MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine and three months ended September 30, 2015

Aveda Transportation and Energy Services Inc. – Nine and three months ended September 30, 2015

This Management's Discussion and Analysis ("MD&A") for Aveda Transportation and Energy Services Inc. ("Aveda" or the "Company") for the nine and three month period ended September 30, 2015 should be read in conjunction with the Company's (i) audited consolidated financial statements and accompanying notes for the year ended December 31, 2014 ("Annual Financial Statements"), together with the MD&A thereon ("2014 MD&A"), and (ii) the unaudited condensed consolidated interim financial statements ("Interim Financial Statements") which are available at www.sedar.com and on the Company's website at www.avedaenergy.com. All dollar amounts are in Canadian dollars unless otherwise indicated.

The Board of Directors carries out its responsibility for review of the disclosure in this MD&A principally through its Audit Committee, comprised of three directors, one of whom is independent. The Audit Committee reviews this disclosure and recommends its approval to the Board of Directors. This MD&A has been approved by the Board of Directors.

The Company reports on certain non-IFRS measures that are used by management to evaluate the performance of the business. Since non-IFRS measures do not have a standardized meaning, securities regulators require that non-IFRS measures be clearly defined and qualified, reconciled to the nearest IFRS measure, and be given no more prominence than the closest IFRS measures. The definition, calculation, and reconciliation of the non-IFRS measures are provided in the section "Reconciliation of non-IFRS Measure" in this MD&A.

Aveda is publicly traded on the TSX Venture Exchange under the symbol AVE.

This MD&A contains statements that are not historical facts and are forward looking statements (see "Forward Looking Statements" below).

This MD&A is dated as at November 11, 2015.

Section 1: Description of the Business

Aveda earns revenue predominantly by providing specialized transportation services required for the drilling exploration, development and production of petroleum resources in the Western Canadian Sedimentary Basin ("WCSB") and in the United States of America ("US") principally in and around the states of Texas, Pennsylvania, West Virginia, North Dakota and Oklahoma. Transportation services are provided using assets which are owned by the Company, or through sub-contractors who own their equipment and are contracted by the Company during times of peak demand. Transportation services include both the equipment necessary to move the load as well as a trained, professional driver capable of securing, moving and manipulating the load to its destination.

Aveda's rental operations include the rental of tanks, mats, pickers, light towers, well-site shacks and other equipment necessary for oilfield operations.

Aveda was incorporated in 1994 as a private company to serve the oil and gas industry. In the spring of 2006 the Company went public on the TSX Venture Exchange. Aveda has major operations in Calgary, AB, Sylvan Lake, AB, Leduc, AB, Edson, AB, Pleasanton, TX, Midland, TX, Marshall, TX, Williamsport, PA, Buckhannon, WV, Williston, ND and Oklahoma City, OK.

For more information on Aveda please visit www.avedaenergy.com.

Section 2: Key Performance Indicators

Aveda monitors a number of key performance indicators including those set out below:

- **Revenue** provides an overall indication of success and progress toward achieving growing market share;

- **Earnings Per Share** measures the return to shareholders and also allows management to assess whether acquisitions are accretive to earnings;

- **Standardized EBITDA** is earnings before interest, taxes, depreciation and amortization;

- **Adjusted EBITDA[1]** is Standardized EBITDA, excluding foreign exchange gains or losses which are primarily related to the US dollar activities of the Company and can vary significantly depending on exchange rate fluctuations, which are beyond the control of the Company, and write downs of intangible assets, goodwill impairment, financing costs, gains or losses on disposal of assets, stock based compensation, fees and expenses on settlement of debt and losses on extinguishment of debt, acquisition earn out adjustments, and gain or loss on business combination; and

- **Adjusted EBITDA per Share[1]** is Adjusted EBITDA[1] divided by the weighted average number of shares outstanding for the period.

Section 3: Overall Performance

2015 THIRD QUARTER BUSINESS HIGHLIGHTS

- As a result of the significant slow-down in drilling activity experienced in the oil and gas sector due to the drastic decline in the price of oil and natural gas, revenue for the three months ended September 30, 2015 decreased by $18.4 million to $24.1 million, compared with revenue of $42.5 million for the same period in 2014. US revenue decreased by 41.5% while Canadian revenue decreased by 51.1% which resulted in an overall revenue decrease of 43.3%;
- Generated net loss for the three months ended September 30, 2015 of $20.1 million, compared to net loss of $0.4 million for the same period in 2014. Loss per share was $1.05 compared to $0.02 in the comparative period. Onetime items related to the Hodges Trucking Company, L.L.C. acquisition (the "Acquisition") had a negative impact on third quarter 2015 earnings of approximately $1.3 million and due to the industry condition, the Company had intangible assets and goodwill impairment of $14.4 million ($0.82 per share), after tax impairment of $10.4 million ($0.55 per share). Excluding the onetime items related to the Acquisition and impairment, the Company would have generated an operating loss of $8.4 million ($0.44 per share) in the third quarter of 2015;
- Generated Adjusted EBITDA[1] loss for the quarter ended September 30, 2015 of $6.6 million, compared with Adjusted EBITDA[1] of $5.2 million for the same period in 2014;

Note:

(1) See Section 8: Non-IFRS Measure.

