



ANNUAL INFORMATION FORM

For the year ended December 31, 2015

Dated April 4, 2016

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GLOSSARY OF TERMS

The following are defined terms used in this Annual Information Form:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;

"**AIF**" means this Annual Information Form;

"**Aveda**" or "**Corporation**" or "**Company**" means Aveda Transportation and Energy Services Inc.;

"**Board of Directors**" or "**Board**" means the board of directors of Aveda as constituted from time to time;

"**Common Shares**" means common shares in the capital of Aveda;

"**Fiscal Year**" means a year ending on December 31, the fiscal year end of Aveda;

"**Options**" means the outstanding incentive stock options to purchase Common Shares pursuant to the Stock Option Plan;

"**Optionholders**" means holders from time to time of Options;

"**Person**" means any individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

"**PNC**" means PNC Bank Canada Branch;

"**Preferred Shares**" means the preferred shares in the capital of Aveda;

"**Shareholders**" means the holders from time to time of Common Shares;

"**Stock Option Plan**" means the incentive stock option plan of Aveda;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended;

"**TSXV**" means the TSX Venture Exchange Inc.;

"**United States**" or "**US**" means the United States of America;

"**WCC**" means Werklund Capital Corp., a non-arm's length company controlled by David Werklund who is a director and the Executive Chairman of Aveda; and

"**WCSB**" means the Western Canadian Sedimentary Basin.

FORWARD LOOKING INFORMATION

This AIF contains certain forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes. In particular, this AIF contains forward-looking statements relating to: projected capital expenditures and commitments and the financing thereof; equipment delivery and deployment dates; geographic allocation of equipment; customer commitments; ability to establish a working relationship with third party suppliers; expectations regarding the Corporation's ability to raise capital and to increase its equipment fleet; benefits associated with financial results; activity levels; business strategy; and availability of insurance coverage. Aveda believes the expectations reflected in such forward-looking statements are reasonable as of the date hereof but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Various material factors and assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those material factors and assumptions are based on information currently available to Aveda, including information obtained from third party industry analysts and other third party sources. In some instances, material assumptions and material factors are presented elsewhere in this AIF in connection with the forward-looking statements. Readers are cautioned that the following list of material factors and assumptions is not exhaustive. Specific material factors and assumptions include, but are not limited to:

- the performance of Aveda's businesses, including current business and economic trends;
- oil and natural gas commodity prices and production levels;
- capital expenditure programs and other expenditures by Aveda and its customers;
- the ability of Aveda to successfully integrate businesses, assets and employees in connection with acquisitions;
- the ability of Aveda to retain and hire qualified personnel;
- the ability of Aveda to obtain parts, consumables, equipment, technology, and supplies in a timely manner to carry out its activities;
- the ability of Aveda to maintain good working relationships with key suppliers;
- the ability of Aveda to market its services successfully to existing and new customers;
- the ability of Aveda to obtain timely financing on acceptable terms;
- currency exchange and interest rates;
- risks associated with foreign operations;
- changes under governmental regulatory regimes and tax, environmental and other laws in Canada and the United States; and
- a stable competitive environment.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties, some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Aveda's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the risks identified by Aveda's management discussion and analysis for the year ended December 31, 2015 (the "**MD&A**") and contained herein under the heading "Risk Factors". Any forward-

looking statements are made as of the date hereof and, except as required by law, Aveda assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.

All forward-looking statements contained in this AIF are expressly qualified by the foregoing cautionary statement. Further information about the factors affecting forward-looking statements is available in Aveda's current MD&A which has been filed with Canadian provincial securities commissions and is available on www.sedar.com.

AVEDA TRANSPORTATION AND ENERGY SERVICES INC.

Name, Address and Incorporation

Aveda is a corporation existing under the ABCA and was formed by way of an arrangement on May 9, 2006, pursuant to Section 193(1) of the ABCA involving Marine BioProducts International Corporation which was originally a British Columbia corporation existing under the *Business Corporations Act* (British Columbia) and continued into Alberta pursuant to a Certificate of Continuance dated May 8, 2006, Phoenix Oilfield Hauling Ltd., EMJ Consulting Ltd. and Alberta Loader Rentals Inc. whereby Marine BioProducts International Corporation changed its name to Phoenix Oilfield Hauling Inc. and Phoenix Oilfield Hauling Ltd., EMJ Consulting Ltd. and Alberta Loader Rentals Inc. became subsidiaries of Phoenix Oilfield Hauling Inc. On November 28, 2011, Phoenix Oilfield Hauling Inc. amended its articles to consolidate the issued and outstanding Common Shares on a thirty (30) to one (1) basis. On June 25, 2012, Phoenix Oilfield Hauling Inc. amended its articles and changed its name to Aveda.

The principal and head office of Aveda is located at 300, 435 – 4th Avenue S.W., Calgary, Alberta, T2P 3A8. The registered office of Aveda is located at 1600 Dome Tower, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1.

Intercorporate Relationships

The following table provides the name, the percentage of voting securities owned by Aveda and the jurisdiction of incorporation, continuance or formation of Aveda's subsidiaries, either direct or indirect, as at the date hereof.

	Percentage of securities held (directly or indirectly)	Jurisdiction of Incorporation/ Formation
1277119 Alberta Ltd.	100%	Alberta
Rodan Transport (U.S.A.) Ltd.	100%	Delaware
Aveda Transportation and Energy Services (ND) Inc.	100%	North Dakota
Hodges Trucking Company, L.L.C.	100%	Oklahoma

GENERAL DEVELOPMENT OF THE BUSINESS

General

Aveda provides specialized transportation services and equipment required for the drilling, exploration, development and production of petroleum resources in the WCSB and in the United States, principally in and around the states of Texas, North Dakota, Pennsylvania, Oklahoma, and West Virginia. 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 at its origin and destination.

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

Three Year History

2013

On March 1, 2013, the Corporation relocated its Pennsylvania branch from New Columbia to Williamsport, Pennsylvania.

On July 1, 2013, the Corporation commenced operations from a new satellite branch located in Buckhannon, West Virginia.

On August 14, 2013, Martin Cheyne resigned as a director of the Corporation.

On October 9, 2013, Aveda and WCC entered into an agreement pursuant to which WCC granted Aveda the right to unilaterally convert a \$4.72 million principal amount of convertible debentures registered in the name of WCC (the "Convertible Debentures") into Common Shares.

