TERVITA

MANAGEMENT'S DISCUSSION & ANALYSIS

November 14, 2018

ABOUT THIS MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") is a summary of the financial position and results of operations of Tervita Corporation ("Tervita", the "Company", "we", "our", "us" and similar expressions) for the three months and nine months ended September 30, 2018 and as compared to the three months and nine months ended September 30, 2017. This MD&A, approved by Tervita's Board of Directors on November 14, 2018, includes information available up to that date.

This MD&A is a review of the financial results of Tervita, prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. This MD&A should be read in conjunction with: (i) our unaudited Interim Condensed Consolidated Financial Statements and accompanying notes (the "Financial Statements") for the three and nine months ended September 30, 2018 and 2017; (ii) our audited annual Consolidated Financial Statements and accompanying notes (the "Annual Financial Statements") and MD&A (the "Annual MD&A") for the year ended December 31, 2017; and (iii) our MD&A for the three months and nine months ended September 30, 2017.

On July 19, 2018 (the "Acquisition Date"), Tervita completed an acquisition of Newalta Corporation ("Newalta") through a Plan of Arrangement (the "Arrangement"). The Financial Statements and MD&A include financial results for Newalta since the Acquisition Date. Please refer to the section ***Newalta Acquisition*** for more information.

All financial information reflected herein is expressed in millions of Canadian dollars ("$" or "C$") unless otherwise stated. References to US$ mean United States dollars. References to "n/m" indicates a percentage change is not meaningful. Throughout this MD&A, "Q3" means the three months ended September 30 and "YTD" means the nine months ended September 30.

Certain comparative information has been reclassified to conform to the MD&A presentation adopted for the current year. Comparative figures related to acquired entities pertain to the period after the Acquisition Date.

This MD&A contains references to the following measures not in accordance with IFRS ("non-GAAP measures"): Adjusted EBITDA, Adjusted EBITDA Margin, Divisional EBITDA, Divisional EBITDA Margin, Discretionary Free Cash Flow, Net Debt to Adjusted EBITDA (Pro Forma LTM), and Adjusted Working Capital. Please refer to the section ***Non-GAAP Measures*** for a full discussion on management's use of non-GAAP measures and their reconciliation to IFRS measures.

This MD&A contains forward-looking statements regarding Tervita and the industries in which we operate. Please refer to the section ***Forward-Looking Statements*** for more information.

ABOUT TERVITA

Tervita is a leading waste and environmental solutions provider offering waste processing, treating, recycling, and disposal services to customers in the oil and gas, mining, and industrial sectors. We serve our customers onsite and through a network of facilities in Canada and the United States ("US").

Tervita provides a broad and integrated array of services and environmental management solutions for customers, including: treatment, recovery, and disposal of solids and fluids used in and generated by oil and gas drilling, completions, and production activity; landfill construction; specialized onsite services; waste management; oil terminalling; energy marketing; metals recycling; equipment rental; demolition; and decommissioning. Our network of fixed facilities as at September 30, 2018 consisted of 113 active waste processing, disposal, and industrial facilities, including: 56 treating, recovery, and disposal facilities ("TRDs"); eight stand-alone disposal wells; 27 engineered landfills (which included 21 owned sites, three sites operated under contract, and three sites that we market under contract for other landfill operators); three cavern disposal facilities; five transfer stations; one naturally occurring radioactive material ("NORM") facility; eight bioremediation facilities; and five metals recycling facilities.

Tervita's activities are carried out through five operating segments, which are aggregated in accordance with IFRS into two reporting segments: Energy Services and Industrial Services.

- **Energy Services** includes three service lines: energy marketing, facilities, and onsite. These service lines collectively provide many services to the oil and gas sector, including: treating, recovering, and disposal of fluids; energy marketing; processing and disposal of solid materials used in, and generated by, natural resource and industrial production; disposal of oilfield-generated waste; providing specialized onsite services using centrifugation or other processes for heavy oil producers involved in mining and in situ production; and supplying and operating drill site processing equipment, including solids control and drill cuttings management.
- **Industrial Services** provides comprehensive environmental solutions through four operating segments: Waste Services, Metals Recycling, Rail Services, and Environmental Services. The services provided by these operating segments include site remediation, facility decommissioning, environmental construction and technologies, hazardous and non-hazardous waste management, emergency response, rail services, recycling services to oil and gas and other industrial companies, and waste transportation and classification. Recycling services include the purchase and processing of ferrous and non-ferrous metals recovered from demolition sites and other locations.

In addition to our two reporting segments, Tervita presents intersegment eliminations and general and administrative ("G&A") and other non-operating expenses as Corporate. G&A includes expenses for executive leadership, human resources, information technology, finance, accounting, business development, communications, legal, and regulatory, as well as depreciation and amortization for Corporate assets. Intersegment profit eliminations include those related to the construction and transfer of long-lived assets between reporting segments.

NEWALTA ACQUISITION

Plan of Arrangement

On July 19, 2018, Tervita and Newalta completed the Arrangement, culminating in the amalgamation of the two companies into one publicly-traded company, Tervita Corporation. Tervita's common shares and common share purchase warrants ("warrants") trade on the Toronto Stock Exchange ("TSX") under the trading symbols "TEV" and "TEV.WT", respectively. Financial results for Q3 2018 and YTD 2018 were materially impacted by the Arrangement. Refer to note 2 of the Financial Statements for details regarding the terms of the Arrangement.

Under the terms of the Arrangement, Tervita completed the acquisition of 100% of Newalta's issued and outstanding shares through the issuance of common shares and warrants valued at $110 million and $1 million, respectively, and the defeasance of Newalta's debt for cash of $375 million, which was partially financed from the proceeds on issuance of the US$250 million senior secured notes. Immediately after close of the Arrangement, Tervita Corporation had 117,557,112 common shares and 2,702,649 warrants issued and outstanding, and an additional US$250 million of 7.625% senior secured notes due December 2021.

Purchase Price Allocation

The Arrangement has been accounted for as a business combination using the acquisition method under which the assets acquired and liabilities assumed are recorded at fair value. We have not yet finalized our purchase price accounting for this acquisition as Tervita is continuing to obtain and verify information required to determine the fair value of certain assets and liabilities. Due to the inherent complexity associated with fair valuations, any amounts and resulting goodwill may differ significantly from the following preliminary purchase price allocation ("PPA"):

	As at Sept 30, 2018
Trade and other receivables	46
Inventory	6
Other current assets	5
Property, plant and equipment	599
Intangible assets	16
Other assets	4
Trade and other payables	(53)
Capital leases	(13)
Provisions	(136)
Total identifiable net assets	474
Goodwill	12
Purchase consideration	486

PRO FORMA STATEMENT OF PROFIT (LOSS)

The following is an unaudited pro forma statement of profit (loss) for the nine months ended September 30, 2018 as if the Arrangement had been completed on January 1, 2018. This unaudited pro forma statement of profit (loss) is for illustrative purposes and is not necessarily indicative of the results of operations that would have resulted had the acquisition occurred on January 1, 2018, or of future results:

	Tervita [1]	Newalta [2]	Pro Forma Adjustments [3]	Pro Forma Consolidated
Revenue	1,572	132	-	1,704
Operating expenses				
Direct operating expenses	(1,397)	(93)	-	(1,490)
General and administrative	(35)	(14)	-	(49)
Depreciation and amortization	(64)	(33)	-	(97)
Operating profit (loss)	76	(8)	-	68
Impairment expense	-	2	-	2
Finance costs	(48)	(23)	9	(62)
Transaction costs	(26)	(19)	45	-
Other income (expense)	-	(3)	-	(3)
Profit (loss) before tax	2	(51)	54	5

(1) *From our Interim Condensed Consolidated Statement of Comprehensive Profit or Loss ("Statement of Profit or Loss") for the nine months ended September 30, 2018, and includes revenue of $53 million and net loss of $13 million in relation to Newalta's operations from the Acquisition Date to September 30, 2018.*

(2) *Reflects financial results for Newalta's operations from January 1, 2018 to the Acquisition Date.*

(3) *Proforma adjustments to finance costs reflect the finance costs that would have been incurred if the US$250 million senior secured notes were issued on January 1, 2018 and exclude the finance costs that were incurred under Newalta's debt.*

The unaudited pro forma Adjusted EBITDA for the nine months ended September 30, 2018 was as follows:

	Pro Forma Consolidated 2018
Net profit (loss)	**5**
Add back:	
Severance costs	**1**
Depreciation and amortization	**97**
Impairment expense	**(2)**
Finance costs	**62**
Other expense (income)	**3**
Adjusted EBITDA [1]	**166**
Adjusted EBITDA margin [1]	***29%***

(1) *Please refer to the section* ***Non-GAAP Measures*** *for definitions and reconciliation.*

FINANCIAL AND OPERATING HIGHLIGHTS

CHANGE IN REPORTING

Tervita adopted IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15") prospectively effective January 1, 2018. This change did not affect reported net profit (loss), Divisional EBITDA, or Adjusted EBITDA, however, revenue and direct costs for energy marketing were impacted as certain pipeline transactions previously reported as gross under revenue and direct costs are now reported as net under direct costs. In accordance with our adoption of IFRS 15, comparative information for energy marketing in our Financial Statements has not been adjusted. If the comparative financial information had been restated, the Q3 2017 and YTD 2017 revenue and direct expenses for energy marketing, revenue, and revenue excluding energy marketing would have been as follows:

	Three Months Ended September 30				Nine Months Ended September 30			
			IFRS 15	Adjusted			IFRS 15	Adjusted
	2018	2017	Impact	2017	**2018**	2017	Impact	2017
Energy Services revenue								
Facilities revenue	**117**	73	-	73	**260**	218	-	218
Onsite revenue	**20**	-	-	-	**20**	-	-	-
Energy marketing revenue	**439**	303	(142)	161	**1,129**	1,350	(606)	744
	576	376	(142)	234	**1,409**	1,568	(606)	962
Industrial Services revenue	**69**	64	-	64	**168**	162	-	162
Intersegment elimination	**(3)**	(3)	-	(3)	**(5)**	(7)	-	(7)
Total revenue	**642**	437	(142)	295	**1,572**	1,723	(606)	1,117
Energy marketing direct expense	**(439)**	(303)	142	(161)	**(1,129)**	(1,350)	606	(744)
Revenue excluding energy marketing	**203**	134	-	134	**443**	373	-	373

For purposes of this MD&A, all energy marketing revenue and direct expenses for 2017 and earlier comparative periods have been adjusted for the IFRS 15 impact.

FINANCIAL HIGHLIGHTS

Select Financial Information

	Three Months Ended September 30				Nine Months Ended September 30			
	2018	2017	Increase (Decrease)	% Change	2018	2017	Increase (Decrease)	% Change
Energy Services revenue								
Facilities revenue	**117**	73	44	*60%*	**260**	218	42	*19%*
Onsite revenue	**20**	-	20	*100%*	**20**	-	20	*100%*
Energy marketing revenue	**439**	161	278	*173%*	**1,129**	744	385	*52%*
	576	234	342	*146%*	**1,409**	962	447	*46%*
Industrial Services revenue	**69**	64	5	*8%*	**168**	162	6	*4%*
Intersegment eliminations	**(3)**	(3)	-	*0%*	**(5)**	(7)	2	*-29%*
Revenue	**642**	295	347	*118%*	**1,572**	1,117	455	*41%*
Revenue excluding energy marketing	**203**	134	69	*51%*	**443**	373	70	*19%*
General and administrative expenses	**(14)**	(10)	4	*40%*	**(35)**	(41)	(6)	*-15%*
Profit (loss) from continuing operations	**(2)**	(2)	-	*0%*	**1**	(17)	18	*106%*
- per share ($), basic and diluted	**(0.02)**	(0.02)	-	*0%*	**0.01**	(0.16)	0.17	*106%*
Net profit (loss)	**(2)**	(2)	-	*0%*	**1**	(16)	17	*106%*
- per share ($), basic and diluted	**(0.02)**	(0.02)	-	*0%*	**0.01**	(0.15)	0.16	*107%*
Adjusted EBITDA[(1)]	**71**	42	29	*69%*	**141**	116	25	*22%*
- per share ($), basic and diluted	**0.62**	0.40	0.22	*55%*	**1.30**	1.11	0.19	*17%*
Adjusted EBITDA margin[(1)]	**35%**	31%	4%		**32%**	31%	1%	
Energy Services Divisional EBITDA [(1)]	**75**	43	32	*74%*	**154**	125	29	*23%*
Industrial Services Divisional EBITDA [(1)]	**10**	9	1	*11%*	**21**	24	(3)	*-13%*
Divisional EBITDA [(1)]	**85**	52	33	*63%*	**175**	149	26	*17%*
Capital expenditures	**19**	17	2	*12%*	**48**	36	12	*33%*
Discretionary free cash flow [(1)]	**49**	30	19	*63%*	**82**	64	18	*28%*
Adjusted Working Capital [(1)]	**88**	71	17	*24%*	**88**	71	17	*24%*
Total assets	**1,859**	1,257	602	*48%*	**1,859**	1,257	602	*48%*
Total non-current financial liabilities	**1,196**	744	452	*61%*	**1,196**	744	452	*61%*
Shares as at September 30 (000's of shares) [(2)]								
Shares outstanding	**117,557**	104,626	12,931	*12%*	**117,557**	104,626	12,931	*12%*
Weighted average shares outstanding	**114,887**	104,626	10,261	*10%*	**108,084**	104,626	3,458	*3%*

*(1) Please refer to the section **Non-GAAP Measures** for definitions and reconciliation.*

*(2) As at November 14, 2018, the Company had 117,557,112 common shares and 2,702,649 warrants issued and outstanding - please refer to section **Newalta Acquisition**. As at November 14, 2018, Tervita also had 2,246,440 options and 998,435 restricted stock units outstanding.*