- The Company ended the quarter with $35.8 million of outstanding loans and borrowings on its senior secured debt, the lowest amount outstanding in the previous 12 months;
- The Company ended the quarter with $15.0 million in working capital with a working capital ratio of 2.20; and
- The Company implemented various cost management initiatives, including the elimination of 51 administrative and non-revenue generating positions in the field, including, corporate positions in Calgary and Houston. In addition, Aveda closed its branch in Mineral Wells, TX and also merged its Cherokee, OK branch with its Oklahoma City, OK branch. Aveda expects that it will generate operational savings of approximately $5.0 million annually as a result of the cost cuts.

2015 FIRST THREE QUARTERS' BUSINESS HIGHLIGHTS

- Revenue for the nine months ended September 30, 2015 declined by $26.2 million to $83.8 million, compared with revenue of $110.0 million for the same period in 2014. US revenue decreased by 14.4% and Canadian revenue decreased by 57.7% which resulted in an overall revenue decrease of 23.9%;
- Generated net loss for the nine months ended September 30, 2015 of $15.4 million, compared to net income of $1.8 million for the same period in 2014. Loss per share was $0.80 compared to earnings per share of $0.10 in the comparative period. Onetime items related to the Acquisition had a positive impact on 2015 earnings of approximately $9.8 million and intangible assets and goodwill impairment had a negative impact on earnings of $14.4 million, after tax impairment of $10.4 million (combined after tax onetime items had negative impact of $0.03 per share). Excluding the onetime items related to the Acquisition and impairment, the Company would have generated an operating loss of $14.8 million ($0.77 per share);
- Generated Adjusted EBITDA[1] loss for the nine months ended September 30, 2015 of $4.4 million, a decrease of $20.6 million compared with positive Adjusted EBITDA[1] of $16.2 million for the same period in 2014;
- Completed the Acquisition for total consideration of US$42.0 million, the Company acquired approximately 900 pieces of rig moving and heavy haul equipment. US$15.0 million of the purchase price was financed through the Company's existing senior credit facility, and US$27.0 million was financed by a seller take-back note (the "Note"). The Note is a five-year term debt note with no requirement for early principal payment;
- Subsequent to the closing of the Acquisition, the Company sold approximately 350 pieces of Hodges' non-oilfield equipment for approximately US$22.0 million. The Company received US$20.8 million of the sale price in cash and US$1.25 million was placed in escrow. Aveda received US$0.25 million from the escrow during the third quarter of 2015. The balance of the escrow amount of US$1.0 million was received by Aveda in the fourth quarter of 2015; and
- The Company has implemented wage roll backs across the organization to reduce costs.

Note:

(1) See Section 8: Non-IFRS Measure.

Section 4: Selected Financial Information for the Nine Months Ended September 30, 2015

(in thousands, except per share and ratio amounts)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Revenue	**83,770**	110,007	(26,237)	-23.9%
Gross profit[5]	**(4,774)**	18,889	(23,663)	-125.3%
Gross margin	**-5.7%**	17.2%	N/A	N/A
Gross profit[5] excluding depreciation and amortization	**9,615**	29,941	(20,326)	-67.9%
Gross margin excluding depreciation and amortization	**11.5%**	27.2%	N/A	N/A
Adjusted EBITDA[1] (loss)	**(4,439)**	16,198	(20,637)	-127.4%
Adjusted EBITDA[1] (loss) as a percentage of revenue	**-5.3%**	14.7%	N/A	N/A
Net income (loss)	**(15,370)**	1,812	(17,182)	-948.2%
Net income as a percentage of revenue	**-18.3%**	1.6%	N/A	N/A
Adjusted EBITDA per share	**(0.23)**	0.85	(1.08)	-127.1%
Earnings per share - basic	**(0.80)**	0.10	(0.90)	-900.0%
Earnings per share - diluted	**(0.80)**	0.09	(0.89)	-988.9%
Current ratio[2]	**2.20**	1.63	0.57	35.0%
Debt to equity ratio[3]	**1.09**	0.86	0.23	26.7%
Debt to EBITDA ratio[3, 4]	**18.23**	3.06	15.17	495.8%
Total assets	**153,224**	164,067	(10,843)	-6.6%
Total long-term debt[3]	**71,008**	58,813	12,195	20.7%

Notes:

(1) See Section 8: Non-IFRS Measure.

(2) Current ratio calculated as current assets divided by current liabilities.

(3) Debt includes loans and borrowings as per their carrying amounts on the balance sheet.

(4) EBITDA used is Adjusted EBITDA for the trailing twelve months.

(5) Gross profit calculated as revenue less direct operating expense.

The significant decline in oil and gas commodity prices in 2015 relative to 2014 and 2013 has curtailed capital expenditures and drilling and exploration budgets across North American. As a result, demand for Aveda's services has declined with reductions in drilling and exploration budgets. Accordingly, revenue decreased by $26.2 million compared to the same period in the prior year. Further, the Company is experiencing a highly competitive market environment as service providers are all vying to maintain market share even at cost of producing revenue that generates negative gross profit. With the background of the challenging economic environment, the Company posted revenue of $83.8 million, Adjusted EBITDA[1] loss of $4.4 million and net loss of $15.4 million in the nine months ended September 30, 2015. Onetime items related to the Acquisition had a positive impact on 2015 earnings of approximately $9.8 million, and intangible assets and goodwill impairment had a negative impact of $14.4 million, after tax impairment of $10.4 million. Excluding the onetime items related to the Acquisition and

Note:

(1) See Section 8: Non-IFRS Measure.

impairment, the Company would have generated an operating loss of $14.8 million in the first three quarters of 2015.