On November 7, 2013, the Corporation acquired all of the issued and outstanding shares of Lon Dan Enterprises Ltd., which carried on business as Belair Rentals for an initial purchase price of \$4.0 million and certain contingent consideration which was to be paid in the event the acquired business achieved certain financial targets during the year following the acquisition.

On December 1, 2013, the Corporation relocated the Corporation's US corporate office from Mineral Wells, Texas to Houston, Texas.

On December 5, 2013, in anticipation of the M&K Acquisition (as defined below), the Corporation entered into a bought deal letter in respect of a \$23.0 million bought deal private placement offering of 6.4 million Subscription Receipts of the Corporation (the "Subscription Receipts") at a price of \$3.60 per Subscription Receipt. The offering of the Subscription Receipts was closed on December 23, 2013.

On December 23, 2013, the Corporation, through its wholly owned United States operating subsidiary, entered into an asset purchase agreement (the "M&K Purchase Agreement") to acquire (the "M&K Acquisition") the operating assets of Williston, North Dakota based M&K Hotshot & Trucking, Inc. and M&K Rig Service, Inc. (collectively "M&K").

On December 23, 2013, in connection with the M&K acquisition, the Corporation entered into an agreement with PNC pursuant to which, conditional upon the closing of the M&K Acquisition, the availability under its current operating facility (i) be increased to \$75.0 million effective December 31, 2013; (ii) be extended to January 1, 2018; (iii) have the interest rate decreased by 50 basis points as long as Undrawn Availability (as defined in the facility agreement) is greater than \$10.0 million; and (iv) the removal of all financial covenants as long as the Undrawn Availability is greater than \$15 million.

On December 31, 2013, the Corporation exercised its right to convert the Convertible Debenture and the Convertible Debenture held by WCC was converted into 1,850,980 Common Shares at a deemed price of \$2.55 per share.

2014

On January 31, 2014, the Corporation completed the acquisition of M&K for an initial consideration of \$38.5 million. In connection with the completion of M&K acquisition, all Subscription Receipts issued on December 23, 2013 were automatically converted into common shares of the Corporation.

On June 19, 2014, the Corporation entered into an agreement with PNC and a syndicate of lenders. The new facility increased loan amount from \$75.0 million to \$125.0 million.

On July 1, 2014, the Corporation completed the acquisition of Precision Drilling Corporation's US rig moving assets for total consideration of US \$24.0 million.

On August 1, 2014, Aveda opened a regional office specializing in rig moving in Cherokee, Oklahoma.

On December 24, 2014, Aveda commenced a normal course issuer bid.

2015

On June 15, 2015, the Corporation, through its wholly owned United States operating subsidiary, acquired Hodges Trucking Company, L.L.C. ("Hodges") for total consideration of US\$42.0 million, the Corporation acquired approximately 900 pieces of rig moving and heavy haul equipment. US\$15.0 million of the purchase price was financed through the Corporation's existing senior credit facility, and US\$27.0 million was financed by a seller take-back note. The note is a five-year term debt note due on June 15, 2020 with no requirement for early principal payment. The Company has provided a 2nd lien on the Company's fixed assets and accounts receivable to the holder of the note payable. The Note bears interest at 9% per annum which interest shall be paid quarterly.

Subsequent to the closing of the Hodges acquisition, the Corporation sold approximately 350 pieces of Hodges' non-oilfield equipment for approximately US\$22.0 million.

On August 13, 2015, Tor Wilson was elected as a director of the Corporation.

On October 7, 2015, Kevin Roycraft resigned as the President and Chief Executive of the Corporation.

During 2015, the Company closed its terminals in Slave Lake, AB and Mineral Wells, TX. Replaced the Mineral Wells, TX terminal with the opening of Marshall, TX terminal, and merged the Cherokee, OK terminal with the Oklahoma City, OK terminal

SIGNIFICANT ACQUISITIONS

On January 31, 2014, Aveda completed the acquisition of the operating assets of Williston, North Dakota based M&K Hotshot & Trucking, Inc. and M&K Rig Service, Inc. (collectively, "M&K"). M&K is a private company whose business includes relocation and set up of drilling rigs, specialized trucking services and oilfield equipment rentals. M&K counts some of the largest and most active oil and gas companies operating in the Bakken Shale Region as its customers.

On June 15, 2015, Aveda completed the acquisition of Hodges Trucking Company, L.L.C., from Seventy Seven Energy Inc. Hodges' business includes relocation and set up of drilling rigs and specialized trucking services.

Aveda filed a Form 51-102F4 business acquisition reports on April 29, 2014 for the M&K acquisition and on August 12, 2015 for the Hodges acquisition, both of which are available on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

General

Aveda's predecessor was incorporated in 1994 to provide oilfield hauling services to the oil and gas industry. In the spring of 2006, Aveda's Common Shares were listed on the TSXV. Currently, Aveda has major operations in Calgary, Sylvan Lake, Leduc and Edson, Alberta, Marshall, Pleasanton, and Midland, Texas, Williamsport, Pennsylvania, Williston, North Dakota, Oklahoma City, Oklahoma, and Bridgeport, West Virginia. Aveda is engaged in the business of the transportation of products, materials, and equipment required for the exploration, development and production of petroleum resources including rig moving, heavy haul and hot shot services and the rental of equipment associated with oilfields operations. Aveda carries on its oilfield hauling activities in Canada and United States under the name "Aveda Transportation and Energy Services", carries on its rental operations under the name "Aveda Rentals" and carries on specialized transportation services under "Aveda Heavy Haul".

Aveda earns revenue by providing specialized transportation of products, materials, supplies and equipment required for the exploration, development and production of petroleum resources including rig moving, heavy hauling and hot shot services in the WCSB and in the United States predominantly in and around the states of Texas, Pennsylvania, North Dakota, Oklahoma and West Virginia. Transportation services are provided using assets which are owned by the Corporation, or through sub-contractors who own their equipment and are contracted by the Corporation 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 at its origin and destination.

Aveda is also in the equipment rental business and rents tanks, mats, pickers, light towers, well-site shacks and other equipment associated with oilfield operations. Such equipment is typically used for well service, drilling work, or for other oil and gas production related activities. Having a larger amount of equipment allows a company to service a larger and more diverse customer base. With respect to storage tanks, a horizontal well with multi-stage fracturing may require a large tank farm to store drilling fluids or drilling during break-up season may require storage of large amounts of fuel at the drilling site. Aveda currently provides equipment mainly to well service customers. As the Corporation's asset base grows, it hopes to grow its rental operations and access a more diverse customer base which includes larger drilling and production jobs.