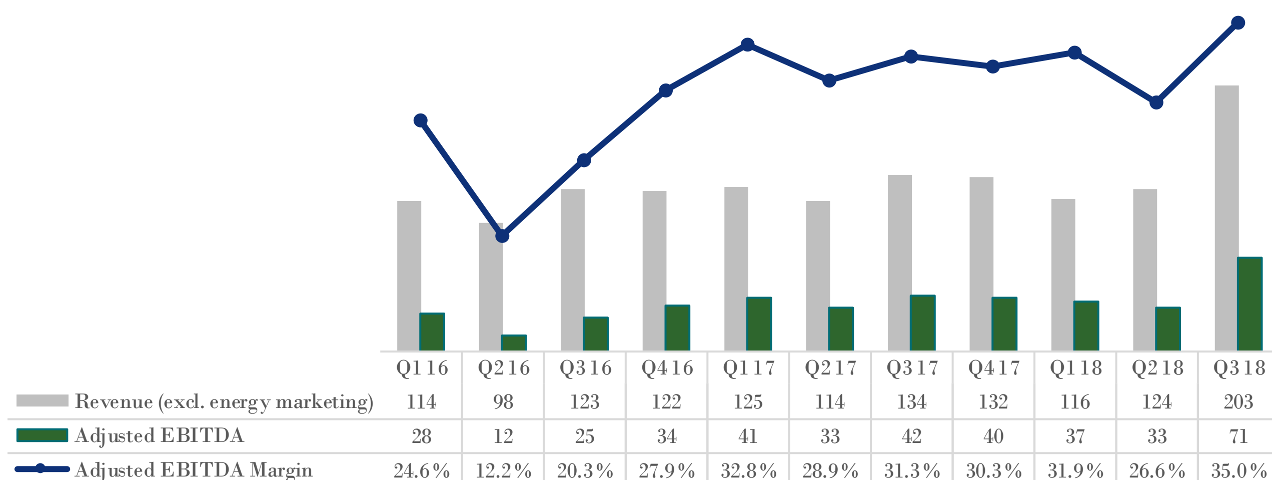
Industry Benchmarks

	Three Months Ended September 30				Nine Months Ended September 30			
	2018	2017	Increase (Decrease)	% Change	2018	2017	Increase (Decrease)	% Change
Average WTI (USD / bbl)[(1)]	**$69.43**	$48.20	$21.23	*44%*	**$66.79**	$49.36	$17.43	*35%*
Edmonton Mixed Sweet (USD / bbl)[(1)]	**$59.26**	$45.76	$13.50	*30%*	**$59.15**	$46.77	$12.38	*26%*
WCS Differential (USD / bbl)[(1)]	**$27.85**	$10.48	$17.37	*166%*	**$23.82**	$11.36	$12.46	*110%*
AECO (CAD / MMbtu)[(1)]	**$1.18**	$1.47	($0.29)	*-20%*	**$1.42**	$2.22	($0.80)	*-36%*
Meters drilled (000's of meters drilled) [(2)]	**5,570**	5,320	250	*5%*	**14,720**	14,410	310	*2%*

(1) Information from Bloomberg.

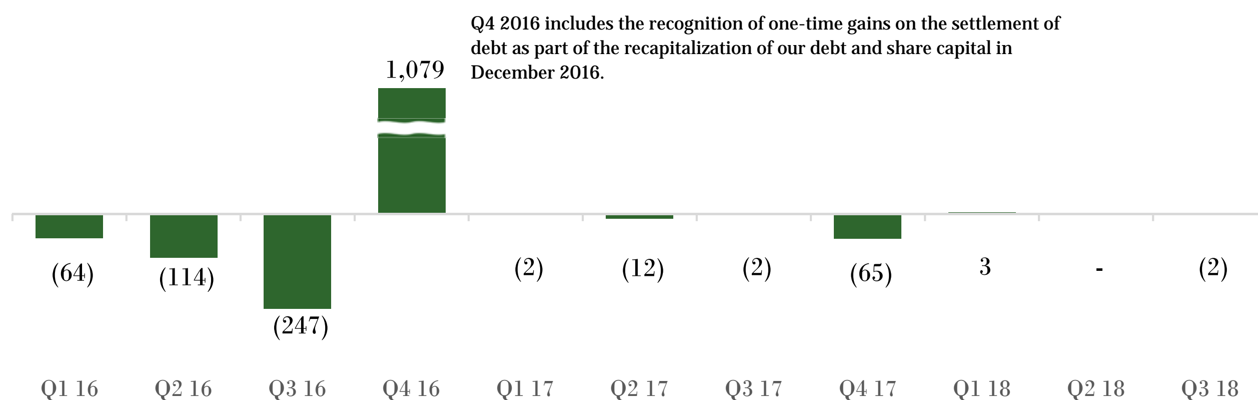
(2) Information obtained from JuneWarren-Nickle's Energy Group.

Revenue (excluding energy marketing) and Adjusted EBITDA ($ millions)

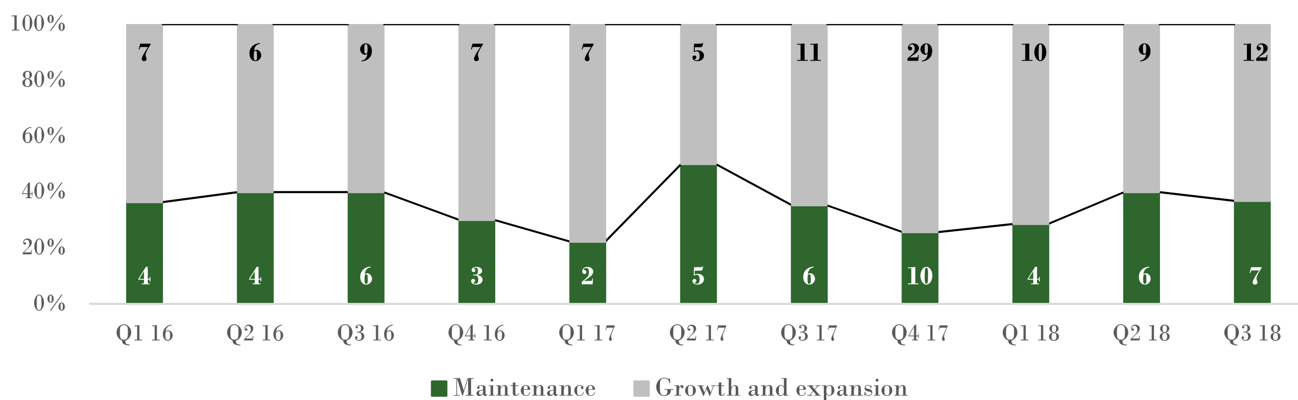


	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18
Revenue (excl. energy marketing)	114	98	123	122	125	114	134	132	116	124	203
Adjusted EBITDA	28	12	25	34	41	33	42	40	37	33	71
Adjusted EBITDA Margin	24.6%	12.2%	20.3%	27.9%	32.8%	28.9%	31.3%	30.3%	31.9%	26.6%	35.0%

Net Profit (Loss) ($ millions)



Capital Expenditures by Type ($ millions and % of Total Spend)