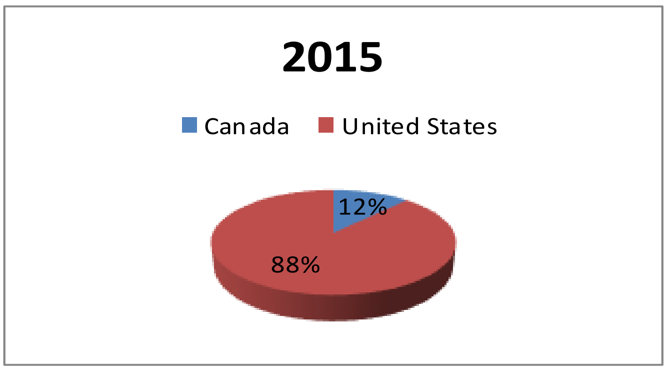
Section 5: Results of Operations for the Nine Months Ended September 30, 2015

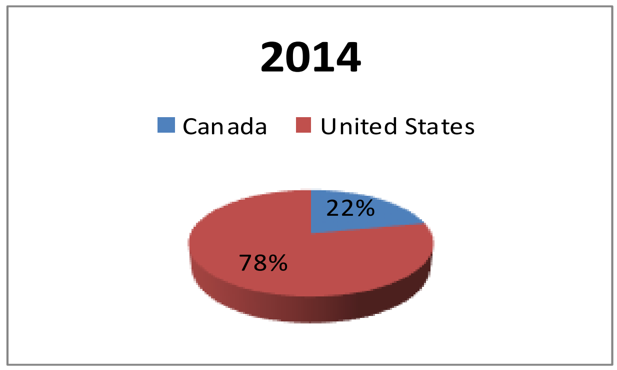
REVENUE

The following table provides a breakdown of the Company's revenue by geography for the nine months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Canada	10,155	24,005	(13,850)	-57.7%
United States	73,615	86,002	(12,387)	-14.4%
	83,770	110,007	(26,237)	-23.9%





	Average rig count			Rig count as of:		
	Q3, 2015	Q3, 2014	Change	September 30, 2015	December 31, 2014	Change
Alberta	132	257	(125)	113	163	(50)
Williamsport, PA*	18	28	(10)	15	25	(10)
Pleasanton, TX*	142	219	(77)	90	204	(114)
Midland, TX*	242	435	(193)	199	433	(234)
Buckhannon, WV*	57	65	(8)	43	72	(29)
Williston, ND*	93	179	(86)	65	177	(112)
Oklahoma City, OK	87	111	(24)	81	122	(41)
Marshall, TX	32	44	(12)	26	40	(14)

* Rig count within 100 mile radius of the operating terminal

The table above illustrates drastic declines in rig counts across all of the Company's operating regions. As stated above and in Aveda's previous MD&A, significant declines in both oil and natural gas prices in 2015 versus 2014 and 2013 have had a negative effect on revenue and profitability. Certain regions had a more pronounced negative effect than other regions especially evident in the Company's WCSB operations. Across North America, competition remains fierce resulting in significant pricing pressure, thus having a negative impact on the Company's profitability.

Total revenue decreased by 23.9% from $110.0 million in 2014 to $83.8 million in 2015. US revenue decreased by $12.4 million or 14.4% to $73.6 million from $86.0 million in the prior year period. Partially offsetting the decline in US revenue is the weakening of the Canadian dollar. The weakened Canadian dollar had a positive impact of $9.7 million on US revenue.

Revenue in Canada has been impacted more severely as some the Company's largest customers have significantly curtailed their activities in the regions in which Aveda operates. Canadian revenue declined by 57.7% to $10.2 million compared to $24.0 million in 2014. The reduction in Canadian revenue led to a review of terminals with the decision to close the Slave Lake branch in April 2015 and to merge the Heavy Haul and Hotshot branches in Calgary in May 2015 in order to reduce operating costs.

In the nine months ended September 30, 2015, outsourced revenue was $21.2 million compared to $31.8 million in the same period of prior year. Aveda decreased the use of third party revenue from 28.9% of total revenue in 2014 to 25.3% of total revenue in 2015. In prior years, the Company was able to charge its customers a markup, generally 5% - 15% on the use of third party subcontractors. However, during the current year the margin related to outsourced revenue was significantly compressed due to increased competition and pricing pressure. The Company plans to further reduce reliance on third party contractors to improve profitability. The average utilization rate for the nine months ended September 30, 2015 was approximately 35% for power units and 12% for rental units. These utilization figures do not include assets from the Acquisition that are designated for future expansion or sale.

EXPENSES

The following table sets forth total expenses by function and as a percentage of revenue for the nine months ended September 30, 2015 and 2014:

(in thousands)	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Direct operating	88,544	91,118	(2,574)	-2.8%
Selling and administrative	14,881	14,522	359	2.5%
	103,425	105,640	(2,215)	-2.1%

% of total revenue	2015	2014
Direct operating	105.7%	82.8%
Selling and administrative	17.8%	13.2%
	123.5%	96.0%

Direct Operating Expenses

Direct operating expenses for the nine months ended September 30, 2015 decreased by $2.6 million from $91.1 million in 2014 to $88.5 million. This is despite higher depreciation and amortization expenses which contributed an additional $3.3 million increase due to a higher asset base as the result of acquisitions completed in 2014. Gross margin excluding depreciation and amortization decreased from 27.2% in 2014 to 11.5% in the current period. The decrease in margin is due to the current intense competitive environment in order to win bids. Customers have requested significant rate discounts (10% - 50%) during the bid process in order to award work.