Canadian Operations

During the year ended December 31, 2015, approximately 12% of the Corporation's revenues were generated from Canadian operations. Approximately, 1.6% of the Corporation's revenues were generated through the Corporation's Canadian equipment rentals business.

Transportation and Oilfield Hauling

Aveda has terminals in strategic locations including Leduc and Calgary.

Equipment Rentals

Aveda operates an equipment rental business in Canada which accounts for approximately 1.6% of the Corporation's total revenue. The equipment rental business is run from Sylvan Lake and Edson, Alberta. The equipment rental business services the drilling, completions, construction and manufacturing sectors of the oil and gas industry in Alberta primarily at the following locations: Sylvan Lake, Red Deer, Nanton, Calgary, Carstairs, Crossfield, Rocky Mountain House, Swan Hills, Whitecourt, Edson and Wabiscaw.

United States Operations

During the year ended December 31, 2015, approximately 88% of the Corporation's revenues were generated from United States operations. Approximately, 2.2% of the Corporation's revenues were generated through the Corporation's US equipment rentals business.

Transportation and Oilfield Hauling

Aveda has operations in Marshall, Pleasanton and Midland, Texas, Williamsport, Pennsylvania, Williston, North Dakota, Oklahoma City, Oklahoma and Bridgeport, West Virginia. From the Williamsport, Pennsylvania and Bridgeport, West Virginia facilities, Aveda services customer locations in the northeast United States. From the Marshall, Pleasanton and Midland, Texas facilities, Aveda services customer locations in Texas, New Mexico and Louisiana. From the Williston, North Dakota facility, Aveda services customer locations in North Dakota and Montana. From the Oklahoma City, Oklahoma facility, Aveda services customer locations in Oklahoma and Northern Texas.

Equipment Rentals

Aveda operates an equipment rental business in United States which accounts for approximately 2.2% of the Corporation's total revenue. The equipment rental business is run from Williston, North Dakota. The equipment rental business services the drilling, completions, and construction sectors of the oil and gas industry in North Dakota and Montana.

Market for Services

Aveda's revenues are directly impacted by the level of capital expenditures of oil and natural gas exploration and production entities operating in the WCSB and the selected oil and natural gas basins in which it operates in the United States. In turn, these levels of capital expenditures are affected by factors including, but not limited to, oil and natural gas prices, access to capital markets, government policies and weather.

Aveda's officers and terminal managers identify customers by way of monitoring potential and/or historical exploration and production activities in western Canada and selected oil and natural gas basins of the United States. A sales representative of Aveda then contacts potential customers that are identified. In some instances, contacts are made with engineering firms that provide drilling and completions advice to the oil and natural gas producers. At present, Aveda's customers include large, intermediate and junior oil and natural gas exploration and development entities.

Competitive Conditions

General

The Corporation's competition ranges from large multinational companies to companies that are smaller than Aveda. In addition to directly competing with Aveda in providing transportation of products, materials, and equipment required for the exploration, development and production of petroleum resources, some multinational companies are also engaged in the exploration, development and production of petroleum resources.

Aveda believes it will remain competitive in its markets by capitalizing on:

- (a) the reputation of management to secure important relationships and to ensure the highest possible quality for the services provided; and
- (b) the ability to provide safe, consistent, reliable and effective service and personnel performing the service.

Access to Equipment and Technology

For Aveda, and for that matter any company, to increase profitability in the transportation industry, it not only must possess the capital resources to acquire but must also have access to the equipment necessary to provide the services. Aveda does not develop its own equipment, but instead relies on acquisitions of other entities and external suppliers to design and supply the equipment required to be competitive in the marketplace at a reasonable price.

Geographical Location and Facilities

Aveda operates throughout the WCSB and the United States. Aveda's main offices are located in Calgary, Alberta and Houston, Texas. The main offices are located at centers for oil and natural gas activity in Canada and United States, Calgary and Houston provide advantages for Aveda in terms of availability of key employees and management.

Seasonality

The oil and gas industry in western Canada and North Dakota is typically more active during the winter months as the movement of heavy equipment over frozen ground is generally easier. In general, the level of activity in the Canadian oilfield service industry is influenced by seasonal weather patterns whereby activity peaks in winter months and declines during the spring when wet weather and the spring thaw make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Additionally, certain oil and natural gas producing areas are only accessible in the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain. Harsh weather conditions can also impede the movement of goods and increase the operating costs for the

materials that can be transported, which could have a material adverse effect on the Corporation's business, results of operations and financial condition. As a result of these seasonal variations, quarterly operating results should not be relied upon as any indication of results for any future period.

The Corporation's operations in the remainder of United States are generally less affected by weather and are less seasonal by nature.

Economic Dependence

For the year ended December 31, 2015, one customer represented approximately 14% of the Corporation's revenue (2014 – one customer represented 16%) and no other customer comprised more than 10% of the Corporation's revenue. At December 31, 2015, one customer represented approximately 10% of the Corporation's accounts receivable (2014 – one customer represented approximately 12%) and no other customer represented more than 10% of accounts receivable.

Employees

As at December 31, 2015, Aveda had a total of 433 employees (Canada – 81 and United States – 352).

Foreign Operations

Aveda provides transportation and oilfield hauling services in the United States. Aveda's United States' operations are a significant component in the Corporation's revenue.

RISK FACTORS

Volatility of Industry Conditions

The demand, pricing and terms for oilfield services largely depend upon the level of oil and gas industry activity. Industry conditions are influenced by numerous factors over which Aveda will have no control, including: the level of oil and gas prices; expectations about future oil and gas prices; the cost of exploring for, producing and delivering oil and gas; the expected rates of declining current production; the discovery rates of new oil and gas reserves; available pipeline and other oil and gas transportation capacity; worldwide weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and gas companies to raise equity capital or debt financing.

The level of activity in the oil and gas exploration and production industry is volatile. No assurance can be given that expected trends in oil and gas production activities will continue or that demand for oilfield services will reflect the level of activity in the industry. Crude oil and natural gas prices have decreased significantly in recent years and are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to concerns of oversupply, the current state of the world economies, actions taken by the Organization of the Petroleum Exporting Countries, and the ongoing global credit and liquidity concerns. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and gas production levels and therefore affect the demand for services to oil and gas customers. A material decline or sustained depression in oil or gas prices or industry activity could have a material adverse effect on Aveda's business, financial condition, results of operations and cash flows. The business and activities of Aveda are directly affected by fluctuations in the levels of exploration, development and production activity carried on by its customers.

