 3% (see below for discussion on optimization efforts).

Canyon continued to maintain and improve service optimization efforts. The results of the optimization efforts helped restore the Company to positive Adjusted EBITDA[1] and positive net income. Some of the key results of our optimization are as follows:

- Canyon's approach to personnel optimization resulted in Q1 2017 direct personnel costs for hydraulic fracturing being $4.5 million[1] lower than they would have been had Q1 2016's personnel cost structure been carried forward to Q1 2017.
- Personnel optimization, described above, contributed to incremental savings on personnel travel costs of $0.4 million[1].
- Materials and inventory costs per tonne related to sand and chemicals decreased by 27% in Q1 2017 relative to Q1 2016 due to negotiated supplier discounts and an increase in demand for more cost effective products. This resulted in direct cost savings for our customers.

We do anticipate that the Company's cost structure will see inflationary pressures in 2017 as the industry environment improves and Canyon's activity increases.

SIGNIFICANT EVENT

On March 22, 2017, the Company entered into an arrangement agreement with Trican Well Service Ltd. ("Trican") pursuant to which Trican agreed to acquire all of the issued and outstanding common shares of Canyon (the "Canyon

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[1] Certain financial measures in this news release – namely Adjusted EBITDA, funds flow, and adjusted income (loss) and comprehensive income (loss), are not prescribed by IFRS. These financial measures are reconciled to IFRS measures in the *Non-GAAP Measures* section of this news release. Other non-standard measures are also described in *Non-GAAP Measures.*

[2] Source: Nickles Energy Group.

Shares") on the basis of 1.70 common shares of Trican (the "Trican Shares") for each outstanding Canyon Share (the "Transaction").

Under the terms of the arrangement agreement, the Transaction will be effected by way of a plan of arrangement under the Business Corporations Act (Alberta). The Transaction is expected to be completed in the second half of 2017 and is subject to TSX and Alberta Court of Queen's Bench approval, regulatory approvals and the satisfaction of other customary closing conditions. If the relevant regulatory approvals are obtained sooner, the Transaction may be completed earlier.

OVERVIEW OF RESULTS

000's except per share, tonne amounts and hydraulic pumping capacity (Unaudited)	Three Months Ended March 31,	
	2017	2016
Consolidated revenues	$144,823	$71,269
Net income (loss)	$1,642	($20,594)
Per share-basic	$0.02	($0.29)
Per share-diluted	$0.02	($0.29)
Adjusted EBITDA[1]	$23,438	($3,673)
Funds from operations[1]	$22,147	$409
Adjusted income (loss)[1]	$7,828	($13,100)
Adjusted per share-basic[1]	$0.09	($0.19)
Adjusted per share-diluted[1]	$0.09	($0.19)
Total Pressure Pumping proppant pumped (tonnes) [1]	194,849	100,589
Consolidated Pressure Pumping revenue per tonne[1]	$692	$626
Pressure Pumping fracturing revenue per tonne[1]	$570	$555
Hydraulic Pumping Capacity:		
Average HHP[1]	257,650	256,400
Exit HHP	258,900	256,400
Capital expenditures	$9,316	$1,278

000's except per share amounts	As at March 31, 2017	As at December 31, 2016
Cash and cash equivalents	$2,266	$2,473
Working capital	$51,303	$28,267
Total long-term financial liabilities	$38,517	$28,480
Total assets	$501,995	$458,034

BUSINESS ENVIRONMENT

Oil (NYMEX WTI) and natural gas (AECO) prices are important factors that affect the results of Canyon's exploration and production (E&P) customers, and therefore ultimately affect Canyon's financial results. The US$/CDN$ exchange rate provides context for WTI oil prices which are priced in US$. Oilfield services' industry activity statistics help provide context to the operational and financial results of Canyon relative to general oilfield service activity levels.

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(Unaudited)	Three Months Ended March 31,		Year Ended December 31,	
	2017	2016	2016	2015
NYMEX WTI - Average Price(US$/bbl)	$51.82	$33.68	$43.47	$48.41
AECO-C Spot Average Price (CDN$/mcf)	$2.69	$1.82	$2.18	$2.71
Average Exchange Rate (US$/CDN$)	$0.76	$0.74	$0.76	$0.78
Thousands of Meters Drilled[1]	6,178	4,557	9,802	13,356
Canadian Average Drilling Rig Count[1]	299	165	136	195
Canadian Well Completions[1]	1,554	1,086	3,454	5,293

Canyon's revenue rates are influenced by crude oil and natural gas pricing as changes in these prices directly affect our customer's ability to generate cash flow and ultimately utilize Canyon's services. WTI prices in Q1 2017 improved relative to Q1 2016. The improvement in WTI prices helped contribute to an increase in Canadian Well Completions. The overall improved industry environment, resulted in the company realizing a 20% increase in Pressure Pumping equipment prices for hydraulic fracturing services relative to Q1 2016.