Selling and Administrative Expenses

Selling and administrative expenses for the nine months ended September 30, 2015 were flat compared to 2014. Included in the selling and administrative expenses were $0.8 million of severance and restructuring expenses. In addition, the weakened Canadian dollar had a negative impact of $1.9 million on US expenses. Excluding the one-time severance and restructuring expenses and foreign exchange impact, selling and administrative expenses would have been $12.2 million.

FINANCE COSTS

The following table sets forth the Company's finance cost and foreign exchange gains and losses for the nine months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Finance costs and interest expense	4,319	1,740	2,579	148.2%
Foreign exchange gains	(273)	(542)	269	-49.6%
	4,046	1,198	2,848	237.7%

Finance costs and interest expense for the nine months ended September 30, 2015 increased by $2.6 million to $4.3 million compared to $1.7 million in 2014. Included in the 2015 amount is a one-time finance costs expense of $1.3 million related to the Acquisition, in addition, $1.0 million of additional interest expense was incurred for the Note (see Section 17).

INCOME TAXES

The following table sets forth the Company's income tax expense (recovery) for the nine months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Current tax expense	289	476	(187)	-39.3%
Deferred tax expense (recovery)	(13,127)	868	(13,995)	-1612.3%
	(12,838)	1,344	(14,182)	-1055.2%

Income tax expense (recovery) relates entirely to income or loss generated in the United States.

BARGAIN PURCHASE GAIN

As the result of the Acquisition (see Section 17), the Company generated a bargain purchase gain net of costs of $9.8 million. The Company anticipates incurring approximately $1.0 million in acquisition related costs in the fourth quarter of 2015.

NET INCOME (LOSS)

The following table sets forth the Company's net income (loss) for the nine months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Net income (loss)	(15,370)	1,812	(17,182)	-948.2%
Percentage of revenue	-18.3%	1.6%		

The Company generated a net loss of $15.4 million in 2015 compared to net income of $1.8 million in 2014. Accordingly, Aveda's loss per share for 2015 was $0.80 compared to net earnings per share of $0.10 in the comparative period.

ADJUSTED EBITDA[1]

The following table sets forth the Company's adjusted EBITDA[1] for the nine months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Adjusted EBITDA[1] (loss)	(4,439)	16,198	(20,637)	-127.4%
Percentage of revenue	-5.3%	14.7%		

Note:
(1) See Section 8: Non-IFRS Measure.

Adjusted EBITDA[1] for 2015 decreased by $20.6 million to an Adjusted EBITDA[1] loss of $4.4 million compared positive Adjusted EBITDA[1] of $16.2 million in 2014 due to the factors discussed above.

Section 6: Selected Financial Information for the Three Months Ended September 30, 2015

(in thousands, except per share and ratio amounts)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Revenue	**24,113**	42,497	(18,384)	-43.3%
Gross profit	**(6,373)**	5,292	(11,665)	-220.4%
Gross margin	**-26.4%**	12.5%	N/A	N/A
Gross profit excluding depreciation and amortization	**(991)**	10,163	(11,154)	-109.8%
Gross margin excluding depreciation and amortization	**-4.1%**	23.9%	N/A	N/A
Adjusted EBITDA[1] (loss)	**(6,648)**	5,213	(11,861)	-227.5%
Adjusted EBITDA[1] (loss) as a percentage of revenue	**-27.6%**	12.3%	N/A	N/A
Net income (loss)	**(20,121)**	(398)	(19,723)	-4955.5%
Net income (loss) as a percentage of revenue	**-83.4%**	-0.9%	N/A	N/A
Adjusted EBITDA per share	**(0.35)**	0.26	(0.61)	-234.6%
Earnings per share - basic and diluted	**(1.05)**	(0.02)	(1.03)	-5150.0%

Revenue decreased by $18.4 million due to the drastic decline in drilling activities as a result of the decline experienced in oil and natural gas prices. Gross profit excluding depreciation and amortization expenses decreased by $11.2 million and Adjusted EBITDA[1] decreased by $11.9 million compared to the same period in the prior year due to the downward pricing pressure as customers reduced capital expenditures. Net loss in the third quarter of 2015 increased by $19.7 million as compared to 2014. Onetime items related to the Acquisition had a negative impact on third quarter 2015 earnings of approximately $1.3 million and due to the industry condition, the Company had intangible assets and goodwill impairment of $14.4 million, after tax impairment of $10.4 million. Excluding the onetime items related to the Acquisition and impairment, the Company would have generated an operating loss of $8.4 million in the third quarter of 2015.

Note:

(1) See Section 8: Non-IFRS Measure.

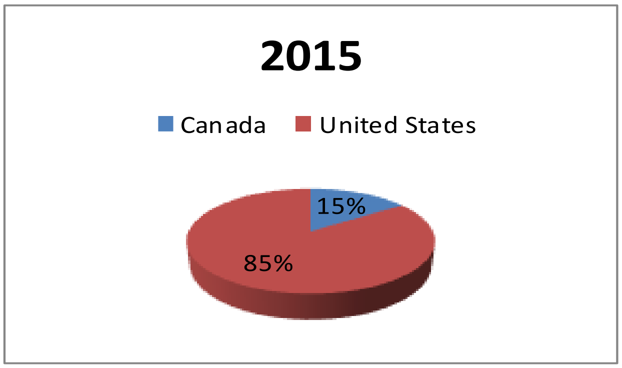
Section 7: Results of Operations for the Three Months Ended September 30, 2015

