AVEDA TRANSPORTATION AND ENERGY SERVICES INC.

CIRCULAR

This Circular is being furnished in connection with the accompanying Shareholder's Consent and Authorization for the approval of the shareholders of Aveda Transportation and Energy Services Inc.'s ("**Aveda**" or the "**Corporation**") for the conversion option of the Credit Facility (as further described below) and the participation of the Lenders (as defined below) in the Offering (as defined below), each of which constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

THE CORPORATION

The Corporation is a corporation existing under the laws of the Province of Alberta. Aveda is a reporting issuer under the *Securities Act* (Alberta), the *Securities Act* (British Columbia), the *Securities Act* (Manitoba) and the *Securities Act* (Ontario).

Aveda's authorized capital consists of an unlimited number of common shares (the "**Common Shares**") and an unlimited number of preferred shares. Each Common Share carries the right to one vote. The preferred shares do not carry voting rights. As the date hereof, the Corporation's issued and outstanding share capital consists of 19,080,040 Common Shares and 0 preferred shares.

The principal and head office of the Corporation is located at 300, 435 – 4th Avenue S.W., Calgary, Alberta, T2P 3A8. The registered office of the Corporation is located at 1600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Zl. The Common Shares are listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "AVE".

THE CREDIT FACILITY

The Corporation and the Corporation's syndicate of primary lenders (the "**Banking Syndicate**"), each of whom is arm's length to the Corporation, began discussions on a renewal to the Corporation's senior secured credit facility (the "**Senior Facility**") that was due to expire on January 1, 2018 (the "**Expiry Date**"). Following negotiations with the Banking Syndicate regarding an amendment to renew the Senior Facility, the Banking Syndicate required that the Corporation complete an equity offering and/or be provided with subordinated access to capital in order for the Banking Syndicate to agree to amend and renew the Senior Facility past the Expiry Date. Following discussions with the Banking Syndicate and potential agents for an equity offering of the Corporation's Common Shares, the Corporation determined that an equity offering could only be completed on reasonable terms if the major shareholders of the Corporation, Werklund Capital Corporation and Werklund Ventures Ltd. (collectively, the "**Lenders**"), subscribed for a significant portion of the equity financing and provided the Corporation some form of access to subordinated capital. The discussions resulted in the Banking Syndicate providing the Corporation a draft term sheet which proposed an amended Senior Facility if the Lenders provided a stand-by debt facility and the Corporation completed an offering of its Common Shares, or other equity securities, for net proceeds of at least $8,500,000. The Lenders agreed to provide a stand-by debt facility with a principal sum of $5,000,000 and a maturity date of May 31, 2019 (the "**Credit Facility**").

The principal sum outstanding under the Credit Facility shall accrue interest (both before and after demand, default and judgment) at a rate equal to fifteen percent (15%) per annum or, if the Conversion Consent (as defined in below) is not obtained by March 31, 2017, retroactively to January 12, 2017 at a rate equal to twenty-two percent (22%) per annum. Interest accruing due under the Credit Facility is calculated and compounded monthly not in advance in accordance with the "nominal rate" method of interest calculation on the basis of a 365 or 366 day year (as the case may be) and, is due and payable in arrears at the end of each fiscal quarter and payable by the Corporation (i) in kind, or (ii) (A) with the prior written consent of the Banking Syndicate or (B) in the event that all obligations under the Senior Facility have been repaid in full and cancelled, at the Lenders' option in cash.

Subject to the conversion option of the Credit Facility receiving minority shareholder approval as described under the heading "*Minority Approval*" herein (the "**Conversion Consent**") and the receipt of the Exemptive Relief (as defined below), the Credit Facility shall be convertible into securities of the Corporation at the option of the Lenders. If the Conversion Consent is obtained by March 31, 2017, the drawn portion of the Credit Facility will be convertible into securities of the Corporation at a price and on terms equal to that of the Offering (as defined below), being a price of $0.60 per Common Share.

The Credit Facility has an arrangement fee of 1% of the total amount of the Credit Facility payable at the time the Credit Facility is entered into (the "**Arrangement Fee**"), a quarterly stand-by fee of 0.375% of the undrawn amount of the Credit Facility (the "**Stand-by Fee**") and a quarterly administration fee of 0.249% of any drawn amount of the Credit Facility (the "**Administration Fee**"). Subject to the Conversion Consent being obtained prior to March 31, 2017, the Arrangement Fee, the Stand-by Fee and the Administration Fee are all convertible into securities of the Corporation at the option of the Lenders at the prevailing market price of the Corporation's Common Shares on the TSXV at the time such fees are payable.