During Q4 2016 and through Q1 2017, global concerns around oversupply of oil have partially abated due to discussions and agreement inside and outside OPEC (Organization of the Petroleum Exporting Countries) to limit oil production, which combined with the continued growth in global oil demand, resulted in WTI oil prices stabilizing above $50/bbl in December 2016. Natural gas prices have also improved, AECO spot prices improved from Q1 2016, increasing by 48% to CDN$2.69/mcf in Q1 2017 from Q1 2016 prices of CDN$1.82/mcf. The recent stabilization of oil and natural gas prices have helped reverse oilfield services industry activity declines, which had started in early 2015 and seemed to hit a bottom in Q3 2016. The fourth quarter of 2016 started to show initial signs of activity and pricing improvements which carried-over into Q1 2017.

INDUSTRY COMMENTARY & 2017 OUTLOOK

There are no material changes to the Company's *Industry Commentary and 2017 Outlook* from that described in the Company's annual MD&A dated March 2, 2017 except that the Company expects to close the Transaction with Trican in the second half of 2017, or earlier, assuming all regulatory approvals are obtained.

QUARTERLY FINANCIAL REVIEW – FIRST QUARTER 2017 COMPARED TO 2016

The Consolidated first quarter results from operating activities are presented in the above table. Discussion of operating activity results are described by operating segment in the Company's MD&A.

000's (unaudited)	Three Months Ended March 31,	
	2017	2016
Revenue	$144,823	$71,269
Depreciation - cost of services	(11,682)	(13,128)
Other - cost of services	(114,137)	(69,386)
Gross profit (loss)	19,004	(11,245)
Depreciation - administrative expenses	(466)	(539)
Share-based payment transactions - administrative expenses	(4,987)	(4,860)
Other - administrative expenses	(7,248)	(5,556)
Amortization expense	(1,506)	(1,447)
Results from operating activities	4,797	(23,647)
Add non-cash items:		
Depreciation and amortization	13,654	15,114
Share-based payment transactions	4,987	4,860
Adjusted EBITDA[2]	$23,438	($3,673)

[1] Source: Nickles Energy Group.

[2] Certain financial measures in this news release – namely Adjusted EBITDA, funds flow, and adjusted income (loss) and comprehensive income (loss), are not prescribed by IFRS. These financial measures are reconciled to IFRS measures in the *Non-GAAP Measures* section of this news release. Other non-standard measures are also described in *Non-GAAP Measures.*

SUMMARY OF QUARTERLY RESULTS

000's except amounts stated as: per share, well servicing job days, per tonne and per job (Unaudited)	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Financial Information:								
Revenue	$144,823	$80,225	$62,339	$25,733	$71,269	$93,940	$111,314	$43,159
Adjusted EBITDA[1]	$23,438	($942)	($5,138)	($14,261)	($3,673)	$7,667	$15,082	($9,754)
Income (loss) and Comprehensive Income (loss)	$1,642	($12,226)	($16,762)	($22,617)	($20,594)	($18,261)	($20,863)	($21,857)
Basic Income (loss) per Share	$0.02	($0.14)	($0.19)	($0.26)	($0.29)	($0.26)	($0.30)	($0.32)
Diluted Income (loss) per Share	$0.02	($0.14)	($0.19)	($0.26)	($0.29)	($0.26)	($0.30)	($0.32)
Activity and Financial Metrics:								
Proppant Pumped (tonnes)	194,849	123,244	101,007	43,741	100,589	107,394	104,991	38,056
Total pressure pumping jobs completed	1,193	798	787	530	664	817	759	283
Consolidated Pressure Pumping revenue per tonne[1]	$692	$608	$572	$529	$626	$791	$957	$961
Pressure Pumping fracturing revenue per tonne[1]	$570	$513	$452	$391	$555	$702	$858	$866
Consolidated pressure pumping revenue per job [1]	$112,779	$94,130	$73,712	$43,920	$94,967	$104,301	$133,000	$131,585
Average fracturing revenue per job[1]	$144,770	$114,843	$100,115	$62,665	$134,015	$182,352	$173,638	$232,569

NON-GAAP MEASURES

The Company's Consolidated Financial Statements have been prepared in accordance with IFRS. Certain measures in this document do not have any standardized meaning as prescribed by IFRS and are considered Non-GAAP Measures.

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

Descriptions and reconciliations of these Non-GAAP Measures to the most directly comparable IFRS measures are outlined below. Readers should be cautioned that the below metrics should not be construed as an alternative to or a more meaningful measure than those determined in accordance with IFRS. Canyon's method of calculating these metrics may differ from other companies and accordingly, they may not be comparable to measures used by other companies.

Adjusted EBITDA

Canyon calculates Adjusted EBITDA as income (loss) and comprehensive income (loss) for the period adjusted for depreciation and amortization, equity settled share-based payment transactions, gain or loss on sale of property and equipment, finance costs, foreign exchange gain or loss, income tax expense or recovery and impairment.