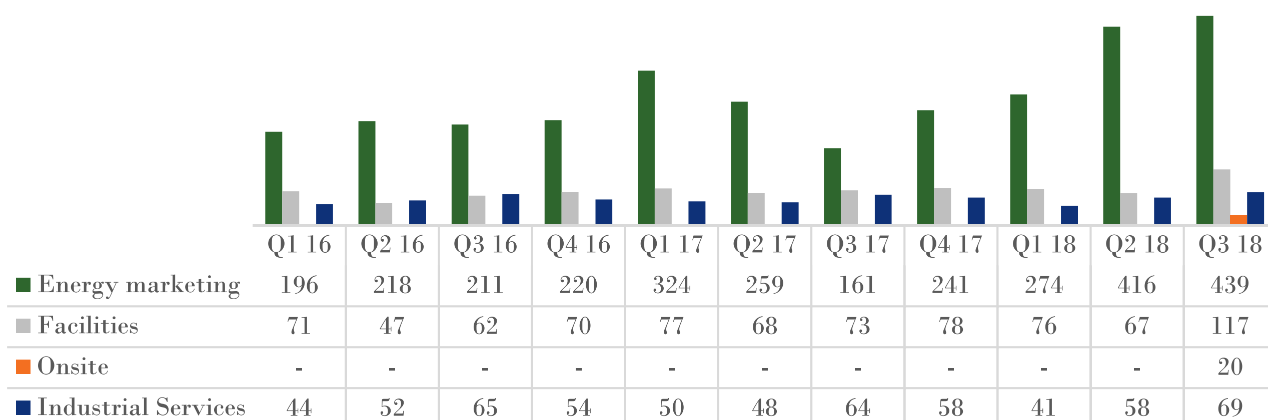
Consolidated Analysis

- The 69% improvement in Tervita's Q3 2018 Adjusted EBITDA compared to Q3 2017 was primarily due to our acquisition of Newalta in July 2018, higher Energy Services Divisional EBITDA related to increased oil volumes terminalled and marketed and increased soil volumes to landfills from customer remediation projects, and positive contributions this quarter from 2017 growth acquisitions in Energy Services facilities and Industrial Services metals yards.
- The acquisition of Newalta contributed $17 million of additional Adjusted EBITDA including $4 million of Adjusted EBITDA synergies ($2 million in Energy Services and $2 million in Corporate), primarily in headcount reductions and the exit of the Newalta head office space in Calgary. These synergies represent approximately $20 million of annualized savings.
- The 22% improvement in Adjusted EBITDA for YTD 2018 compared to YTD 2017 was primarily due to the Newalta acquisition and higher Divisional EBITDA for Energy Services related to increased throughput of marketed oil volumes in Energy Services.
- Q3 2018 revenue increased by $347 million over Q3 2017 primarily driven by the acquisition of Newalta operations, which contributed $53 million ($49 million to Energy Services and $4 million to Industrial Services), and higher West Texas Intermediate ("WTI") prices on increased marketed and terminalled oil volumes.
- YTD 2018 revenue increased by $455 million over YTD 2017 from the Q3 2018 contribution of acquired Newalta operations and higher WTI prices with increased marketed oil volumes.
- The net loss in Q3 2018 was consistent with the net loss in Q3 2017, as the improvement in Adjusted EBITDA was offset primarily by the Newalta transaction costs of $21 million (which included costs associated with the integration of Newalta operations) and $8 million of higher finance costs associated with the new debt.
- YTD 2018 net profit was $1 million, an improvement of $17 million over the YTD 2017 net loss of $16 million. The increase in net profit was primarily due to the improvement in Adjusted EBITDA partially offset by the Newalta transaction costs of $26 million and $9 million of higher finance costs associated with the new debt. In addition, the YTD 2017 net loss included the recognition of a $12 million onerous contract provision for head office space and $6 million of legal provisions.
- YTD 2018 cash spend on growth and expansion capital increased 35% to $31 million, $8 million higher than YTD 2017 and is consistent with our focus on identifying, planning, and executing a growth capital portfolio. Included in YTD 2018 spend was $2 million related to acquired Newalta operations.
- YTD 2018 cash spend on maintenance capital was $17 million, $4 million higher than YTD 2017. Included in the YTD 2018 spend was $1 million related to acquired Newalta assets.

OPERATIONAL HIGHLIGHTS

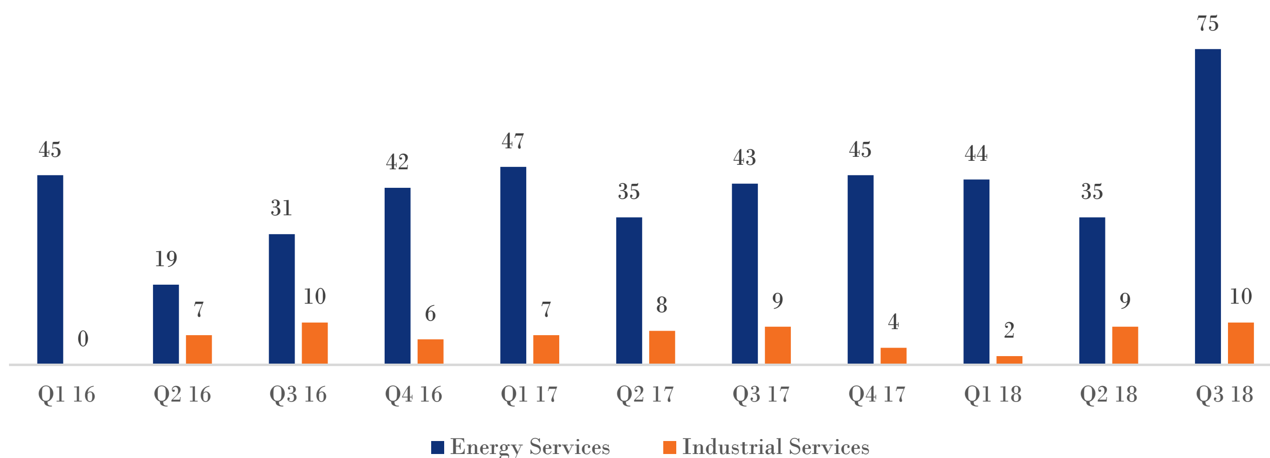
- Tervita's acquisition of Newalta positively impacted our Q3 and YTD Divisional EBITDA with a contribution of $20 million from the Acquisition Date.
- Our Q3 and YTD 2018 Divisional EBITDA was also positively impacted by our growth in terminalled and marketed oil volumes in the Montney and throughout our expansive network due to pricing inefficiencies created by a shortage of pipeline capacity to exit the Western Canadian Sedimentary Basin ("WCSB").