The Credit Facility is a "related party transaction" pursuant to MI 61-101, and MI 61-101 requires that the Corporation obtain the Conversion Consent prior to any conversion of the Credit Facility into securities of the Corporation. If the Conversion Consent is not attained by March 31, 2017: (i) the interest rate of the Credit Facility shall retroactively revert to 22%; (ii) the Arrangement Fee shall retroactively increase to 2% of the total amount of the Credit Facility; (iii) the Stand-by Fee shall increase to 0.75%; and (iv) the Administration Fee shall increase to 0.498%, all of which shall only be payable in cash.

The Credit Facility can only be drawn upon in the event there is a "Triggering Event" (as such term is defined in the Senior Facility) under the Corporation's amended Senior Facility. A Triggering Event occurs when the availability of the Senior Facility (including Suppressed Availability as defined below), after deduction of accounts payable greater than 60 days past due, is less than $20,000,000 prior to the Offering being completed, and $14,000,000 thereafter (if and when the Offering is completed). In calculating a Triggering Event under the amended Senior Facility, the maximum loan amount of $77,500,000 plus any delta between the Corporation's borrowing base and the maximum loan amount (the "**Suppressed Availability**") is used to determine whether a Triggering Event has occurred. The Credit Facility is to be drawn in tranches of $250,000, the amount of each draw to be determined at the end of each calendar quarter to be the amount of which the excess availability after deduction of accounts payable greater than 60 days past due is less than $20,000,000 or, assuming completion of the Offering, $14,000,000, rounded up to the nearest $250,000 increment.

More information on the Credit Facility can be found in the press release of the Corporation dated and filed on the Corporation's SEDAR profile on January 13, 2017, the material change report dated and filed on the Corporation's SEDAR profile on January 16, 2017 and the full Credit Facility dated January 12, 2017 and filed on the Corporation's SEDAR profile on January 16, 2017. All documents filed on SEDAR are available at www.sedar.com.

THE OFFERING

Aveda entered into an engagement letter with Beacon Securities Limited, pursuant to which Beacon Securities Limited together with a syndicate of investment dealers including Canaccord Genuity Corp. as co-lead agent, PI Financial Corp. and Mackie Research Capital Corp. (collectively, the "**Agents**") agreed to act as agents in respect of a commercially reasonable best efforts, short form prospectus offering of the Corporation's Common Shares for gross proceeds of a minimum of $20,000,400 (not including any over-allotment option) and a maximum of $25,000,200 (not including any over-allotment option) at a price of $0.60 per Common Share (the "**Offering**"). The net proceeds from the Offering will be used for debt reduction, enhanced working capital and general corporate purposes.

The Corporation is conducting the Offering as it is a condition of the amendment to the Senior Facility to complete an equity issuance of securities for net proceeds of at least $8,500,000 prior to March 31, 2017 and the Corporation desires to reduce its current debt levels under the Senior Facility.

More information on the Offering can be found in the Corporation's preliminary short form prospectus dated and filed on the Corporation's SEDAR profile on January 17, 2017, the press release of the Corporation dated and filed on the Corporation's SEDAR profile on January 17, 2017 and the material change report of the Corporation dated and filed on the Corporation's SEDAR profile on January 31, 2017. All documents filed on SEDAR are available at www.sedar.com.

APPLICATION OF MI 61-101

The Lenders are related parties of the Corporation (within the meaning of MI 61-101). Consequently, the Credit Facility and the participation of the Lenders in the Offering are related party transactions (within the meaning of MI 61-101), necessitating that the Corporation obtain a formal valuation for, and minority approval of, the Credit Facility and the participation of the Lenders in the Offering, in the absence of exemptions therefor. Two directors of the Corporation, David Werklund and Stefan Erasmus are "interested parties" as defined in MI 61-101 with respect to the Credit Facility and the Lenders' participation in the Offering.

In addition to the proposed participation of the Lenders in the Offering, it is anticipated that certain senior officers and directors of the Corporation shall participate in the Offering ("**Officer and Director Participation**"). Directors and senior officers of the Corporation are related parties of the Corporation (within the meaning of MI 61-101). Consequently Officer and Director Participation would constitute related party transactions (within the meaning of MI 61-101), necessitating that the Corporation obtain a formal valuation for, and minority approval of, such participation in the Offering, in the absence of exemptions therefor. At this time, the Corporation is unable to determine the aggregate number of securities of the Corporation that senior officers and directors of the Corporation shall subscribe for as the Corporation has not received any non-binding commitments from such senior officers or directors that would indicate the amount of their subscriptions.