Crude Oil and Natural Gas Prices

Demand for the services provided by Aveda is directly impacted by the price that Aveda's customers receive for the crude oil and natural gas they produce and the price received has a direct correlation to the cash flow available to invest in transportation, equipment rental and other oilfield services. The markets for oil and natural gas are separate and distinct. Oil is a global commodity with a vast distribution network. As natural gas is most economically transported in its gaseous state via pipeline, its market is dependent on pipeline infrastructure and is subject to regional supply and demand factors. However, recent developments in the transportation of liquefied natural gas ("LNG") in ocean going tanker ships have introduced an element of globalization to the natural gas market. Crude oil and natural gas prices are quite volatile, which accounts for much of the cyclical nature of the oilfield services business. World crude oil prices and North American natural gas prices, including LNG, are not subject to control by Aveda.

Oversupply of Equipment

Because of the long life span of oilfield service equipment and the lag between when a decision to build new equipment is made and when such new equipment is placed into service, the inventory of oilfield service equipment in the industry does not always correlate with the level of demand for that equipment. Periods of high demand often result in increased capital expenditures on equipment and those capital expenditures may add capacity that exceeds actual demand. If there was excess capacity in the markets in which the Corporation operates, this could cause the Corporation's competitors to lower their prices which could lead to an overall decrease in prices in the oilfield services industry within the markets the Corporation operates. Consequentially, the Corporation could fail to secure enough work in which to employ its equipment, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Safety Performance

Standards for the prevention of incidents in the oil and natural gas industry are governed by service company safety policies and procedures, accepted industry safety practices, customer specific safety requirements and health and safety legislation. Many customers consider safety performance a key factor in selecting oilfield service providers. Deterioration of the Corporation's safety performance could result in a decline in the demand for the Corporation's services and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Performance of Obligations

The Corporation's success depends in large part on whether it fulfills its obligations with clients and maintains client satisfaction. If Aveda's safety rating decreases or if Aveda fails to satisfactorily perform its obligations, or makes professional errors in the services that it provides, its clients could terminate contracts, exposing Aveda to loss of its professional reputation and risk of loss or reduced profits, or in some cases, the loss of a project. Additionally, certain customers require that a minimum safety rating be maintained in order for contractors to be eligible to compete for projects. In the event Aveda's safety rating were to decrease, Aveda could become ineligible for certain contracts.

Access to Capital

Aveda's credit facility contains covenants that require Aveda to meet certain financial tests and that restrict, among other things, the ability of Aveda to incur additional debt, make significant acquisitions, dispose of assets or pay dividends in certain circumstances. To the extent the cash flow from

operations is not adequate to fund Aveda's cash requirements, external financing may be required. Lack of timely access to such additional financing, or financing which may not be on favorable terms, could limit the future growth of Aveda. To the extent that external sources of capital, including public and private markets, become limited or unavailable, Aveda's ability to make the necessary capital investments to maintain or expand its current business and to make necessary principal payments under its credit facility may be impaired.

Forward-looking Statements May Prove Inaccurate

Numerous statements containing forward-looking statements are found in this AIF and other documents forming part of Aveda's public disclosure record. Such statements and information are subject to risks and uncertainties and involve certain assumptions, some, but not all, of which are discussed elsewhere in this document. The occurrence or non-occurrence, as the case may be, of any of the events described in such risks could cause actual results to differ materially from those expressed in the forward-looking statements.

Interest Rates

Aveda's operating facility bears interest at a floating interest rate and, therefore, to the extent Aveda borrows under this facility, is at risk of rising interest rates. Management continually monitors interest rates and would consider locking in the rate of its term debt if market conditions warrant.

Debt Service

Aveda has a secured credit facility with a PNC and a syndicate of lenders in the amount of \$125.0 million. Although it is believed that the amount of credit available under the credit facility is sufficient, there can be no assurance that the amount will be adequate for the financial obligations of Aveda. As well, if Aveda requires additional financing such financing may not be available or, if available, may not be available on favorable terms. Aveda's lenders have been provided with security over substantially all of the assets of Aveda.

Additional Shares

If the Board of Aveda decides to issue additional Common Shares or securities convertible into Common Shares either in connection with financings or pursuant to acquisitions, existing shareholders may suffer significant dilution.

Unpredictability and Volatility of Share Price

The prices at which the Corporation's Common Shares trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets have experienced significant market wide and sectorial price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating performance of particular issuers. Such fluctuations may adversely affect the market price of the Common Shares.

Key Personnel and Employee Relationships

Shareholders must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Aveda. The success of Aveda is dependent upon its personnel. The unexpected loss or departure of any of Aveda's key officers or employees could be detrimental to the future operations of Aveda. Aveda does not maintain key man insurance on any of its officers. The success of Aveda's business

will depend, in part, upon Aveda's ability to attract and retain qualified personnel as they are needed. Additionally, the ability of Aveda to expand its services is dependent upon its ability to attract additional qualified employees. During high levels of activity, attracting quality staff can be challenging due to competition for such services. Aveda provides its staff with a quality working environment, effective training and competitive remuneration packages that allows it to attract and retain the quality of its workforce, whether in the field, shop or office. There can be no assurance that Aveda will be able to engage the services of such personnel or retain its current personnel.

Competition

The transportation, oilfield hauling and equipment rental industries in which Aveda and its operating entities conduct business are highly competitive. Aveda competes with other more established companies which have greater financial, marketing and other resources and certain of which are large international oil and natural gas service companies which offer a wider array of oil and natural gas services to their clients than does Aveda.

Access to Equipment, Parts and Components

The ability of Aveda to compete and expand will be dependent on Aveda having access, at a reasonable cost, to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors and to the development and acquisition of new competitive technologies. Failure by Aveda to do so could have a material adverse effect on Aveda's business, financial condition, results of operations and cash flow.

Potential Replacement or Reduced Use of Products and Services

Certain pieces of Aveda's equipment or systems may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be more preferable for environmental or other reasons. Aveda will need to keep current with the changing market for oil and natural gas services and technological and regulatory changes. If Aveda fails to do so, this could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Corporation.

