# FORM 51-102F3
# MATERIAL CHANGE REPORT

**Item 1** **Name and Address of Company**

Canyon Services Group Inc. ("**Canyon**")
Bow Valley Square III
2900, 255 - 5th Avenue, SW
Calgary, AB T2P 3G6

**Item 2** **Date of Material Change**

March 21, 2017

**Item 3** **News Release**

A joint news release disclosing the material change was issued by Canyon and Trican Well Service Ltd. ("**Trican**") on March 22, 2017 through the services of Marketwired.

**Item 4** **Summary of Material Change**

On March 21, 2017, Canyon and Trican entered into an arrangement agreement (the "**Arrangement Agreement**"), pursuant to which Trican agreed to acquire all of the issued and outstanding common shares of Canyon (the "**Canyon Shares**") by way of a plan of arrangement of Canyon (the "**Arrangement**") under the *Business Corporations Act* (Alberta) (the "**ABCA**").

Upon the completion of the Arrangement, and subject to the terms and conditions of the Arrangement Agreement and Plan of Arrangement (as defined in the Arrangement Agreement), the holders of Canyon Shares ("**Canyon Shareholders**") will receive 1.70 common shares of Trican ("**Trican Shares**") for each Canyon Share held (the "**Exchange Ratio**").

**Item 5.1** **Full Description of Material Change**

This is a summary of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, which is available under Canyon's profile on SEDAR at www.sedar.com.

**The Arrangement**

On March 21, 2017, Canyon and Trican entered into the Arrangement Agreement pursuant to which Trican agreed to acquire all of the issued and outstanding Canyon Shares in consideration for such number of Trican Shares per each Canyon Share held equal to the Exchange Ratio. The consideration to be received by Canyon Shareholders reflects a value of $6.63 per Canyon Share based on the closing price of Trican Shares on the Toronto Stock Exchange (the "**TSX**") on March 21, 2017. The aggregate value of the Arrangement is approximately $637 million, including the assumption by Trican of approximately $40.0 million in Canyon debt. Upon completion of the Arrangement, existing holders of Trican Shares and Canyon Shares will collectively own approximately 56% and 44% of Trican, respectively.

Under the terms of the Arrangement, all of the stock options of Canyon ("**Canyon Options**") and all of the incentive based units awarded under Canyon's stock based compensation plan ("**Canyon Incentive Units**") outstanding prior to the effective date of the Arrangement, whether vested or unvested, shall be deemed to have been surrendered, exercised or cancelled in accordance with the terms and conditions of the Arrangement. Holders of outstanding performance share units of Canyon ("**PSUs**") shall receive cash settlement for their PSUs in accordance with the Arrangement.

**Court Matters and Trican and Canyon Meetings**

The Arrangement Agreement provides that the Arrangement will be effected as a statutory arrangement under the ABCA. In the Arrangement Agreement, Canyon has agreed it will make an application for an interim order (the "**Interim Order**") to the Court of Queen's Bench of Alberta. The Interim Order will contain, among other things, certain declarations and directions with respect to the Arrangement, including the calling and conduct of an annual and special meeting for Canyon at which Canyon Shareholders, holders of Canyon Options and holders of Canyon Incentive Units (collectively, the "**Canyon Securityholders**") will be asked, among other things, to consider and, if thought fit, approve a special resolution (the "**Arrangement Resolution**") respecting the Arrangement (the "**Canyon Meeting**"). At the Canyon Meeting, each Canyon Shareholder will be entitled to one vote for each Canyon Share held and each holder of Canyon Options and Canyon Incentive Units will be entitled to one vote, respectively, for each Canyon Share underlying such holder's Canyon Options and Canyon Incentive Units, all voting together as a single class. The Interim Order will also provide for the grant of dissent rights to the registered Canyon Shareholders in respect of the Arrangement, as set forth in the Arrangement.

In the Arrangement Agreement, Trican has agreed, pursuant to the rules of the TSX, to call an annual and special meeting of shareholders of Trican ("**Trican Shareholders**") at which Trican Shareholders will be asked, among other things, to consider and, if thought fit, approve an ordinary resolution authorizing the issuance of Trican Shares to the Canyon Shareholders under the Arrangement (the "**Trican Resolution**").