The Corporation has a shareholder, Invesco Canada Ltd. ("**Invesco**"), who holds over 10% of the Corporation's outstanding voting securities. If Invesco where to participate in the Offering ("**Invesco Participation**"), such participation would be a related party transaction (within the meaning of MI 61-101), necessitating that the Corporation obtain a formal valuation for, and minority approval of, such participation in the Offering, in the absence of exemptions therefor.

MINORITY APPROVAL

The Credit Facility is a related party transaction under MI 61-101. Prior to the Conversion Consent being obtained, the Credit Facility is exempt from the minority approval requirement of MI 61-101 pursuant to section 5.7(1)(f) as the Credit Facility was provided on reasonable commercial terms that are not less advantageous to the Corporation than if the Credit Facility were obtained from a person dealing at arm's length with the Corporation, and the principal sum, interest or fees under the Credit Facility are not (A) convertible, directly or indirectly, into equity or voting securities of the Corporation or a subsidiary entity of the Corporation, or otherwise participating in nature, or (B) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the Corporation or a subsidiary entity of the Corporation.

In order to obtain the Conversion Consent, which would allow the Credit Facility to be convertible into securities of the Corporation and negate the ability to rely on the exemption in section 5.7(1)(f) of MI 61-101 from the minority approval required under Part 8 of MI 61-101, and to obtain the aforementioned minority approval for the Lenders' participation in the Offering, the Corporation has applied for exemptive relief from the Ontario Securities Commission under section 9.1 of MI 61-101 from the requirements of section 5.3(2) of MI 61-101 to (i) call a meeting of its shareholders to consider the conversion option of the Credit Facility and the Lenders' participation in the Offering, (ii) send an information circular to its shareholders in connection with such meeting, and (iii) obtain disinterested minority approval of the conversion option of the Credit Facility and the Lenders' participation in the Offering at such meeting; and (B) the Corporation instead be permitted to obtain the disinterested minority approval required for the conversion option of the Credit Facility and the Lenders' participation in the Offering by section 5.6 of MI 61-101 by way of written consent, by executing the Shareholder Shareholder's Consent and Authorization attached to this Circular (the "**Exemptive Relief**"). The Corporation is seeking the Exemptive Relief as the Corporation's amendment to the Senior Facility described in "*The Credit Facility*" above is conditional upon the Corporation completing an equity issuance of securities for at least $8,500,000 prior to March 31, 2017 and the closing date of the current Offering is February 16, 2016. The Corporation believes that if the Offering is delayed by the requirement to hold a shareholder meeting, it is likely that the Offering will not be completed and the requirement to complete an equity issuance of securities for at least $8,500,000 prior to March 31, 2017 will not be met. Further, the Lenders' participation in the Offering is critical to the success of the Offering as the other subscribers to the Offering have expressed their intention to subscribe for Common Shares in the Offering being contingent on the participation of the Lenders. If the Corporation does not completing an equity issuance of securities for at least $8,500,000 prior to March 31, 2017 and the amendment to the Senior Facility is negated, the Corporation does not believe it will be able to renew its Senior Facility on commercially reasonable terms past the Expiry Date which would lead to the Corporation defaulting on its secured debt obligations.

The Corporation intends to rely upon the exemption from MI 61-101's minority approval requirement of the Officer and Director Participation contained in section 5.7(1)(a) of MI 61-101 on the basis that no senior officer or director will participate in the Offering for greater than 25% of the Corporation's market capitalization (as determined pursuant to MI 61-101).

If Invesco does participate in the Offering, the Corporation intends to rely upon the exemption from MI 61-101's minority approval requirement of the Invesco Participation contained in section 5.7(1)(a) of MI 61-101 on the basis that Invesco shall not participate in the Offering for greater than 25% of the Corporation's market capitalization (as determined pursuant to MI 61-101).

FORMAL VALUATION

Implementation of the Credit Facility (including the conversion option thereof), the Lender participation in the Offering, the Officer and Director Participation and the Invesco Participation are exempt from MI 61-101's formal valuation requirement pursuant to section 5.5(b) of MI 61-101, on the basis that no securities of the Corporation are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of

Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS market operated by PLUS Markets Group plc.

OWNERSHIP OF SECURITIES OF AVEDA

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value. As at the date of this Circular, 19,080,040 Common Shares were issued and outstanding. The Common Shares are entitled to be voted on the basis of one vote for each Common Share held. The Corporation does not have any other class of voting securities.