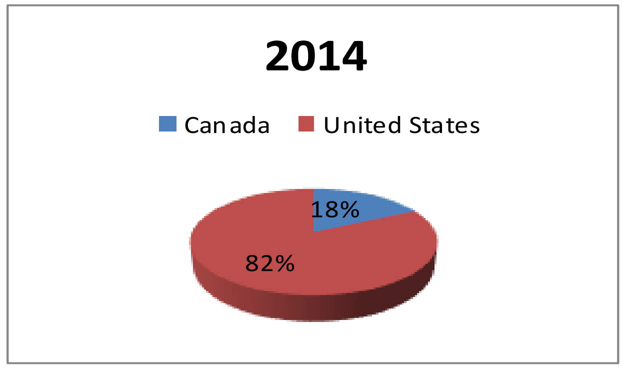
REVENUE

The following table provides a breakdown of the Company's revenue by geography for the three months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Canada	3,712	7,596	(3,884)	-51.1%
United States	20,401	34,901	(14,500)	-41.5%
	24,113	42,497	(18,384)	-43.3%





	Average rig count			Rig count as of:		
	Q3, 2015	Q3, 2014	Change	September 30, 2015	June 30, 2015	Change
Alberta	109	244	(135)	113	78	35
Williamsport, PA*	15	27	(12)	15	15	-
Pleasanton, TX*	100	211	(111)	90	105	(15)
Midland, TX*	203	458	(255)	199	192	7
Buckhannon, WV*	48	66	(18)	43	59	(16)
Williston, ND*	69	185	(116)	65	73	(8)
Oklahoma City, OK	79	118	(39)	81	76	5
Marshall, TX	29	44	(15)	26	27	(1)

* Rig count within 100 mile radius of the operating terminal

Third quarter 2015 revenue decreased by 43.3% from $42.5 million in 2014 to $24.1 million. As discussed above, rig counts and drilling activity have declined significantly in 2015 and this has had a major impact on the Company's results. The decline in average rig count has led to intense price competition and greatly reduced the Company's profitability. In the third quarter of 2015, Aveda's US operations reported decreased revenue of $14.5 million to $20.4 million compared to $34.9 million in 2014. Revenue in the WCSB declined by $3.9 million to $3.7 million compared to $7.6 million in 2014.

During the quarter, revenue from the use of third party subcontractors was $6.9 million compared to $10.0 million in 2014. The average utilization rate for the three months ended September 30, 2015 was approximately 29% for power units and 10% for rental units.

EXPENSES

The following table sets forth total expenses by function and as a percentage of revenue for the three months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Direct operating	30,486	37,205	(6,719)	-18.1%
Selling and administrative	5,944	5,108	836	16.4%
	36,430	42,313	(5,883)	-13.9%

% of total revenue	2015	2014
Direct operating	126.4%	87.5%
Selling and administrative	24.7%	12.0%
	151.1%	99.6%

Direct Operating Expenses

Direct operating expenses for the third quarter of 2015 decreased by $6.7 million, from $37.2 million in 2014 to $30.5 million in 2015 despite depreciation and amortization expenses increasing by $0.5 million compared to the prior year due to having a higher asset base in 2015 compared to 2014. Gross margin excluding depreciation and amortization decreased from 23.9% in 2014 to negative 4.1% in the current period. The decrease in margin is due to the current intense competitive environment in order to win bids. Customers have requested significant rate discounts during the bid process in order to award work.

During the third quarter of 2015, the Company took measures to reduce operating expenses, including:

1. The closure of the Mineral Wells, TX branch;
2. The consolidation of the Cherokee, OK branch into its Oklahoma City, OK branch;
3. Instituting further wage roll backs in the current quarter; and
4. Eliminating 51 administrative and non-revenue generating positions.

The cost savings with the changes above are anticipated to be approximately $5.0 million annually. These cost reductions had a minimal impact on third quarter 2015 results as most of these cost reductions occurred late in the third quarter of 2015.

The Company has taken further steps to reduce costs in the fourth quarter of 2015, including:

1. Reducing the matching contribution it makes for US benefit costs; and
2. Is evaluating rolling back field wages further.

Selling and Administrative Expenses

Selling and administrative expenses for the quarter increased by $0.8 million, from $5.1 million in 2014 to $5.9 million in 2015. Approximately $0.7 million of the increase is attributed severance payments related to restructuring of operations. As discussed above, the Company has taken aggressive steps to reduce all expenses in order to weather the current operating environment.

FINANCE COSTS

The following table sets forth the Company's finance cost and foreign exchange gains and losses for the three months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Finance costs and interest expenses	1,454	789	665	84.3%
Foreign exchange loss (gains)	(253)	(94)	(159)	169.1%
	1,201	695	506	72.8%

The increase in finance costs and interest expenses is due to $0.8 million of additional interest expense related to the Note offset by lower interest expenses due to a lower outstanding balance on the Company's senior credit facility.

INCOME TAXES

The following table sets forth the Company's income tax expense (recovery) for the three months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Current tax expense	55	177	(122)	-68.9%
Deferred tax expense (recovery)	(9,141)	(303)	(8,838)	2916.8%
	(9,086)	(126)	(8,960)	7111.1%

Income tax recovery relates entirely to the loss generated in the United States.

BARGAIN PURCHASE GAIN

As discussed earlier in this MD&A, the Company generated a year to date bargain purchase gain net of costs of $9.8 million. During the third quarter of 2015 Aveda incurred approximately $1.3 million of costs related to the Acquisition and various restructuring activities which were netted against the bargain purchase price gain.