Further information regarding the Arrangement will be contained in the information circulars that Canyon and Trican will prepare, file and mail to their respective securityholders in connection with the Canyon Meeting and Trican Meeting, respectively (collectively, the "**Meetings**"). The record date for the determination of Canyon Securityholders and Trican Shareholders entitled to receive notice of and to vote at the Meetings is April 21, 2017. Each of the Meetings are currently scheduled to take place on May 31, 2017.

Canyon has agreed to pursue an application for the final order with the Court of Queen's Bench of Alberta as soon as reasonably practicable following the Meetings, but in any event not later than the third business day after the later of the Canyon Meeting and the Trican Meeting at which the Arrangement Resolution and the Trican Resolution are passed, respectively.

**Board Nominee**

Pursuant to the terms of the Arrangement, Trican has agreed to take commercially reasonable steps to appoint Brad Fedora, the current President and Chief Executive Officer of Canyon, to the board of directors of Trican (the "**Trican Board**") immediately following completion of the Arrangement.

**Conditions to the Completion of the Arrangement**

Completion of the Arrangement is subject to a number of conditions including, among others, (i) approval of the Arrangement Resolution by two-thirds of the votes cast by the Canyon Securityholders, voting as a single class, at the Canyon Meeting (and, if required under securities law, a majority of the Canyon Shareholders after excluding the votes cast in respect of the Canyon Shares held by persons whose votes may not be included in determining minority approval in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*), (ii) approval of the Trican Resolution by the majority of the votes cast by the Trican Shareholders at the Trican Meeting, (iii) approval of the Court of Queen's Bench of Alberta, (iv) the receipt of required regulatory approvals, including with respect to the *Competition Act* (Canada) (the "**Competition Act**") and the *Canada Transportation Act*, (v) holders of not more than 5% of Canyon Shares exercising rights of dissent with respect to the Arrangement that are not withdrawn at the effective date of the Arrangement, (vi) the conditional approval of the listing of the Trican Shares to be issued under the Arrangement to the Canyon Shareholders on the TSX, (vii) the absence of any Material Adverse Change (as defined in the Arrangement Agreement) with respect to Canyon and Trican, as applicable, and (viii) other customary closing conditions.

**Representations, Warranties and Covenants of Trican and Canyon**

Canyon and Trican have each made customary representations, warranties and covenants in the Arrangement Agreement, including, among others, covenants to conduct their businesses in the ordinary course and consistent with past practice between the execution of the Arrangement Agreement and the completion of the Arrangement and covenants not to engage in certain kinds of transactions or take certain actions during that period unless consented in writing by the other party. In addition, on the terms and subject to conditions set forth in the Arrangement Agreement, each party has agreed to use its commercially reasonable efforts to obtain all required Regulatory Approvals (as defined in the Arrangement Agreement), subject to certain exceptions.

**Non-Solicitation and Termination Fee**

Pursuant to the terms and conditions of the Arrangement Agreement, Canyon and Trican have agreed that neither party will solicit, initiate, encourage or otherwise facilitate an Acquisition Proposal (as defined in the Arrangement Agreement) from any third party. However, either party may, prior to the receipt of required approvals of the Arrangement Resolution or the Trican Resolution, as applicable, enter into or participate in any discussions or negotiations, or enter into a definitive agreement, with a third party that submits a written Acquisition Proposal that the party's board of directors has determined, after consultation with outside legal and financial advisors, constitutes or could reasonably be expected to lead to a Superior Proposal (as defined in the Arrangement Agreement). Such an Acquisition Proposal may not result from a breach of the "non-solicitation" provisions of the Arrangement Agreement. The party who is not subject to the Superior Proposal will, pursuant to the terms of the Arrangement Agreement, have the right for five days to negotiate with the other party to amend the terms of the Arrangement Agreement, such that the party subject to the Superior Proposal could proceed with the Arrangement, as amended, rather than the Superior Proposal. The Arrangement Agreement provides for a reciprocal termination fee of $22.0 million payable in certain circumstances if the Arrangement is not completed, including in the case of the termination of the Arrangement Agreement by either party to accept or enter into an agreement regarding a Superior Proposal.

The Arrangement Agreement may be terminated by mutual written consent of Canyon and Trican, and by each party in certain circumstances as more particularly set forth in the Arrangement Agreement Subject to certain limitations, each party may also terminate the Arrangement Agreement if the Arrangement is not consummated by August 31, 2017 (the "**Outside Date**"), which date can be unilaterally extended by Trican for up to an additional three months (in one month increments) if the Competition Act approval has not been obtained. If Canyon terminates the Arrangement Agreement due to Competition Act approval not being obtained by the Outside Date, Trican has agreed it will reimburse Canyon for its portion of the related fee, as well as legal fees, incurred in connection with the Competition Act approval, up to a maximum amount of $125,000.