The following table sets out information in respect of each of the senior officers and directors of the Corporation, and is based on information received by the Corporation from said directors.

Name, Residence and Position	Number of Common Shares Owned Directly or Indirectly
David Werklund *Executive Chairman and Director*	7,698,619(1)
Stefan Erasmus *Director*	15,000
Douglas McCartney *Director*	30,834
Paul Shelley Director	25,700
Ronnie Witherspoon President and Chief Executive Officer	N/A
Bharat Mahajan Chief Financial Officer and Vice-President, Finance	N/A

Note:

(1) 3,283,668 Common Shares are owned by Werklund Capital Corporation, and 4,359,267 Common Shares are owned by Werklund Ventures Ltd., private companies controlled by Mr. David Werklund, the remaining 55,684 Common Shares are owned by a relative of Mr. Werklund.

The directors and senior officers of Aveda, as a group, beneficially own, or exercise control or direction over, directly or indirectly, 7,770,153 Common Shares representing approximately 40.7% of the issued and outstanding Common Shares.

To the knowledge of the Corporation, 7,698,619 Common Shares beneficially owned by the Lenders are to be excluded from the approval of conversion option of the Credit Facility and the Lenders' participation in the Offering and as a result, written consents approving of the conversion option of the Credit Facility and the Lenders' participation in the Offering are required from holders of the majority of the remaining 11,381,421 Common Shares.

To the knowledge of the Corporation, Invesco beneficially owns 1,950,600 Common Shares representing approximately 10.22% of the issued and outstanding Common Shares.

If the Offering is completed for the minimum gross proceeds of $20,000,400 (not including any over-allotment option) and the Lenders subscribe for $5,000,000 worth of Common Shares, the Lenders will hold, at an offering price of $0.60 per Common Share, approximately 16,031,952 Common Shares representing approximately 30.6% of all issued and outstanding Common Shares of the Corporation.

If the Offering is completed for the maximum gross proceeds of $25,000,200 (not including any over-allotment option) and the Lenders subscribe for $5,000,000 worth of Common Shares, the Lenders will hold, at an offering price of $0.60 per Common Share, approximately 16,031,952 Common Shares representing approximately 26.4% of all issued and outstanding Common Shares of the Corporation.

BOARD APPROVAL AND RECOMMENDATION

Aveda's board of directors (the "**Board**") has received regular updates on the status of the negotiations between Aveda and the Banking Syndicate in regards to the Corporation's amended Senior Facility and the Board was informed, in each case as the events arose, with respect to: (a) the request by the Banking Syndicate for the Credit Facility; (b) the request by the Banking Syndicate for the Lenders' participation in the Offering; (c) the necessity for obtaining minority shareholder approval for the conversion option of the Credit Facility; (d) the necessity for obtaining minority shareholder approval for the Lenders' participation in the Offering; (e) board of director approval requirements (including necessary approval of a majority of independent directors); and (f) the Corporation's application for the Exemptive Relief.

The Board consists of the four individuals, Stefan Erasmus, Doug McCartney, Paul Shelley and David Werklund. Doug McCartney and Paul Shelley are "independent" (for the purposes MI 61-101) with respect to the Credit Facility and the Lenders' participation in the Offering. Approval of the Corporation's independent directors under MI 61-101 for the Credit Facility was received from the independent directors by written resolution of the Board dated January 3, 2017. Approval of the Corporation's independent directors under MI 61-101 for the Lenders' participation in the Offering was received from the independent directors by written resolution of the Board dated January 16, 2017. As Stefan Erasmus and David Werklund were not "independent" (for the purposes MI 61-101), they declared their conflict and recused themselves from all negotiations on behalf of either the Corporation or the Lenders involving the Credit Facility or the Offering.