NET INCOME (LOSS)

The following table sets forth the Company's net loss for the three months ended September 30, 2015 and 2014:

(in thousands)

	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Net loss	(20,121)	(398)	(19,723)	4955.5%
Percentage of revenue	-83.4%	-0.9%		

The Company generated a net loss of $20.1 million in the third quarter of 2015 compared to a loss of $0.4 million for 2014. Included in the net loss is intangible assets and goodwill impairment of $14.4 million and additional costs related to the Acquisition of $1.3 million. Accordingly, the loss per share for the three months ended September 30, 2015 was $1.05 compared to $0.02 in 2014.

ADJUSTED EBITDA[1]

The following table sets forth the Company's Adjusted EBITDA[1] for the three months ended September 30, 2015 and 2014:

(in thousands)	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Adjusted EBITDA[1] (loss)	(6,648)	5,213	(11,861)	-227.5%
Percentage of revenue	-27.6%	12.3%		

Note:
(1) See Section 8: Non-IFRS Measures

Adjusted EBITDA[1] loss for the third quarter of 2015 was $6.6 million compared with positive Adjusted EBITDA[1] of $5.2 million in 2014 due to the factors discussed above.

Note:
(1) See Section 8: Non-IFRS Measure.

Section 8: Non-IFRS Measure

The following table provides a reconciliation of net income (loss) to Adjusted EBITDA for the nine and three months ended September 30, 2015 and 2014:

(in thousands)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Three months ended September 30, 2015	Three months ended September 30, 2014
Net income (loss)	(15,370)	1,812	(20,121)	(398)
Add (deduct):				
Finance costs and interest expense	4,319	1,740	1,454	789
Foreign exchange gains	(273)	(542)	(253)	(94)
Income tax expense (recovery)	(12,838)	1,344	(9,086)	(126)
Depreciation and amortization	14,711	11,212	5,491	4,942
Loss (gain) on disposal of assets	(26)	13	15	13
Stock based compensation	505	619	178	87
Intangible assets and goodwill impairment	14,352	-	14,352	-
Gain on acquisition, net of costs	(9,819)	-	1,322	-
Adjusted EBITDA	(4,439)	16,198	(6,648)	5,213

Section 9: Summary of Quarterly Results

The following table provides a summary of certain key financial information for Aveda for the last eight quarters:

(in thousands, except per share amounts)	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	24,113	23,021	36,636	45,893	42,497	32,055	35,455	21,793
Adjusted EBITDA (loss)	(6,648)	(2,177)	4,386	8,335	5,213	4,413	6,572	3,052
Adjusted EBITDA as a % of revenue	-27.6%	-9.5%	12.0%	18.2%	12.3%	13.8%	18.5%	14.0%
EBITDA per share - basic	(0.35)	(0.11)	0.22	0.42	0.26	0.22	0.38	0.30
Income (loss)	(20,121)	5,890	(1,139)	656	(398)	(334)	2,544	487
Income (loss) as a % of revenue	-83.4%	25.6%	-3.1%	1.4%	-0.9%	-1.0%	7.2%	2.2%
Earnings (loss) per share - basic	(1.05)	0.31	(0.06)	0.03	(0.02)	(0.02)	0.15	0.05
Earnings (loss) per share - diluted	(1.05)	0.31	(0.06)	0.03	(0.02)	(0.02)	0.15	0.05
Weighted average shares - basic	19,079	19,079	19,619	19,921	19,915	19,901	17,159	10,037
Weighted average shares - diluted	19,079	19,140	19,619	20,199	19,915	19,901	17,531	10,227

Section 10: Liquidity and Capital Resources

NET WORKING CAPITAL

The following table presents summarized working capital information as at September 30, 2015 and 2014:

(in thousands)	2015	2014	$ Change 2014 - 2015	% Change 2014 - 2015
Current assets	27,526	35,250	(7,724)	-21.9%
Current liabilities	12,498	21,687	(9,189)	-42.4%
Working capital	15,028	13,563	1,465	10.8%
Working capital ratio	2.2	1.6		

During the nine months ended September 30, 2015, the Company generated cash from operating activities of $12.7 million, repurchased 843,462 shares for total consideration of $1.8 million as part of the normal course issuer bid announced in December 2014, the Company paid total consideration of $51.7 million, (including cash consideration of $18.5 million) for the Acquisition, and received $25.9 million in proceeds from the sale of Hodges' equipment. As a result, the Company repaid $18.2 million of its senior revolving credit facility.

The senior debt facility does not require financial covenant tests as long as Undrawn Availability (as defined in the Facility Agreement) is greater than $25.0 million. As at September 30, 2015, the Undrawn Availability was approximately $58.3 million, therefore no financial covenant tests were required. The Company is required to have its assets appraised twice per year to satisfy the requirements of the Facility Agreement. Primarily as a result of a reduction in asset values from the Company's most recent appraisal which occurred in October 2015, the Undrawn Availability as at October 30, 2015 was $54.4 million.

OPERATING ACTIVITIES

Aveda generated cash flow from operating activities of $12.7 million for the nine months ended September 30, 2015, compared to the $7.6 million generated for 2014. In the prior year, Adjusted EBITDA[1] was $16.2 million compared to the current year where the Company generated an Adjusted EBITDA[1] loss of $4.4 million, and the change in non-cash balances relating to operations was positive $25.2 in the current period compared to usage of cash of $6.1 million in the prior year.

INVESTING ACTIVITIES

Total consideration for the Acquisition was $51.7 million, the Company paid cash of $18.5 million and received $25.9 million from the subsequent sale of Hodges' non-oilfield related equipment.