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

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000's (Unaudited)	Three Months Ended March 31,	
	2017	2016
Income (loss) and comprehensive income (loss)	$1,642	($20,594)
Add (deduct):		
Depreciation and amortization	13,654	15,114
Finance costs	814	589
Foreign exchange loss	40	565
Share-based payment transactions	4,987	4,860
Gain on sale of property and equipment	(33)	(167)
Write-off (reversal) of equipment and onerous contract	(307)	1,187
Income tax expense (recovery)	2,641	(5,227)
Adjusted EBITDA	$23,438	($3,673)

Funds from Operations

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

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

000's (Unaudited)	Three Months Ended March 31,	
	2017	2016
Net cash from operating activities	$1,598	$5,342
Add (deduct):		
Income tax paid (recovered)	-	(675)
Change in non-cash working capital related to operating activities	21,800	(8,679)
Current tax expense (recovery)	(437)	5,010
Finance costs	(814)	(589)
Funds from operations	$22,147	$409

Adjusted Income (loss) and Comprehensive Income (loss)

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

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

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

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

000's (Unaudited)	Three Months Ended March 31,	
	2017	2016
Income (loss) and comprehensive income (loss)	$1,642	($20,594)
Amortization expense on intangibles	1,506	1,447
Write-off (reversal) of equipment and onerous contract	(307)	1,187
Share-based payment transactions	4,987	4,860
Adjusted income (loss) and comprehensive income (loss)	$7,828	($13,100)
Adjusted per share-basic	$0.09	($0.19)
Adjusted per share-diluted	$0.09	($0.19)

Other Non-Standard Financial Terms and Calculations

Consolidated Pressure Pumping revenue per tonne

This calculation is determined based on total Pressure Pumping revenue divided by total proppant pumped for the relevant period. This calculation will change from period to period based on pricing changes, changes in types of product utilized (primarily proppant and chemicals), the weight of the proppant used, prices for the product sourced by our third party customers, and the weighting of Pressure Pumping fracturing revenue relative to non-fracturing support services.

Pressure Pumping fracturing revenue per tonne

This calculation is determined based on total Pressure Pumping hydraulic fracturing revenue divided by total proppant pumped for the relevant period. This calculation is determined based on the change in hydraulic fracturing revenue per tonne of proppant pumped. This calculation will change from period to period based on pricing changes, changes in types of product utilized (primarily proppant and chemicals), the weight of the proppant used, and prices for the product sourced by our third party customers.

Pressure Pumping equipment prices for fracturing services

This calculation is determined based on the change in Pressure Pumping fracturing revenue per tonne of proppant pumped, but excludes from revenue products that are sourced on behalf of third parties, such as proppant, chemicals, and/or third party equipment specific to a fracturing job. This calculation will change from period to period based on customer pricing changes and the weight of the proppant used.

Consolidated Pressure Pumping revenue per job

This calculation is determined based on total Pressure Pumping revenue divided by total pressure pumping jobs for the relevant period. This calculation is the historical revenue activity metric which will fluctuate dramatically based on the types of jobs and intensity of jobs and billing process used to invoice clients.

Average fracturing revenue per job

This calculation is determined based on total Pressure Pumping hydraulic fracturing revenue divided by total pressure pumping hydraulic fracturing jobs for the relevant period. This calculation is the historical revenue activity metric which will fluctuate dramatically based on the types of jobs and intensity of jobs and billing process used to invoice clients.

Optimization Process Savings Calculations

These calculations were made by applying 2015 Pressure Pumping fracturing's full year per tonne average variable cost structure, and 2015 average fixed cost structure, to 2016 activity levels (activity levels are based on tonnes of proppant pumped). Personnel optimization, personnel travel expenses, third party contracting costs, and repairs and maintenance (R&M) expenses are components of Pressure Pumping's expenses 'other – cost of services expense'.

Customer Savings for Proppant and Chemical Calculations

These calculations were made by calculating the change in total proppant and chemical costs on a per tonne basis for each of 2017 and 2016 comparative periods. Proppant and chemical costs are components of Pressure Pumping's 'other – cost of services expense'.

FORWARD-LOOKING STATEMENTS

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

The forward-looking information and statements contained in this document reflect several material factors and expectations and assumptions of the Company including, but not limited to: the Transaction is expected to be completed in the second half of 2017, impact of commodity prices on E&P capital programs, activity and pricing, and our ability to generate a sustainable return on investment; our cost structure will see inflationary pressures in 2017, our 2017 capital program, the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing tax, royalty and regulatory regimes; certain commodity price and other cost assumptions; the continued availability of adequate debt and/or equity financing and cash flow to funds its capital and operating requirements as needed; and the extent of its liabilities. The Company believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

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

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

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