The independent directors determined that the Credit Facility (including the conversion option thereof) and the Lenders' participation in the Offering are in the Corporation's best interests and approved the Credit Facility (including the conversion option thereof) on the basis that it would: (i) enable the Corporation to enter into the amended Senior Facility; (ii) provide the Corporation with the ability to remedy any default under the Senior Facility, up to $5,000,000, through guaranteed equity issuances and, subject to minority shareholder approval, without needing to make cash dispersions for fees or interest payments; (iii) provide access to capital, and approved the Lenders' participation in the Offering on the basis that it would: (i) provide certainty that a significant portion of the Offering will be subscribed for; (ii) provide comfort to other subscribers that the majority shareholder of the Corporation supports the Corporation; and (iii) increase the marketability of the Offering to subscribers in the marketplace. In addition to the aforementioned reasons to approve the Credit Facility, the independent directors considered that the Lenders were the only parties that management of the Corporation and the independent directors were able to find who were willing to provide the required subordinated debt facility on commercially reasonable terms as the Credit Facility is subordinated to the Senior Facility and a promissory note for a principal sum of USD $27,000,000 payable to Seventy Seven Operating LLC which each have priority secured interests on the assets of the Corporation. In addition to the aforementioned reasons to approve the Lenders' participation in the Offering, the independent directors considered that the Lenders weren't receiving preferential treatment vis-à-vis other purchasers of Common Shares pursuant to the Offering and that all shareholders were being treated equally.

In order to come to their determination to approve the Credit Facility (including the conversion option thereof) and the Lenders' participation in the Offering, the independent directors met independently from the non-independent members of the Board and met with management of the Corporation to discuss available alternative transactions. Following such discussions, the independent members of the

Board determined that management of the Corporation had used their best efforts to procure alternative transactions and the Credit Facility (including the conversion option thereof) and the Offering (including the Lenders' participation therein) were the only commercially reasonable transactions available to the Corporation. The terms of the Credit Facility and the Offering were negotiated by management of the Corporation and approved by the independent directors. To come to their determination, the independent directors did not obtain expert advice although relied on their past professional experience and judgment.

BENEFITS OF THE PROPOSED TRANSACTIONS

No person will benefit directly or indirectly (other than in respect the Lenders' shareholdings) with respect to the conversion option of the Credit Facility and the Lenders' participation in the Offering. However, Aveda will benefit from: (i) the ability to draw on the Credit Facility if required; (ii) the successful completion of the Offering; and (iii) the entering into of the amended Senior Facility.

PRIOR VALUATIONS

The Corporation has not received nor has it requested a valuation of its securities in the 24 months prior to the date hereof.

OTHER BENEFITS

No disinterested director or shareholder has received nor will receive any collateral benefit in respect of the conversion option of the Credit Facility, the Lenders' participation in the Offering or agreeing to execute the Shareholder's Consent and Authorization.

TAX CONSEQUENCES

There are no income tax consequences to holders of Common Shares resulting from approval or the implementation of the conversion option of the Credit Facility or the Lenders' participation in the Offering.

TRADING VOLUME IN SECURITIES OF AVEDA

The Common Shares are traded on the TSXV under the symbol "AVE". The table below sets forth the price range and trading volumes for the Common Shares on the TSXV, as reported by the TSXV, for the periods indicated.

	Price Range		
Date	**High ($)**	**Low ($)**	**Trading Volume**
2016			
August	0.68	0.50	236,355
September	0.68	0.475	409,173
October	0.60	0.44	640,475
November	0.67	0.47	450,415
December	0.97	0.56	659,331
2017			
January	1.23	0.75	991,970

PRIOR SALES

The table below sets forth the issuances by the Corporation of Common Shares, and securities convertible into Common Shares, in the 12-month period prior to the date of this Circular.

Date of Issue	Description	Number of Securities	Price per Security
August 19, 2016	Stock Options	679,500(1)	$0.60(2)
August 19, 2016	Deferred Share Units	104,200(3)	$0.60(4)

Notes:

(1) These stock options were issued pursuant to the Corporation's stock option plan. Each option entitles the holder thereof to acquire one Common Share on the terms and conditions set forth in the stock option plan.

(2) This value represents the exercise price per option.

(3) These deferred share units were issued pursuant to the Corporation's deferred share unit plan. Each deferred share unit entitles the holder thereof to receive one Common Share on the terms and conditions set forth in the deferred share unit plan.

(4) This value represents the price of the Corporation's Common Shares at the date of the grant of the deferred share units.

(5) These Common Shares were issued upon the conversion of restricted share units granted under the Corporation's restricted share unit plan.

COMMITMENTS TO ACQUIRE SECURITIES OF THE CORPORATION

Except with respect to the possible conversion of the Credit Facility and the Offering, the Corporation has no knowledge of any agreements, commitments or understandings made by the Corporation to acquire securities of the Corporation.

The Corporation has no commitments to purchase Common Shares or other equity securities of the Corporation. To the knowledge of the Corporation, with the exception of the possible conversion of the Credit Facility and the Offering, no person named under "Ownership of Aveda's Securities" above has any commitment to purchase Common Shares or other equity securities of the Corporation.