Operating Risks and Insurance

Aveda's operations are subject to hazards inherent in the oil and gas industry, such as equipment defects, malfunction and failures, and natural disasters which result in fires, vehicle accidents, explosions and uncontrollable flows of natural gas or well fluids that can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. These risks could expose Aveda to substantial liability for personal injury, wrongful death, property damage, loss of oil and gas production, pollution, and other environmental damages. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators.

Aveda monitors its activities for quality control and safety. However, there are no assurances that Aveda's safety procedures will always prevent such damages. Although Aveda maintains insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that Aveda will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by Aveda or a claim at a time when it is not able to obtain liability insurance,

could have a material adverse effect on Aveda's ability to conduct normal business operations and on its financial condition, results of operations and cash flows.

Business continuity, disaster recovery and crisis management

Inability to restore or replace critical capacity in a timely manner may impact business and operations. A serious event could have a material adverse effect on Aveda's business, results of operations and financial condition. This risk is mitigated by the development of business continuity arrangements, including disaster recovery plans and back-up delivery systems, to minimize any business disruption in the event of a major disaster. Insurance coverage may minimize any losses in certain circumstances.

Weather and Seasonality

A significant portion of Aveda's operations are carried on in the WCSB and North Dakota where activity levels in the oilfield services industry are subject to a degree of seasonality. Operating activities in the WCSB and North Dakota are generally lower during "spring breakup" which normally commences in late March and continues through to May. Operating activities generally increase in the fall and peak in the winter months from December until late March. Additionally, volatility in the weather and temperatures is not only during this period, but year round, can create additional unpredictability in operational results. Activity levels in the oil and natural gas basins in United States except for North Dakota are not subject to the seasonality to the same extent that it occurs in the western Canada region and North Dakota.

Foreign Currency Exchange Rates

Aveda derives significant revenues from the United States which are denominated in United States dollars. This causes a degree of foreign currency exchange rate risk which Aveda attempts to mitigate by matching local purchases in the same currency. Furthermore, Aveda's Canadian operations are subject to foreign currency exchange rate risk in that some purchases for parts, supplies and components in the manufacture of equipment are denominated in United State dollars. Aveda strives to maintain limited amounts of cash and cash equivalents denominated in foreign currency on hand, and attempts to further limit its exposure to foreign currency through collecting and paying foreign currency denominated balances in a timely fashion.

In addition, Aveda is exposed to currency exchange risk on those assets denominated in United States dollars. Since Aveda presents its financial statements in Canadian dollars, any change in the value of the Canadian dollar relative to the United States dollar during a given financial reporting period would result in a foreign currency loss or gain on the translation of its assets measured in other currencies into Canadian dollars. Consequently, Aveda's reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses. Other than natural hedges arising from the normal course of business in foreign jurisdictions, Aveda does not currently have any hedging positions.

Acquisitions and Development Risks

Aveda selectively seeks strategic acquisitions. Aveda's ability to consummate and to integrate effectively any future acquisitions on terms that are favorable to it may be limited by the number of attractive acquisition targets, internal demands on Aveda's resources, and to the extent necessary, Aveda's ability to obtain financing on satisfactory terms for larger acquisitions, if at all. Acquisitions may expose Aveda to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems and managing newly-acquired operations and improving their operating efficiency; difficulties in maintaining uniform standards, controls, procedures and policies

through all of Aveda's operations; entry into markets in which Aveda has little or no direct prior experience; difficulties in retaining key employees of the acquired operations; disruptions to Aveda's ongoing business; and diversion of management time and resources.

Additional Funding Requirements

Aveda's cash flow may not be sufficient to fund its ongoing activities at all times. From time to time, Aveda may require additional financing in order to carry out its operations. Failure to obtain such financing on a timely basis could cause Aveda to miss certain opportunities and reduce or terminate its operations. If Aveda's revenues decrease, it will affect Aveda's ability to expend the necessary capital to maintain its operations. If Aveda's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Aveda. Continued uncertainty in domestic and international credit markets could materially affect Aveda's ability to access sufficient capital for its capital expenditures and acquisitions, and as a result, may have a material adverse effect on Aveda's ability to execute its business strategy and on its business, financial condition, results of operations and prospects.

Implementing Strategy

In implementing its strategy, Aveda may pursue new business opportunities or growth opportunities in new geographic markets and may not be successful in implementing those opportunities. Aveda may have difficulty executing the strategy because of, among other things, increased global competition, difficulty entering new markets, ability to attract qualified personnel, barriers to entry into geographic markets, and changes in regulatory requirements.

Financial Leverage

The Corporation has grown principally through the acquisition of similar businesses. The Corporation has borrowed a significant portion of the funds necessary to engage its strategy of growth through acquisition. The business is highly cyclical and there can be no assurance that the Corporation can generate sufficient funds to meet its obligations as they become due.

Credit Risk

All of Aveda's accounts receivable are with customers involved in the oil and gas industry, whose revenue may be impacted by fluctuations in commodity prices. Although collection of these receivables could be influenced by economic factors affecting this industry and thereby have a material adverse effect on operations, management considers risk of significant loss to be minimal at this time. To mitigate this risk, Aveda's customers are subject to an internal credit review along with ongoing monitoring of the amount and age of receivables balances outstanding.

Reliance on Major Customers

Management of Aveda believes it currently has a good mix of customers. While Aveda believes that its relationship with existing customers is good, the loss of any one or more of these customers, or a significant reduction in business done with Aveda by one or more of these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Aveda's business, results of operations and prospects. Mergers and acquisitions activity in the oil and natural gas exploration and production sector can impact demand for our services as customers focus on internal reorganization prior to committing funds to significant oilfield services. In addition, demand for Aveda's services could be

negatively affected in that upon completion, the merger and acquisitions customers may re-direct their work to Aveda's competitors.

Environmental Risks

Aveda is subject to various environmental laws and regulations enacted in the jurisdictions in which it operates which govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in Aveda's operations. Aveda has established procedures to address compliance with current environmental laws and regulations and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that Aveda's procedures will prevent environmental damage occurring from spills of materials handled by Aveda or that such damage has not already occurred. On occasion, substantial liabilities to third parties may be incurred. Aveda may have the benefit of insurance maintained by it or the operator; however, Aveda may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons.