**Fairness Opinions and Board Recommendations**

The board of directors of Canyon (the "**Canyon Board**") and the special committee of the Canyon Board (the "**Canyon Special Committee**") received a verbal opinion from Peters & Co. Limited that, the consideration to be received by the Canyon Shareholders under the Arrangement is fair, from a financial point of view, to the Canyon Shareholders. The Canyon Board unanimously, upon the recommendation from the Canyon Special Committee, and after receiving legal and financial advice, determined that the Arrangement is in the best interests of Canyon and the Canyon Securityholders and has unanimously recommended that the Canyon Securityholders vote in favour of the Arrangement Resolution.

The Trican Board received a verbal fairness opinion from RBC Dominion Securities Inc. that, subject to the assumptions, limitations and qualifications set forth in its opinion, as of March 21, 2017, the Exchange Ratio is fair, from a financial point of view, to Trican. The Trican Board unanimously, after receiving legal and financial advice, approved the Arrangement and has unanimously recommended that the Trican Shareholders vote in favour of the Trican Resolution.

The boards of directors of each of Canyon and Trican are expected to provide written recommendations that their respective securityholders vote their securities in favor of the Arrangement (or, in the case of Trican, the issuance of Trican Shares in connection with the Arrangement) described in the information circulars of Canyon and Trican to be prepared, filed and mailed by Canyon and Trican, respectively, in connection with the Meetings. In addition, each of the directors and executive officers of Canyon and Trican have agreed to vote their securities in favor of the Arrangement (or, in the case of Trican, the issuance of Trican Shares in connection with the Arrangement).

**Item 5.2 Disclosure of Restructuring Transactions**

Not applicable.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

Jeremy Matthies
General Counsel
Telephone: 403-355-2300

**Item 9 Date of Report**

March 30, 2017

**Forward-Looking Information and Statements**

*This material change report contains forward-looking statements and forward-looking information within the meaning of applicable securities laws and is based on the expectations, estimates and projections of management of Canyon as of the date of this material change report unless otherwise stated. The use of any of the words "expect", "anticipate", "estimate", "may", "will", "project", "believe" and similar expressions are intended to identify forward-looking statements or information. More particularly and without limitation, this material change report contains forward-looking statements and information concerning: the timing and anticipated receipt of required regulatory, Court, TSX and securityholder approvals for the Arrangement (including receipt of approvals under the Competition Act and Canada Transportation Act); the ability of Canyon and Trican to satisfy the other conditions to, and to complete, the Arrangement; the anticipated timing of the mailing of each of the information circulars of Canyon and Trican regarding the Arrangement; the holding of the Meetings; the composition of the Trican Board upon the Arrangement being effective; and the timing of closing the Arrangement.*

*Forward-looking statements in this material change report are based on certain key expectations and assumptions made by Canyon including assumptions as to the time required to prepare and mail securityholder meeting materials, including the required information circular of each of Trican and Canyon; the ability of the parties to receive, in a timely manner, the necessary regulatory, Court, securityholder, TSX and other third party approvals, including but not limited to the receipt of applicable Competition Act and Canada Transportation Act approvals; and the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement. Although Canyon believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Canyon can give no assurance that they will prove to be correct. The anticipated dates provided may change for a number of reasons, including* *unforeseen delays in preparing meeting materials, inability to secure necessary securityholder, regulatory, Court or other third party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this material change report.*

*Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Risks and uncertainties inherent in the nature of the Arrangement include the failure of Canyon or Trican to obtain necessary securityholder, regulatory, Court and other third party approvals, or to otherwise satisfy the conditions to the Arrangement, in a timely manner, or at all. Failure to obtain such approvals, or the failure of Canyon or Trican to otherwise satisfy the conditions to the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all.*

*Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company, are included in reports on file with applicable securities regulatory authorities, including but not limited to; and Canyon's Annual Management's Discussion and Analysis for the year ended December 31, 2016 and Trican's Annual Management's Discussion and Analysis for the year ended December 31, 2016 each of which may be accessed on Canyon's and Trican's SEDAR profile, respectively, at www.sedar.com.*

*The forward-looking statements and information contained in this material change report are made as of the date hereof and Canyon undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*