Revenue before Intersegment Eliminations ($ millions)



	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18
Energy marketing	196	218	211	220	324	259	161	241	274	416	439
Facilities	71	47	62	70	77	68	73	78	76	67	117
Onsite	-	-	-	-	-	-	-	-	-	-	20
Industrial Services	44	52	65	54	50	48	64	58	41	58	69

Divisional EBITDA ($ millions)



Energy Services

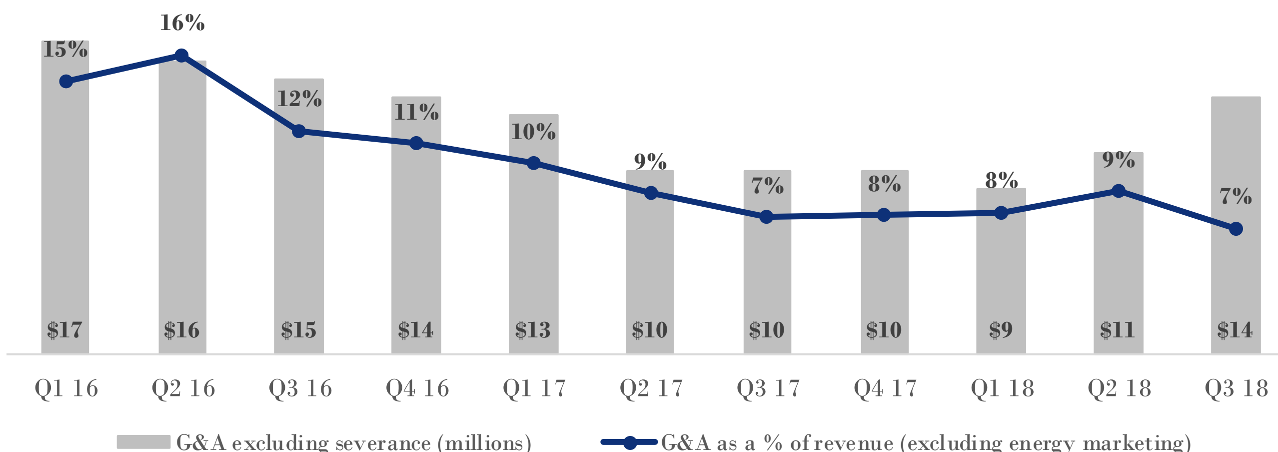
- Q3 2018 facilities revenue increased $44 million over Q3 2017, primarily due to $29 million contributed by acquired Newalta operations, increased terminalling revenue from higher throughput of marketed oil due to wide differentials associated with a shortage of pipeline capacity to exit the WCSB, revenue earned by facilities acquired in Q4 2017 ("3k Oilfield Services", "3k"), and increased soil remediation volumes to landfills, including volumes obtained from environmental services-related projects in Industrial Services.
- YTD 2018 facilities revenue increased $42 million compared to YTD 2017, primarily due to the acquired Newalta operations, increased terminalled and marketed oil volumes, and the 3k acquisition.
- Energy marketing continued to see increases in revenue since a ten-quarter low in Q3 2017 that primarily reflected lower volumes after the Pembina (Peace) Pipeline Phase III expansion ("Peace Pipeline Expansion"). In line with our strategy to drive growth in our energy marketing business, we completed two new pipeline connections at existing TRD facilities in 2018. In addition, higher WTI prices contributed to higher energy marketing revenue in Q3 2018 and YTD 2018 when compared to the same periods in 2017.
- Onsite revenue was attributable to acquired Newalta operations, for which Tervita had no comparable service offering prior to the acquisition. 27% of onsite revenue was related to long-term service contracts.

- Q3 Divisional EBITDA of $75 million was $32 million (74%) higher than Q3 2017. This increase was primarily due to $19 million contributed from acquired Newalta operations and higher volumes from terminalled and marketed oil.
- YTD 2018 Divisional EBITDA increased $29 million over YTD 2017 due to acquired Newalta operations and higher throughput of oil volumes.

Industrial Services

- Q3 2018 revenue increased by $5 million over Q3 2017, including $4 million from acquired Newalta operations. The remaining $1 million increase was due to higher realized ferrous prices and environmental and rail services projects revenue, offset somewhat by lower revenue from facility-based operations.
- YTD 2018 revenue was $6 million higher than the same period in 2017 primarily due to: $4 million from acquired Newalta operations, increased metals revenue from higher realized ferrous sales prices, the YTD contributions from metals yards acquired in Q3 2017, and increased environmental and rail services projects. These increases were somewhat offset by lower revenue from facility-based operations.
- Divisional EBITDA for Q3 2018 increased by $1 million over Q3 2017 due principally to acquired Newalta operations.
- Divisional EBITDA for YTD 2018 was $3 million lower than YTD 2017 primarily due to lower facility-based services revenue without a corresponding decrease in direct expenses.

Corporate



- Q3 2018 G&A was $4 million higher when compared to Q3 2017 primarily due to $3 million from acquired Newalta operations and higher professional fees incurred on corporate initiatives that commenced in 2018.
- Excluding $3 million from acquired Newalta operations and severance, YTD 2018 G&A decreased by $2 million over YTD 2017.
- Our continued focus on overhead cost discipline has seen G&A excluding severance fall to under 10% of revenue (excluding energy marketing) for the past six quarters.

OUTLOOK

MARKET OUTLOOK

- Tervita's Energy Services revenues are significantly underpinned by ongoing oil and gas production in Western Canada. While egress challenges exist, Western Canadian oil and gas production is expected to increase over 300 thousand barrels of oil equivalent per day ("boepd") in 2018 and a further 200 thousand boepd in 2019 according to forecasts by the Canadian Association of Petroleum Producers and National Energy Board. This is expected to provide stability to Tervita's ongoing revenues.
- We expect the current above average Canadian price differentials to continue in 2019, supporting Tervita's ability to attract and optimize crude oil volumes throughout our expansive network of facilities and continue to assist our customers to maximize the price they receive for their products in a challenging environment.
- Drilling activity in Western Canada can be a significant driver of changes in Tervita's Energy Services revenues. Approximately 5.6 million metres were drilled in Q3 2018, 5% higher than Q3 2017. We currently expect the remainder of 2018 and 2019 drilling activity to remain relatively flat with YTD 2018 activity, as producers drill to maintain existing production volumes.
- The evaluation of the combined businesses' expansion and growth opportunities over the next several years is well underway. In this current environment, we continue to see customer demand and opportunities for an attractive pipeline of organic growth capital projects. Assuming stable levels of market activity consistent with 2018, and in addition to Newalta transaction synergies, the pipeline of organic capital projects (including tuck-in acquisitions) continues to support double-digit growth in Adjusted EBITDA over the next two to three years. 2019 growth and expansion capital spending is expected to be modestly higher than in 2018. Our expansion and growth capital program is expected to be funded from Discretionary Free Cash Flows generated by the business with any excess cash directed to the balance sheet to reduce net debt.
- We anticipate revenues from our Industrial Services segment for project-related services, which are seasonal in nature, will decrease in Q4 2018 compared to Q3 2018. Although environmental project opportunities increased in 2018, the average revenue available on those projects has decreased compared to prior years, particularly in Alberta, and we do not anticipate this will change for the rest of this year and into 2019.