There is growing concern about the apparent connection between the burning of fossil fuels and climate change. The issue of energy and the environment has created intense public debate in Canada, the United States and around the world in recent years that is likely to continue for the foreseeable future and could potentially have a significant impact on all aspects of the economy including the demand for hydrocarbons and resulting in lower demand for Aveda's services. There can be no assurance that the provincial, state and local governments or the federal governments of Canada and United States and other jurisdictions in which Aveda enters into to provide its services will not adopt new environmental regulations, rules or legislation or make modifications to existing regulations, rules or legislation which could increase costs paid by Aveda's customers. An increase in environmental related costs could reduce Aveda's customers' earnings and/or it could make capital expenditures by Aveda's customers uneconomic. The Canadian Federal Government has announced its intention to regulate greenhouse gases ("**GHG**") and other air pollutants. The Government is currently developing a framework that outlines its clean air and climate change action plan. As this federal program is under development, Aveda is unable to predict the total impact of the potential regulations upon its business. It is possible that Aveda's customers could face increases in operating costs in order to comply with GHG emissions legislation which could have the effect of curtailing exploration and development by oil and natural gas producers and that in turn, could adversely affect Aveda's operations by reducing demand for its services.

Government Regulation

The oil and natural gas industry in Canada and the United States is subject to federal, provincial, state and municipal legislation and regulation governing such matters as land tenure, commodity prices, production royalties, production rates, environmental protection controls, the exportation of crude oil, natural gas and other products, as well as other matters. The industry is also subject to regulation by governments in such matters, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment and the manufacture, management, transportation, storage and disposal of certain materials used in Aveda's operations.

Government regulations may change from time to time in response to economic or political conditions. The exercise of discretion by governmental authorities under existing regulations, the implementation of new regulations or the modification of existing regulations affecting the crude oil and natural gas industry could reduce demand for Aveda's services or increase its costs, either of which could have a material adverse impact on Aveda.

There can be no assurance that the provincial, state and local governments or the federal governments of Canada and United States and other jurisdictions in which Aveda enters into to provide its services will not adopt a new royalty regime or modify the methodology of royalty calculation which could increase the royalties paid by Aveda's customers. An increase in royalties could reduce Aveda's customers' earnings and/or it could make capital expenditures by Aveda's customers uneconomic. Although Aveda is not a direct investor in the oil and natural gas market, it does affect Aveda's customers' cash flow available to invest in drilling activity and other oilfield services.

Safety Risk

Safe delivery of projects is a key customer requirement. If Aveda is unable to deliver services safely and experiences higher levels of worker injury, it could disqualify Aveda from consideration for future project work with customers. Safety risks are managed through the application of safety policies and procedures conducive to promoting safe work practices to a standard either complying with or exceeding government regulations and industry requirements. The Corporation maintains a behavior based safety program, which uses positive reinforcement to create a culture of safety consciousness within its employees and contractors. In spite of the best efforts of Aveda to minimize the risk of accidents, accidents can happen. When they do, the impact on Aveda can be significant. Aveda's success is highly dependent on its ability to keep its worksites safe. Failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Aveda to fines, regulatory sanction or even criminal prosecution. Aveda's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the rig moving sector. Certain clients will not permit contractors to perform their work if their safety practices do not conform to predetermined standards or if the general contractor or project manager has an unacceptably high incidence of safety infractions or accidents. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Aveda's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents.

Income Taxes

Aveda will file all required income tax returns in Canada and United States and believes that it will be in full compliance with the respective tax codes and all applicable provincial tax legislation. However, such returns are subject to potential reassessment by the applicable taxation authority. In the event of a successful reassessment, such reassessment may have an impact on current and future taxes payable.

Fuel Prices

Fuel is one of the Corporation's major costs and, as such, higher fuel prices could materially affect the Corporation's results. The Corporation manages exposure to rising fuel costs through inclusion of fuel surcharge provisions in customer agreements and contracts.

Conflict of Interest

Certain directors and officers of Aveda are also directors and/or officers of other oil and natural gas exploration and/or production entities and conflicts of interest may arise between their duties as officers and directors of Aveda and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under the ABCA.

Legal Proceedings

Aveda is involved in litigation from time to time in the ordinary course of business. Although Aveda is not currently a party to any material legal proceedings, legal proceedings could be filed against Aveda in the future. No assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a materially adverse effect on Aveda.

DIVIDENDS AND DISTRIBUTIONS

The declaration and payment of dividends on the Common Shares is at the discretion of the Board. It is the Board's present policy to reinvest any net earnings to finance the growth and expansion of the Corporation's business and accordingly it is not intended that the Corporation shall pay dividends in the foreseeable future.

The Corporation has not paid any dividends from the date of inception until the date hereof.

DESCRIPTION OF CAPITAL STRUCTURE***General***

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. The following is a summary of the rights, privileges, restrictions and conditions attaching to each class of shares of Aveda.

As of the date hereof, there are 19,078,640 Common Shares and nil Preferred Shares issued and outstanding.

Common Shares

The holders of Common Shares are entitled to: (i) receive notice of and to vote at every meeting of shareholders of Aveda and shall have one vote thereat for each such Common Share so held; (ii) receive any dividend declared on the Common Shares by Aveda subject to the rights of the holders of Preferred Shares; and (iii) subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares, receive the remaining property of Aveda on dissolution, liquidation or winding up.

Preferred Shares

Preferred Shares may, from time to time, be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be fixed by the directors of Aveda. The directors may additionally determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares, including, without limiting the generality of the foregoing, the rate or amount of preferential dividends and the date of payment thereof, the redemption, purchase and/or conversion price and conditions of redemption, purchase and/or conversion, if any, and any sinking fund or other provisions. The Preferred Shares rank in priority to the Common Shares as to payment of dividends and the distribution of assets in the event of dissolution, liquidation or winding-up.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSXV under the trading symbol "AVE". The following table sets forth certain trading information in respect of the Common Shares for the most recently completed financial year.