To the best of the knowledge of the Corporation, with the exception of the conversion option of the Credit Facility and the Lenders' participation in the Offering, no (i) director or officer of the Corporation, (ii) associate or affiliate of an insider of the Corporation, (iii) associate or affiliate of the Corporation, (iv) insider of the Corporation, other than a director or officer of the Corporation or (v) person or company acting jointly or in concert with the Corporation has any commitments to purchase Common Shares or other equity securities of the Corporation. See "*The Credit Facility*", "*The Offering*" and "*Ownership of Securities of Aveda*".

RIGHTS OF APPRAISAL AND ACQUISITION

Under the laws governing Aveda, no rights of appraisal or acquisition arise as a result of the conversion option of the Credit Facility or the Lenders' participation in the Offering.

MATERIAL CHANGES IN THE AFFAIRS OF AVEDA

The Corporation has no plans or proposals for any material changes in its affairs other than pursuant to the Credit Facility and the Offering.

DIVIDEND POLICY

The Corporation has not declared or paid any dividends on any of its shares in the last two years. It is intended that the Corporation will not pay any dividends in the near future and that future earnings will be retained to finance further expansion of its business and operations. Any decision to pay dividends on its shares will be made by the Board on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

EXPENSES OF THE CREDIT FACILITY AND THE OFFERING

The Corporation is responsible for all of the Lenders' costs associated with providing the Credit Facility, including but not limited to all costs incurred in connection with the preparation of documents relating to the Credit Facility and all reasonable expenses and fees incurred by the Lenders' counsel. It is estimated that the costs to the Lender for the entering into of Credit Facility are approximately $85,000 for legal fees. In addition, the Corporation shall be responsible for the fee and interest payments of the Credit Facility as more fully described in "*The Credit Facility*" above.

Pursuant to the terms of the Offering, the syndicate of agents (the "**Agents**") will receive a fee (the "**Agents' Fee**") of: (i) 6.0% of the gross proceeds from sales of up to $5,000,000 of the Common Shares being sold in the Offering (the "**Offered Shares**") that are not purchased by the Lenders or the Corporation's current employees and any president's list created in connection with the Offering (the "**Exempt Commission Participants**"); (ii) an additional cash fee payable on gross proceeds of the Offering in excess of $5,000,000 of the Offered Shares that are not purchased by the Exempt Commission Participants, equal to 1.0% of the first $1,000,000 of such excess gross proceeds and increasing by an additional 1.0% for each incremental $1,000,000 of gross proceeds thereafter, provided, however, that the aggregate of such fees, when combined with (i) above, shall be subject to a maximum of 6.0% of the gross proceeds raised, including proceeds received by Exempt Commission Participants; and (iii) an additional cash fee equal to $100,000 in the event the gross proceeds of the Offering (including proceeds raised pursuant to the any over-allotment option) equals or exceeds $10,000,000, which fee will be paid upon closing of the Offering. The Agents will also be reimbursed for their reasonable expenses and fees in connection with the Offering, legal fees for the Agents' counsel, subject to a maximum of $65,000, and all reasonable "out-of-pocket expenses" including travel and associated accommodation of the Agents, subject to a maximum, without prior written approval of the Corporation, of $10,000. In addition, the Corporation has agreed to grant to the Agents, on the completion of the Offering, as additional compensation, non-transferrable Common Share purchase options (the "**Compensation Options**") entitling the Agents to purchase such number of Common Shares (the "**Option Shares**") equal to 3% of the total number of Common Shares sold pursuant to the Offering. Each Compensation Option will entitle the holder to acquire during the eighteen (18) months following the date of the closing of the Offering, one Option Share at an exercise price equal to 110% of the price per Offered Share.

While the Corporation cannot accurately determine the price of the Lenders' participation in the Offering, the estimated expenses of the Offering as a whole are $570,000.

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

A copy of Aveda's most recent interim financial statements for the three and nine month periods ended September 30, 2016 and 2015 are available on the SEDAR website at www.sedar.com. Shareholders who wish to obtain a copy of these financial statements may do so, without charge, upon written request to the Corporation at Suite 300, 435 – 4th Avenue S.W., Calgary, Alberta, T2P 3AB, Attention: Bharat Mahajan, Chief Financial Officer and Vice-President, Finance.

Additional information relating to the Corporation is available on the SEDAR website at www.sedar.com.

EFFECTIVE DATE

This information in this Circular is given as of February 1, 2017 except where otherwise indicated.