NEWALTA INTEGRATION

- We continue to expect that the integration of Newalta will realize annualized $40 - $45 million in synergies to Adjusted EBITDA with estimated one-time costs of $15 - $20 million. We estimate the synergies will take approximately 18 - 24 months from July 2018 to achieve.
- We estimate synergies of $8 - $10 million in 2018 representing an annualized synergy run rate of $20 - $22 million by the end of 2018. Included in our Q3 2018 Adjusted EBITDA results were achieved synergies of $4 million ($2 million in direct expenses and $2 million in G&A).
- We expect to incur $9 - $10 million of one-time costs in 2018. Included in Q3 2018 transaction costs were $6 million of one-time costs related to integration activities.

CAPITAL SPEND

- We have reduced expected 2018 maintenance capital spending to $25 - $30 million from the previously disclosed $40 - $45 million. The reduction is due mainly to below budget and ahead of schedule execution of our summer projects, principally related to landfills. Additionally, our enterprise-wide planning resource system ("ERP") project was completed under budget. The remaining reduction reflects the deferral of certain planned maintenance at some of the recently added Newalta facilities as part of the integration review as well as a measured slow down in the replacement of heavy equipment. We continue to expect maintenance capital in the $40 million range for 2019. Tervita is focused on maintenance capital spending sufficient to provide the high quality, consistent level of service our customers have come to expect, and at the same time ensuring the capital discipline to deliver stable and significant Discretionary Free Cash Flow to the business appropriate to fully fund our pipeline of growth and expansion projects and continue to reduce balance sheet leverage.
- The majority of planned 2018 spending towards brownfield growth and expansion projects has proceeded on budget and as scheduled. This includes new disposal wells, the expansion of four of our landfills, and the engineering and preparation work for several smaller opportunities to grow Energy Services', including energy marketing, capacity in the Alberta Montney and Duvernay and in the British Columbia Montney. The 2018

landfill expansion program was completed on schedule and under budget. The expansion projects of two of our TRD facilities in the Alberta Montney were delayed as part of the post-close evaluation of expansion and growth opportunities. These two projects are now underway. Most of the remaining spend is anticipated to be complete in the second half of 2019 and supports the continued growth in our customer service offerings and financial performance.

- After adjusting for the above noted changes, we anticipate total 2018 capital spending, including maintenance, growth and expansion, to be approximately $75 - $85 million.

NON-GAAP MEASURES

Tervita uses both IFRS measures and non-GAAP measures to assess performance. To supplement financial information presented in accordance with IFRS, non-GAAP measures referred to in this MD&A are provided to enhance the reader's understanding of Tervita's operational and financial performance. The non-GAAP measures presented in this MD&A are not measurements of financial performance under IFRS and should not be considered as an alternative to profit or loss, cash provided by (used in) operating activities, or other performance measures derived in accordance with IFRS. As non-GAAP measures do not have a standardized meaning prescribed by IFRS, Tervita's method of determining non-GAAP measures may vary from the methods used by other companies and may not be comparable to similarly titled measures, ratios, or credit statistics disclosed by other companies.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

We believe Adjusted EBITDA is useful in measuring Tervita's operating performance. Adjusted EBITDA is derived from the consolidated statements of comprehensive profit or loss and is defined as net profit or loss before tax, other income (expense), finance costs, impairment expense, depreciation and amortization, and certain items that are considered non-recurring in nature. For this MD&A, we have added back all severance and transaction costs, if any.

Management believes that Adjusted EBITDA provides improved comparability of our operating results from our principal business activities over time and is an important indicator of our ability to generate liquidity through cash flow from operating activities. Adjusted EBITDA allows us to evaluate the results of our business activities prior to consideration of how those activities are financed and the impacts of foreign exchange, taxation, depreciation and amortization, and other non-cash charges that add volatility to our financial results (such as impairment charges, share-based compensation, and other transactions that are non-recurring in nature). Management utilizes Adjusted EBITDA to set objectives and as a key performance indicator of our Company's success.

The presentation of Adjusted EBITDA should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items. Adjusted EBITDA should not be considered a measure of discretionary cash available for the return of capital to debt and equity stakeholders and to invest in the business.

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue excluding energy marketing.

Adjusted EBITDA and Adjusted EBITDA margin for the three and nine months ended September 30, 2018 include financial results for Newalta from the Acquisition Date.

For the three and nine months ended September 30, Tervita's net profit (loss) has been reconciled to Adjusted EBITDA as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	**2018**	2017
Net profit (loss)	**(2)**	(2)	**1**	(16)
Add back:				
Severance costs (excluding Newalta transaction costs)	**-**	-	**1**	8
Depreciation and amortization	**32**	22	**64**	61
Impairment expense	**-**	1	**-**	2
Finance costs	**21**	13	**48**	38
Other expense (income)	**(1)**	8	**-**	24
Transaction costs	**21**	-	**26**	-
Income taxes expense (recovery)	**-**	-	**1**	-
Loss (profit) from discontinued operations, net of tax	**-**	-	**-**	(1)
Adjusted EBITDA	**71**	42	**141**	116
Adjusted EBITDA margin	***35%***	*31%*	***32%***	*31%*

DIVISIONAL EBITDA AND DIVISIONAL EBITDA MARGIN

We believe Divisional EBITDA is useful in measuring our reporting segments' performance. Divisional EBITDA is defined as Adjusted EBITDA excluding general and administrative expenses and severance costs. Divisional EBITDA provides an indication of the results generated by the reporting segments' principal business activities prior to how those activities are financed and assets are depreciated, amortized, or impaired. We believe Divisional EBITDA provides improved comparability of our reporting segments' results over time and, as such, is also an important indicator of Tervita's ability to generate future profitability.

Divisional EBITDA is calculated including directly attributable costs (such as those related to reporting segment leadership, business development, environmental health and safety, and sales and marketing) with no allocation of Corporate G&A expenses, other expenses (income), or income tax expense (recovery).

Divisional EBITDA Margin is defined as Divisional EBITDA divided by the respective segment's revenue (excluding energy marketing).

For the three and nine months ended September 30, Divisional EBITDA was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	**2018**	2017
Net profit (loss)	**(2)**	(2)	**1**	(16)
Add back:				
Severance costs (excluding Newalta transaction costs)	**-**	-	**1**	8
Depreciation and amortization	**32**	22	**64**	61
Impairment expense	**-**	1	**-**	2
Finance costs	**21**	13	**48**	38
Other expense (income)	**(1)**	8	**-**	24
Transaction costs	**21**	-	**26**	-
Income taxes expense (recovery)	**-**	-	**1**	-
Loss (profit) from discontinued operations, net of tax	**-**	-	**-**	(1)
Adjusted EBITDA	**71**	42	**141**	116
Add back:				
General and administrative expenses	**14**	10	**35**	41
Severance costs in general and administrative expenses (excluding Newalta transaction costs)	**-**	-	**(1)**	(8)
Divisional EBITDA	**85**	52	**175**	149
Divisional EBITDA by reporting segment				
Energy Services	**75**	43	**154**	125
Industrial Services	**10**	9	**21**	24
Divisional EBITDA	**85**	52	**175**	149
Divisional EBITDA margin				
Energy Services	***55%***	*59%*	***55%***	*57%*
Industrial Services	***14%***	*14%*	***13%***	*15%*