FINANCING ACTIVITIES

During the nine months ended September 30, 2015, the Company repaid loans and borrowings by $18.2 million and repurchased shares in the open market totalling $1.8 million. As part of the Acquisition, the vendor financed the Note of $33.3 million.

OUTSTANDING SHARE DATA

The following data is as of the date of this MD&A, unless otherwise noted.

The Company is authorized to issue an unlimited number of voting common shares and preferred shares. There are 19.1 million common shares outstanding.

The Company has a stock option plan for employees, directors and consultants. A total of 1.9 million shares are reserved under this plan. Options granted generally vest over a three year period. As of September 30, 2015, 1.3 million options were outstanding with a weighted average exercise price of $3.11 per share. The Company also announced on August 27, 2015 that subject to approval by the TSX Venture Exchange ("TSXV") and ratification by the Company's shareholders at the 2016 Annual General Meeting of shareholders (the "AGM") the board had approved a restricted share unit plan for employees (the "RSU Plan"), a deferred share unit plan for directors (the "DSU Plan") and a performance share unit plan for officers (the "PSU Plan"). Subject to the above approvals, 233,700 restricted share units ("RSUs") were granted to employees, 25,500 deferred share units were granted to directors ("DSUs") and 79,300 performance share units ("PSUs") were granted to officers.

On a fully diluted basis, if all DSUs, RSUs, PSUs and convertible debentures were converted, options and warrants exercised for common shares, the total number of common shares issued and outstanding would be approximately 20.7 million.

Section 11: Seasonality of Business

There are factors causing quarterly variances that may not be reflective of the Company's future performance. The Company's earnings generally follow the seasonal activity pattern of western Canada's and North Dakota's oil and gas industry because of the significance of its operations in these regions. The oil and gas industry in western Canada and North Dakota are typically more active during the winter months as the movement of heavy equipment over frozen ground is generally easier. Rain through the spring, summer and fall reduces activity levels because of the weather's effect on ground conditions and consequently its load bearing capacity. In addition to the impact of rain, thawing ground in the spring tends to make the ground unstable. During this thawing period governments frequently implement restrictions on moving heavy loads on public roadways. This period is often referred to as "spring break-up". The Company's operations in other parts of the United States are generally less affected by weather and are less seasonal by nature. As a result of these seasonal variations, quarterly operating results should not be relied upon as any indication of results for any future period.

Section 12: Adoption of New Accounting Pronouncements

A description of new Canadian GAAP pronouncements can be found on page 21 of the 2014 MD&A.

Section 13: Critical Accounting Estimates

This MD&A summarized the Company's financial condition and results of operations and is based upon its Interim Financial Statements, which have been prepared in accordance with Canadian GAAP and comply with IAS 34 Interim Financial Reporting. The Interim Financial Statements require management to select significant accounting policies and make certain critical accounting estimates that affect the reported assets, liabilities, revenue and expenses. A description of the Company's significant accounting policies can be found beginning on page 22 of the 2014 MD&A. As at September 30, 2015, the Company's critical accounting estimates have not changed significantly from such description.

Section 14: Risks and Uncertainties

A description of principal risks and uncertainties can be found beginning on page 23 of the 2014 MD&A. As at September 30, 2015, these business risks and uncertainties have not changed significantly from those descriptions.

Section 15: Outlook

Aveda earns revenue primarily by providing specialized transportation services to companies engaged in the exploration, development and production of petroleum resources. As a result, demand for Aveda's transportation services is generally linked to the economic conditions of the energy industry and the level of drilling activity in the WCSB and US.

Many industry experts have varying opinions on when oil and natural gas prices will start to rebound; however, the general consensus seems to suggest that the environment will remain challenging through the remainder of 2015, and most, if not all, of 2016. In response to the current environment, Aveda has taken aggressive measures to right-size its costs, including:

- Partially consolidating its Houston corporate office into Calgary;
- Consolidation of select terminal locations, including Cherokee, OK into Oklahoma City, OK and Mineral Wells, TX into Marshall, TX;
- Eliminating 51 administrative and non-revenue generating positions;

- Implementing multiple wage rollbacks at the corporate and field level, the initial adjustment made in second quarter of 2015;
- Restructuring US corporate benefits from a matching program to a monthly contribution maximum; and
- Evaluating other cost reduction measures such as converting selective salaried positions to a day rate/variable wage.

As part of the corporate office consolidation, Kevin Roycraft has left the company. In the interim, David Werklund, Executive Chairman, has stepped in as CEO as the Board searches for a permanent replacement. Mr. Werklund, as Founder and former CEO of Tervita (previously called CCS Corporation), brings to Aveda extensive experience in successfully leading companies through industry downturns. Under Mr. Werklund's leadership, Aveda will continue to actively explore additional cost cutting strategies. In addition, Aveda is exploring potential partnerships with like-minded operators who are willing to offer more favorable pricing in exchange for Aveda's industry leading efficiency and safety record. Despite the aggressive cost cutting measures taken by Aveda, it is likely that the fourth quarter of 2015 will be EBITDA negative.

Although the current environment is challenging, it presents significant opportunity for Aveda. Due to the fragmented industry in which Aveda competes, and significant pricing pressure being experience by all rig movers, many regional competitors are struggling to finance operations. As such, Aveda is being presented with an increasing number of potential acquisition opportunities, both in Canada and the US. Aveda anticipates that its market share will continue to increase through a combination of strategic acquisitions and competitors exiting the market. Aveda is also experiencing an increase in Requests for Proposals ("RFPs") from large oil and gas companies looking to consolidate and simplify their supply chain. This has generally been positive for Aveda due to its broad geographical reach and size of fleet, making it one of the few rig moving companies in North America truly capable of servicing all, or the majority, of these larger company's rig moving needs. Due to the administrative cost savings of consolidating vendors, pricing for these RFPs are generally more favorable. To date, Aveda has won several of these contracts which should have a positive impact on future performance. Aveda will provide additional information on customer activity in the fourth quarter 2015 MD&A.