	Price Range (\$)		Trading Volume
	High	Low	
2015			
January	2.35	1.77	765,811
February	2.90	1.96	222,700
March	2.31	1.77	515,984
April	2.27	1.95	1,016,806
May	2.87	2.09	247,512
June	3.91	2.43	548,933
July	3.48	2.50	775,284
August	2.70	1.35	218,349
September	2.06	1.75	72,735
October	2.05	1.57	83,646
November	1.83	0.85	618,872
December	1.03	0.62	129,668

Prior Sales

During the financial year ended December 31, 2015, Aveda, issued the following securities which are outstanding but are not listed or traded on a marketplace:

<u>Date of Issuance</u>	<u>Number and Type of Securities</u>	<u>Issue/ Exercise Price Per Security</u>
June 23, 2015	38,000 Options to purchase Common Shares	\$3.55
August 26, 2015	93,325 Options to purchase Common Shares	\$1.65
August 26, 2015	54,100 Performance Share Units	N/A
August 26, 2015	203,300 Restricted Share Units	N/A
August 26, 2015	25,500 Deferred Share Units	N/A

DIRECTORS AND EXECUTIVE OFFICERS

The names, municipalities of residence, positions with Aveda, the principal occupations of the directors and executive officers of Aveda and the number of voting securities of Aveda and its subsidiaries beneficially owned, or controlled, directly or indirectly, are set out below. The Board presently consists of five (5) directors, all of whom are elected annually to hold office until the next annual meeting of shareholders or until their successor is duly elected or appointed unless their office is earlier vacated in accordance with the provisions of the ABCA or Aveda's by-laws.

Name, Municipality of Residence and Position	Director/ Executive Officer Since	Principal Occupation for Last Five Years	Common Shares Beneficially owned or Controlled, Directly or Indirectly
David Werklund Calgary, Alberta <i>Executive Chairman and Director</i>	May 2006	Mr. Werklund has been Chairman of Tervita Corp. (formerly, CCS Corp.) since May, 2010. Prior to that, Mr. Werklund was the President and Chief Executive Officer of CCS Inc., the Manager of CCS Income Trust, a diversified oil and gas service energy trust since 1984.	7,698,619 ⁽³⁾
Douglas McCartney ⁽²⁾ Calgary, Alberta <i>Director</i>	December 2008	Mr. McCartney is the Managing Partner of Burstall Winger Zammit LLP, Barristers and Solicitors and has been a Partner since January 2008.	30,834
Paul Shelley ⁽¹⁾ Calgary, Alberta <i>Director</i>	May 2012	Mr. Shelley is an independent businessman. Formerly, the president of Convinco Financial Ltd. He was a former Senior Vice President of Corporate Development at Kos Corp. Investments Ltd.	25,700
Stefan Erasmus ⁽¹⁾⁽²⁾ Calgary, Alberta <i>Director</i>	December 2012	Mr. Erasmus is the President of Werklund Capital Corporation and a director of several private companies and charitable organizations. He was a former Managing Director of Resources Global Professionals.	15,000
Tor Wilson ⁽¹⁾⁽²⁾ Calgary, Alberta <i>Director</i>	August 2015	Mr. Wilson has been a director (or trustee) and President of Badger Daylighting Ltd., including its predecessors, since 2000, and Chief Executive Officer of Badger Daylighting Ltd., including its predecessors, since 2001. Prior thereto, Mr. Wilson was the Chief Operating Officer of Timberjack Inc., a worldwide forestry equipment manufacturer, from 1996 to May 2000. Mr. Wilson holds a Bachelor of Science degree in Forestry from the University of New Brunswick, an MBA from Laurentian University in Ontario and the ICD.D designation from the Institute of Corporate Directors.	Nil
Ronnie Witherspoon Houston, Texas <i>President and Chief Executive Officer</i>	March 2016	Mr. Witherspoon has been the President and Chief Executive Officer of the Corporation since March 2016. Prior thereto, Mr. Witherspoon was the President of Superior Well Services, Executive Vice President of Nabors Completion and Production Services and Senior Vice President at C&J Energy Services.	Nil
Bharat Mahajan Calgary, Alberta <i>Chief Financial Officer and Vice-President, Finance</i>	November 2011	Mr. Mahajan has been the Vice-President, Finance and Chief Financial Officer of the Corporation since October 2011. Prior thereto, Mr. Mahajan was the Chief Executive Officer of NavNet Inc., a home automation company since August 2010. Prior to that, Mr. Mahajan was the Chief Financial Officer of WellPoint Systems Inc. from July 2008 to January 2010 and was Director of Business Development for Magna International Inc. from August 2007 to July 2008.	93,677
Paula Breeze Calgary, Alberta <i>Vice-President, Human Resources</i>	February 2012	Ms. Breeze has been the Vice-President, Human Resources of the Corporation since February 2012. Ms. Breeze has over 15 years of Human Resource experience. Prior thereto, Ms. Breeze spent several years as a Senior Manager at WestJet Airlines.	6,300

<u>Name, Municipality of Residence and Position</u>	<u>Director/ Executive Officer Since</u>	<u>Principal Occupation for Last Five Years</u>	<u>Common Shares Beneficially owned or Controlled, Directly or Indirectly</u>
Stephen Chaplin Cochrane, Alberta <i>Vice-President, Health Safety and Environment</i>	April 2013	Mr. Chaplin has been the Vice-President, Health Safety and Environment since April 2013. Prior thereto, Mr. Chaplin was the Director of Health, Safety and Environment for the Corporation. Prior thereto, Mr. Chaplin held several leadership roles in operations and health and safety at Weyerhaeuser and Western Forest Products and was most recently part of Senior Management team for the BC Forest Safety Council.	38,400

Notes:

- (1) Member of the Audit Committee of which Paul Shelley is the Chair.
- (2) Member of the Compensation Committee of which Stefan Erasmus is the Chair.
- (3) 7,642,935 Common Shares are owned by WCC and Werklund Ventures Ltd., private companies controlled by Mr. Werklund.

Ownership of Common Shares

At the date hereof, the directors and executive officers of Aveda, as a group, owned or controlled, directly or indirectly, in aggregate 7,908,530 Common Shares or approximately 41.5% of the issued and outstanding Common Shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Cease Trade Orders

To the knowledge of Aveda and other than as disclosed below, no director or executive officer is, as of the date of this AIF, or was within ten (10) years prior to the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Aveda) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the Corporation access to any exemption under securities legislation and which order was in effect for a period of more than thirty (30) consecutive days while he was acting in the capacity as director, chief executive officer or chief financial officer of such company; or (ii) was subject to any of the foregoing orders for a period of more than thirty (30) consecutive days after he ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while he was acting in such capacity.

Bankruptcies

To the knowledge of Aveda and other than as disclosed below, no director, executive officer or Shareholder holding a sufficient number of securities to affect materially the control of Aveda is, as of the date of this AIF, or was within ten (10) years prior to the date of this AIF, a director or executive officer of any company (including Aveda) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

Mr. Werklund currently serves as director and chairman of RS Technologies Inc. ("RS"). On March 14, 2013, the Board of Directors of RS determined that it was in the best interests of the company's stakeholders to seek creditor protection under Companies' Creditors Arrangement Act (Canada) ("CCAA"). RS subsequently obtained such protection pursuant to an order from the Alberta Court of Queen's Bench.