Discretionary Free Cash Flow

We use a calculation of Discretionary Free Cash Flow to determine how much cash generated from operating activities is available for growth and expansion, reducing debt, or other purposes. Discretionary Free Cash Flow is defined as funds from operations, less cash spent on maintenance capital, plus cash proceeds on the sale of long-lived assets. For the three and nine months ended September 30, 2018, Discretionary Free Cash Flow was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	**2018**	2017
Funds from (used in) operations	**53**	35	**92**	74
Less:				
Cash spend on maintenance capital	**(7)**	(6)	**(17)**	(13)
Add:				
Proceeds on disposition of long-lived assets	**3**	1	**7**	3
Discretionary free cash flow	**49**	30	**82**	64

Net Debt to Adjusted EBITDA (Pro Forma LTM)

Management monitors Tervita's Net Debt to Adjusted EBITDA (Pro Forma LTM) as a measure of our overall indebtedness and capital structure. We believe Net Debt to Adjusted EBITDA (Pro Forma LTM) is an appropriate measure of our debt capacity, particularly given our relatively high cash balance. Net Debt is calculated as debt and derivative liabilities associated with that debt less cash and cash equivalents. For purposes of this calculation, Adjusted EBITDA (Pro Forma LTM) is defined as Adjusted EBITDA calculated for the last twelve months, including Newalta Adjusted EBITDA for the same months.

Tervita's Net Debt to Adjusted EBITDA (Pro Forma LTM) at September 30, 2018 was as follows:

	LTM Sept 30, 2018
Net profit (loss)	(128)
Add back:	
Depreciation and amortization	133
Impairment expense	71
Finance costs	90
Other expense (income)	6
Transaction costs	45
Income taxes expense (recovery)	(2)
Eligible adjustments:	
Severance costs (excluding Newalta transaction costs)	3
Adjusted EBITDA (Pro Forma LTM)	218

	As at Sept 30, 2018
Current portion of capital leases	3
Long-term debt	772
Derivative liabilities	25
Less: unrestricted cash and cash equivalents	(66)
Net debt	734
Net Debt to Adjusted EBITDA (Pro Forma LTM)	*3.37*

ADJUSTED WORKING CAPITAL

Adjusted Working Capital is defined as trade and other receivables, inventories, and other current assets less trade and other payables. Management believes Adjusted Working Capital is a useful metric as it demonstrates the Company's ability to most efficiently manage its resources and meet its short-term obligations, and is monitored internally for such purposes. Other companies may not disclose working capital on the same basis as Tervita, and as such, should not be considered comparable measures.

	As at September 30	
	2018	2017
Trade and other receivables	225	133
Inventory	18	8
Other current assets	10	7
Trade and other payables	(165)	(77)
Adjusted Working Capital	88	71

OPERATING RESULTS

ENERGY SERVICES

Facilities include our TRDs, caverns, disposal wells, and landfills, and represent activities related to the treating, recovering, and disposal of fluids, the processing and disposal of solid materials used in and generated by natural resource and industrial production, and the disposal of oilfield waste.

Onsite represents specialized services provided on a customer's site including the use of centrifugation or other processes for heavy oil producers involved in mining and in situ production, as well as the supply and operation of drill site processing equipment, including equipment for solids control and drill cuttings management.

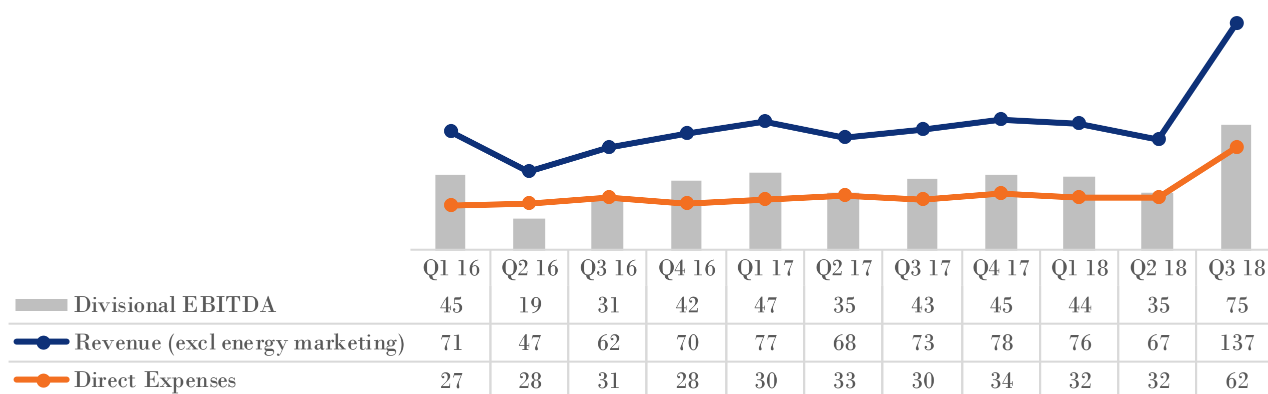
Energy marketing represents activities related to the purchase and resale of oil volumes associated with treating, recovery, and disposal services. Revenue and direct expenses for energy marketing activities are recorded at the purchased cost of oil. Revenue related to services provided by TRD facilities to prepare the energy marketing oil volumes for entry to the pipeline, including treating, blending, and terminalling, are reported with facilities revenue.

Energy Services Financial Highlights

	Three Months Ended September 30				Nine Months Ended September 30			
	2018	2017	Increase (Decrease)	*% Change*	**2018**	2017	Increase (Decrease)	*% Change*
Facilities revenue	**117**	73	44	*60%*	**260**	218	42	*19%*
Onsite revenue	**20**	-	20	*100%*	**20**	-	20	*100%*
Energy marketing revenue	**439**	161	278	*173%*	**1,129**	744	385	*52%*
Less: energy marketing direct expenses	**(439)**	(161)	(278)	*-173%*	**(1,129)**	(744)	(385)	*-52%*
Net Energy Services revenue	**137**	73	64	*88%*	**280**	218	62	*28%*
Facilities and Onsite direct expenses	**(62)**	(30)	32	*107%*	**(126)**	(93)	33	*35%*
Depreciation and amortization	**(26)**	(20)	6	*30%*	**(52)**	(53)	(1)	*-2%*
Operating profit (loss)	**49**	23	26	*113%*	**102**	72	30	*42%*
Impairment expense	**(2)**	(1)	1	*100%*	**(2)**	(2)	-	*0%*
Finance costs	**(2)**	(1)	1	*100%*	**(7)**	(5)	2	*40%*
Other income (expense)	**-**	(1)	(1)	*-100%*	**3**	(2)	(5)	*-250%*
Net profit (loss)	**45**	20	25	*125%*	**96**	63	33	*52%*
Divisional EBITDA [(1)]	**75**	43	32	*74%*	**154**	125	29	*23%*
Divisional EBITDA Margin [(1)]	***55%***	*59%*	*-4%*	*n/m*	***55%***	*57%*	*-2%*	*n/m*
Maintenance capital expenditures	**5**	5	-	*n/m*	**11**	10	1	*n/m*
Growth and expansion capital expenditures	**11**	7	4	*n/m*	**29**	19	10	*n/m*