Aveda is estimating a 2015 capital expenditure of between $1.2 and $1.5 million (excluding acquisitions). At this time, 2016 capital expenditure is estimated to be between $2.5 and $4 million (excluding acquisitions).

Overall, Aveda expects the remainder of 2015, through to 2016, to be an operational challenge. While Aveda is facing uncertainty over the short term, long-term prospects remain strong. With a flexible and talented workforce, and the largest fleet in the industry, Aveda expects to emerge from the downturn stronger, and more profitable.

Section 16: Forward Looking Statements

Certain information and statements contained in this MD&A, including, but not limited to, (i) statements that contain words such as "anticipate", "could", "expect", "seek", "may", "intend", "will", "believe", "should", "project", "forecast", "plan" and similar expressions, including the negatives thereof, (ii) statements that are based on current expectations and estimates about the markets in which the Company operates, and (iii) statements of belief, intentions and expectations about developments, results and events that will or may occur in the future, may constitute "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") as such terms are defined under applicable security laws and are based on certain assumptions and analysis made by the Company's management. Forward-looking statements contained in this MD&A specifically include, but are not limited to, statements with respect to future capital expenditures, including the amount, nature and timing thereof; oil and natural gas prices and demand; other development trends within the oil and natural gas industry; business strategy; expansion and growth of the Company's business and operations including the Company's market share and position in the oilfield service market; and other such matters.

The forward-looking statements contained in this MD&A reflect material factors, expectations and assumptions including, without limitation: (i) oil and natural gas production levels throughout Canada and the United States; (ii) commodity prices and interest rates; (iii) capital expenditure programs and other expenditures; (iv) supply and demand for oil and natural gas and associated oilfield services; (v) expectations regarding the Company's ability to raise capital and to increase its equipment fleets through acquisitions and manufacture; (vi) schedules and timing of certain projects and the Company's strategy for growth; (vii) the Company's future operating and financial results; (viii) the Company's ability to retain and hire qualified personnel; and (ix) treatment under governmental regulatory regimes and tax, environmental and other laws; (x) the exchange rate in effect between Canadian and US currency.

Financial outlook information contained in this MD&A about prospective results of operations, financial position or cash flows may constitute "future oriented financial information", is based on assumptions about future events, is given as at the date hereof and including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Such forward-looking statements and financial outlook information are subject to important risks and uncertainties, which are difficult to predict and that may affect the Company's operations, including but not limited to the impact of general economic conditions in Canada and the United States; industry conditions, including the adoption of new environmental, safety and other laws and regulations and changes in how they are interpreted and enforced; volatility of oil and natural gas prices; oil and natural gas product supply and demand; risks inherent in the Company's ability to generate sufficient cash flow from operations to meet its current and future obligations; increased competition; the lack of availability of qualified personnel or labour unrest; fluctuation in foreign exchange or interest rates; stock market volatility; opportunities available to or pursued by the Company and other factors, many of which are beyond the control of the Company. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and financial outlook information, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements and financial outlook information will transpire or occur, or if any of them do transpire or occur, what benefits the Company will derive therefrom. Accordingly, readers should not place undue reliance upon any of the forward-looking information and financial outlook information set out in this MD&A. All of the forward-looking statements in this MD&A are expressly qualified in their entirety by this cautionary statement and made only as of the date hereof. Except as required under applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Section 17: Business Combination

On June 15, 2015, the Company completed the Acquisition of Hodges from Seventy Seven Energy Inc. The purchase price was US$42.0 million. US$15.0 million of the purchase price was financed through the Company's existing senior credit facility and US$27.0 million was financed by the Note. The Note is a 5 year term debt note with no requirement for principal amortization. The Note bears interest at 9% per annum which interest shall be paid quarterly. The Note is secured by a 2nd lien on the Company's fixed assets and accounts receivable.

Subsequent to the closing of the Acquisition, the Company sold approximately three hundred fifty pieces of Hodges' non-oilfield equipment for approximately US$22.0 million. The Company received US$21.0 million of the sale price in cash and US$0.98 million was placed in escrow. In October 2015, the cash in escrow has been released.

The purchase equation is as follows:

(in thousands)		
Consideration transferred		
Cash	$	18,480
Note		33,264
Total consideration		51,744
Identifiable assets (liabilities) acquired		
Non-cash working capital	$	20,144
Equipment		54,018
Intangible assets		919
Deferred tax liabilities		(8,532)
Bargain purchase gain[1]		(14,805)
Total net identifiable assets	$	51,744

(1) The Company incurred $4.1 million of acquisition and restructuring costs related to Hodges and its US operations which have been presented net of bargain purchase gain ($2.7 million in the second quarter and $1.4 million in the third quarter). In addition, the Company fully amortized the intangible assets acquired in connection with the Acquisition in the second quarter. The net gain on acquisition, as presented in the statement of income (loss) is $9.8 million.

Subsequent to the Acquisition, the Company substantially restructured Hodges. Management believes that consolidated revenue and income if the Acquisition had occurred on January 1, 2015 would not be meaningful therefore proforma consolidated revenue and income have not been provided.

AVEDA Transportation and Energy Services