On September 13, 2013, RS announced that pursuant to the approval by the Court of Queen's Bench of a plan of arrangement and compromise, RS' CCAA restructuring proceedings had been completed. Pursuant to terms of the plan of arrangement, Werklund Capital Corporation, a company controlled by Mr. Werklund, and Melbye Skandinavia AS ("MSAS") became the sole Class A common shareholders. This enabled the company to emerge in a materially stronger financial position to continue its operations in the normal course. On December 31, 2014, RS ceased to be a public corporation.

Mr. Mahajan was the Chief Financial Officer of WellPoint Systems Inc. until January 31, 2010. One year after Mr. Mahajan's resignation, on January 31, 2011, Quorum Oil and Gas Technology Fund Limited obtained an order from the Court of Queen's Bench of Alberta appointing Ernst & Young Inc. as receiver and manager of all the current and future assets, undertakings and properties of every nature and kind whatsoever, including all proceeds thereof of the company. As part of the order, the Alberta Court of Queen's Bench approved a sales process for all or substantially all of the property of the company.

To the knowledge of Aveda, no director or executive officer of Aveda, or Shareholder holding a sufficient number of securities to affect materially the control of Aveda has, within the ten (10) years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Shareholder.

Penalties or Sanctions

To the knowledge of Aveda, no director or executive officer of Aveda, or Shareholder holding a sufficient number of securities to affect materially the control of Aveda has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Douglas McCartney, a director and board secretary of Aveda, is a partner with Burstall Winger Zammit LLP, which provides legal services to Aveda on a fee for services basis. Stefan Erasmus, a director of Aveda, is the President of WCC. There may be potential conflicts of interest to which the directors and officers of Aveda will be subject in connection with the operations of Aveda. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management of Aveda is not aware of any existing or contemplated legal proceedings material to Aveda, to which Aveda, or any predecessor of Aveda, is, or during the financial year ended December 31, 2015 was a party to or to which any of its property is or was subject.

Management of Aveda is not aware of any penalties or sanctions imposed against Aveda, or any predecessor of Aveda, by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2015 or any other penalties or sanctions imposed by a court

or regulatory body against Aveda, or any predecessor of Aveda, that would likely be considered important to a reasonable investor in making an investment decision.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as detailed below, no director or executive officer of Aveda, or any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares, or any associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of Aveda's third most recently completed financial year or during the current financial year, or in any proposed transaction, that has materially affected or is reasonably expected to materially affect Aveda or any of its subsidiaries.

On December 31, 2013, the Corporation exercised its right to convert the Convertible Debenture pursuant to which WCC was issued an aggregate of 1,850,980 Common Shares at a deemed price of \$2.55 per share. WCC is a non-arm's length party in relation to the Corporation, as David Werklund controls WCC and is a director and officer the Corporation.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada at its principal office in Calgary, Alberta is registrar and transfer agent for the Corporation's Common Shares.

MATERIAL CONTRACTS

Other than as set forth below, Aveda has not entered into any contract, other than contracts entered into in the ordinary course of business, that is material to Aveda and that was entered into within the most recently completed financial year or before the most recently completed financial year but is still in effect.

Senior Debt Facility

The credit agreement Aveda entered into with PNC and syndicate of lenders for debt financing of up to \$125.0 million (the "**Facility**") on June 19, 2014 is a contract material to Aveda.

The Facility is comprised of an operating facility of \$125.0 million, bears interest at a rate of prime plus 0.50% per annum as long as the Undrawn Availability (as defined in the Facility agreement) is greater than \$25.0 million and includes an unused facility fee of 0.25% per annum. There are no principal payments required until January 1, 2018, the due date of the Facility. The Facility is secured by way of revolving credit and security agreement with a first charge on all present and after acquired property of the Corporation.

The Facility's financial covenant tests are waived as long as Undrawn Availability is greater than \$25.0 million. As at December 31, 2015, the Undrawn Availability was approximately \$52.2 million, therefore financial covenant tests were waived.

The covenant tests the Company will be expected to comply with, should the undrawn balance of senior credit facility fall below \$25.0 million are:

1. The Company is required to maintain Fixed Charge Coverage Ratio (the ratio of Fixed Charge as defined in the Facility Agreement divided by previous twelve months' Adjusted EBITDA¹) of not less than 1.25:1 at the end of each fiscal quarter for the four consecutive fiscal quarters;
2. The Company is required to maintain a Total Leverage Ratio (the ratio of Total Leverage as defined in the Facility Agreement divided by previous twelve months' Adjusted EBITDA¹) of not greater than 3.00:1;
3. The Company cannot make annual expenditure or commitments for Capital Expenditure (as defined in the Facility Agreement) in excess of \$25.0 million; and
4. In addition to the financial covenants listed above, the Company is restricted from seeking additional financing, selling assets, making acquisitions or making distributions to shareholders without the consent of the agent.

Note:

(1) See December 31, 2015 MD&A Section 8: Non-IFRS Measures.

Note Payable

In connection with the acquisition of Hodges Trucking Company, L.L.C., US\$27.0 million of the purchase price was financed by a seller take-back note (the "Note"). The Note is a 5-year term debt note, due on June 15, 2020 with no requirement for principal amortization. The Company has provided a 2nd lien on the Company's fixed assets and accounts receivable to the holder of the note payable. The Note bears interest at 9% per annum which interest is paid quarterly.

INTERESTS OF EXPERTS

Aveda's auditors are KPMG LLP, Chartered Accountants, who have prepared an independent auditor's report dated April 4, 2016 in respect of Aveda's consolidated financial statements as at December 31, 2015 and December 31, 2014, together with the notes thereto. KPMG LLP have confirmed, with respect to Aveda, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

ADDITIONAL INFORMATION

Additional information relating to Aveda and its predecessor entity, Marine, may be found on SEDAR at www.sedar.com. Additional information regarding directors' and officers' remuneration and indebtedness, principal holders of Aveda's securities and securities authorized for issuance under equity compensation plans is contained in Aveda's information circular dated July 9, 2015 in respect of Aveda's annual and special meeting of Shareholders held on August 13, 2015. Additional financial information is provided in Aveda's comparative consolidated financial statements and MD&A for the year ended December 31, 2015.