PLEASE READ THIS NOW – THIS REQUIRES YOUR IMMEDIATE ATTENTION

AVEDA TRANSPORTATION AND ENERGY SERVICES INC.
Shareholder's Consent and Authorization

TO: **Aveda Transportation and Energy Services Inc. ("Aveda" or the "Corporation")**

AND TO: **The TSX Venture Exchange (the "TSXV")**

AND TO: **The Ontario Securities Commission (the "OSC")**

The undersigned, being as of February 1, 2017 the beneficial owner of the number of common shares in the capital of the Corporation indicated below (each, a "**Common Share**"), hereby declares as follows:

(a) The undersigned has reviewed the press release of Aveda (the "**Press Release**") dated January 13, 2017 (a copy of which is attached hereto), in respect of Aveda entering into the non-arm's length loan agreement dated January 12, 2017 (the "**Credit Facility**"), with Werklund Capital Corporation and Werklund Ventures Limited (collectively, the "**Lenders**") which contemplates a loan of $5 million that is available to cure any breach of the covenants of the Corporation's senior secured credit facility which, following receipt of shareholder consent pursuant to paragraph (e) below and exemptive relief pursuant to paragraph (f) below, shall be convertible into securities of the Corporation upon a price and terms equal to the securities being offered by the Corporation pursuant to the Offering (as defined below).

(b) The undersigned has been advised that the Corporation has entered into an engagement letter with Beacon Securities Limited, pursuant to which Beacon Securities Limited together with a syndicate of investment dealers including Canaccord Genuity Corp, PI Financial Corp. and Mackie Research Capital Corp. (collectively, the "**Agents**") agreed to act as agents in respect of a short form prospectus offering, on a commercially reasonable best efforts basis, of the Corporation's Common Shares for gross proceeds of a minimum of $20,000,400 (not including any over-allotment option) and a maximum of $25,000,200 (not including any over-allotment option) for a price per Common Share of $0.60 (the "**Offering**") as further described in the preliminary short form prospectus of the Corporation dated and filed on SEDAR on January 17, 2017 and the material change report of the Corporation filed on SEDAR on January 31, 2017.

(c) The undersigned understands that the Lenders have agreed to participate in the Offering and subscribe for securities in an amount up to $5,000,000.

(d) The undersigned understands that their ability to participate in the Offering is in no way conditional upon the undersigned providing this Shareholder's Consent and Authorization to the Corporation and the Corporation shall not prejudice the undersigned for refusal to provide this Shareholder's Consent and Authorization to the Corporation.

(e) The undersigned understands that Credit Facility and the Lenders' participation in the Offering are each a "related party transaction" as such term is defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and pursuant to MI 61-101 and the TSXV policies, the conversion option of the Credit Facility and the Lenders' participation in the Offering require consent from shareholders of the Corporation holding at least 50% of the Corporation's outstanding shares that would be eligible to vote at a meeting to obtain minority approval under Part 8 of MI 61-101.

(f) The undersigned understands that the Corporation has applied for exemptive relief from the Ontario Securities Commission under section 9.1 of MI 61-101 from the requirements of section 5.3(2) of MI 61-101 to (i) call a meeting of its shareholders to consider the conversion option of the Credit Facility and the Lenders' participation in the Offering, (ii) send an information circular to its shareholders in connection with such meeting, and (iii) obtain disinterested minority approval of the conversion option of the Credit Facility and the Lenders' participation in the Offering at such meeting; and (B) the Corporation instead be permitted to obtain the disinterested minority approval required for the conversion option of the Credit Facility and the Lenders' participation in the Offering by section 5.6 of MI 61-101 by way of written consent.

(g) The undersigned has reviewed the circular of the Corporation (the "**Disclosure Document**") dated February 1, 2017 (a copy of which is attached hereto) which provides the undersigned the disclosure regarding the conversion option of the Credit Facility and the Lenders' participation in the Offering required by applicable securities laws.

(h) The undersigned acknowledges that it has had a minimum of 14 days to review the Disclosure Document.

(i) The undersigned, by signing under the heading "CONSENT TO THE CONVERSION OPTION OF THE CREDIT FACILITY" consents to the conversion Credit Facility as if a meeting of the shareholders were called to consider the same and would vote all of the Common Shares that are beneficially owned by it to be voted in such manner, in favour of the ability to convert the Credit Facility into securities of the Corporation, had a meeting been called.

(j) The undersigned, by signing under the heading "CONSENT TO THE LENDERS' PARTICIPATION IN THE OFFERING" consents to the Lenders' participation in the Offering as if a meeting of the shareholders were called to consider the same and would vote all of the Common Shares that are beneficially owned by it to be voted in such manner, in favour of the ability of the Lenders to participate in Offering for an amount up to $5,000,000, had a meeting been called.

(k) The undersigned understands and acknowledges that the approval required by the TSXV and the OSC must be obtained from "disinterested shareholders" and the undersigned hereby confirms to the Corporation, the OSC and to the TSXV that the undersigned is not a related party to the Lenders and has not received and will not receive any collateral benefit in respect of (i) the conversion option of the Credit Facility, (ii) the Lenders' participation in the Offering, or (iii) agreeing to execute this Shareholder Consent.

(l) The undersigned hereby consents to the conversion option of the Credit Facility and the Lenders' participation in the Offering and consents to use of this consent by the Corporation in its application for exemptive relief under section 9.1 of MI 61-101 from the requirements of section 5.3(2) of MI 61-101 to call a meeting of shareholders to consider the conversion option of the Credit Facility and the Lenders' participation in the Offering (each being a related party transaction), to send an information circular to shareholders in connection with such meeting, and to obtain minority approval of such transactions at the meeting.

(m) The undersigned acknowledges that it has had an opportunity to consult with its own legal, financial and other advisors in connection with the provision of this shareholder's Consent and Authorization and it agrees to the disclosure of its personal information contained herein in connection with the filing hereof with the OSC and the TSXV. If the undersigned is a corporation, partnership, unincorporated association or other entity, it has the legal capacity to enter into and be bound by this shareholder's Consent and Authorization and certifies that all necessary approvals of directors, shareholders, partners or otherwise in connection therewith have been given and obtained.

THE INDEPENDENT DIRECTORS OF THE CORPORATION HAVE DETERMINED THAT THE CONVERSION OPTION OF THE CREDIT FACILITY AND THE LENDERS' PARTICIPATION IN THE OFFERING ARE IN THE

BEST INTERESTS OF THE SHAREHOLDERS OF THE CORPORATION, HAVE APPROVED THE CONVERSION OPTION OF THE CREDIT FACILITY AND THE LENDERS' PARTICIPATION IN THE OFFERING AND RECOMMEND THAT THE SHAREHOLDERS APPROVE THE CONVERSION OPTION OF THE CREDIT FACILITY AND THE LENDERS' PARTICIPATION IN THE OFFERING AND EXECUTE AND RETURN THIS CONSENT.

In order to ensure that the undersigned is provided sufficient notice and time to consider consenting to the conversion option of the Credit Facility and the Lenders' participation in the Offering and to allow them to make an informed decision, the Disclosure Document shall be publicly disclosed on SEDAR for a period of 14 days prior to the effectiveness of the conversion feature of the Credit Facility or the closing of the Lenders' participation in the Offering.

This document may be executed in as many counterparts as are necessary and all counterparts together shall constitute the consent and authorization of the shareholders of the Corporation. Facsimile signatures shall and do hereby constitute a valid consent and authorization of the shareholders of the Corporation.

DATED this ___ day of ________________________, 2017.

CONSENT TO THE CONVERSION OPTION OF THE CREDIT FACILITY

______________________________ ______________________________

Name of Shareholder Signature of Shareholder

CONSENT TO THE LENDERS' PARTICIPATION IN THE OFFERING

______________________________ ______________________________

Name of Shareholder Signature of Shareholder

IMPORTANT - PLEASE INDICATE YOUR SHAREHOLDINGS BELOW

Direct Ownership as at February 1, 2017

If Common Shares Registered in Above Shareholder's Name

____

Total Number of Shares Directly Held

Beneficial Ownership as at February 1, 2017

If Common Shares Not Registered in Above Shareholder's Name

____

Name of Brokerage Firm

____

Contact Name

____

Total Number of Common Shares held in Account

PLEASE INDICATE YOUR APPROVAL BY SIGNING ABOVE AND PLEASE PRINT THE NUMBER OF SHARES YOU THAT YOU OWN THAT MAY BE IN CERTIFICATE FORM (DIRECT OWNERSHIP) OR IN YOUR BROKERAGE ACCOUNT (BENEFICIAL OWNERSHIP) OR BOTH AND FAX THIS CONSENT LETTER TO THE CONFIDENTIAL FAX NUMBER OF AVEDA AT (403) 775-4377 (NO FAX COVER SHEET NECESSARY) OR SCAN TO BHARAT.MAHAJAN@AVEDAENERGY.COM AS SOON AS POSSIBLE.