(1) *Please refer to the section **Non-GAAP Measures** for definitions and reconciliations.*

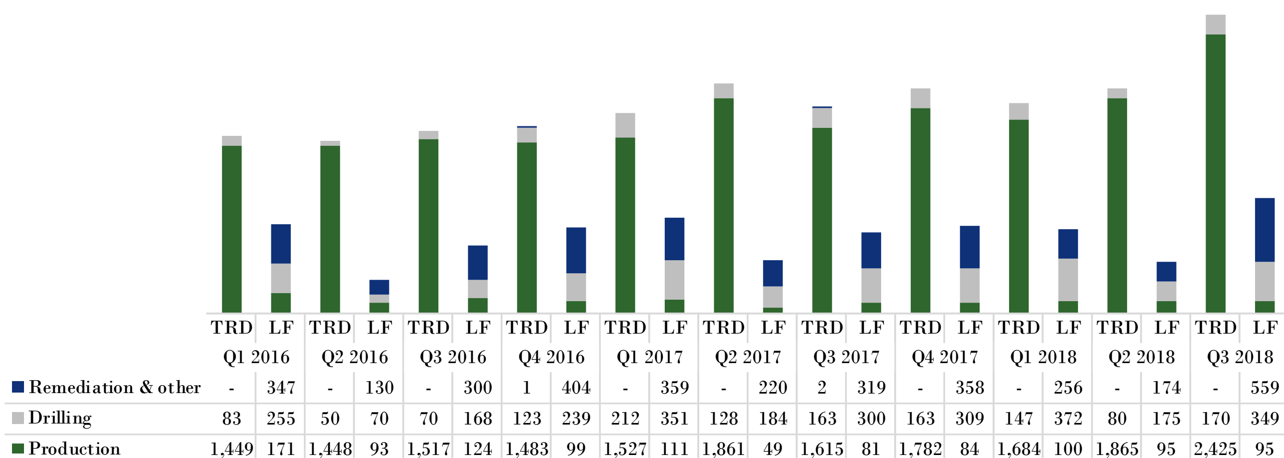
Divisional EBITDA and Net Profit Quarterly Comparative Results ($ millions)



	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18
Divisional EBITDA	45	19	31	42	47	35	43	45	44	35	75
Revenue (excl energy marketing)	71	47	62	70	77	68	73	78	76	67	137
Direct Expenses	27	28	31	28	30	33	30	34	32	32	62

- Overall, Energy Services' Q3 2018 results were significantly higher than the prior year due to the addition of the Newalta facilities, increased terminalled and marketed oil volumes, and strong Q3 soil volumes at our landfills.
- Q3 2018 results included $49 million of revenue ($29 million facilities and $20 million onsite) and $30 million direct expenses for acquired Newalta operations, contributing $19 million of Divisional EBITDA with a Divisional EBITDA margin of 39%.
- After adjusting for results from acquired Newalta operations, Q3 2018 Divisional EBITDA was $56 million and Divisional EBITDA margin was 64%, an increase of $13 million and 5%, respectively, over Q3 2017. These improvements were primarily driven by increased throughput of terminalled and marketed oil. The increase was attributable to growth in the Montney region, as well as Tervita's ability to work with customers impacted by volatility in pricing due to the shortage of capacity to exit the WCSB. In addition, higher remediation-related volumes at landfill facilities (some of which were directed to Energy Services by projects in Industrial Services) with no significant increase in direct costs also had a positive contribution.
- After adjusting for acquired Newalta operations, YTD Divisional EBITDA was $135 million and Divisional EBITDA margin was 58%, an increase of $10 million and 1%, respectively, over YTD 2017. The improvements were primarily due to higher throughput of oil volumes as compared to 2017, which was negatively impacted by the Peace Pipeline Expansion.
- The $25 million increase in net profit in Q3 2018 compared to Q3 2017 was due to $8 million from acquired Newalta operations, higher facilities revenue of $15 million related to increased marketing and terminalling volumes and contributions from the 3k facilities acquired in Q4 2017, lower depreciation expense (excluding acquired Newalta facilities) resulting from the sale of a non-core landfill in Q2 2018 and the Q3 2018 exit of operating agreements for two other non-owned landfills, and the current year impact of certain assets being fully depreciated by the end of 2017.
- The $33 million increase in net profit YTD 2018 compared to YTD 2017 was primarily due to $8 million from acquired Newalta operations, higher revenue of $13 million related to increased energy marketing and production-related volumes at facilities, contributions from the 3k facilities acquired in Q4 2017, a gain on disposal and lower depreciation related to the sale of a non-core landfill, and the completed depreciation of certain assets by the end of 2017.

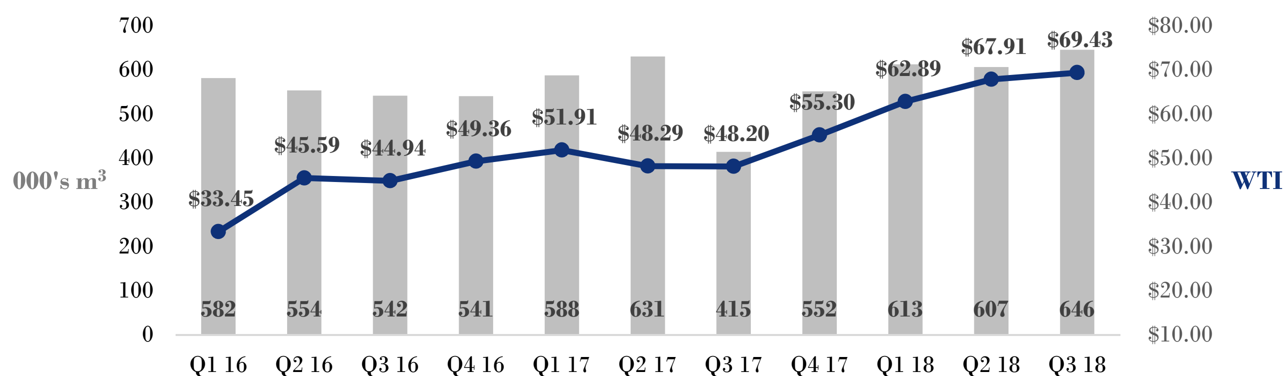
Energy Services Volumes by Revenue Source



	Q1 2016 TRD	Q1 2016 LF	Q2 2016 TRD	Q2 2016 LF	Q3 2016 TRD	Q3 2016 LF	Q4 2016 TRD	Q4 2016 LF	Q1 2017 TRD	Q1 2017 LF	Q2 2017 TRD	Q2 2017 LF	Q3 2017 TRD	Q3 2017 LF	Q4 2017 TRD	Q4 2017 LF	Q1 2018 TRD	Q1 2018 LF	Q2 2018 TRD	Q2 2018 LF	Q3 2018 TRD	Q3 2018 LF
Remediation & other	-	347	-	130	-	300	1	404	-	359	-	220	2	319	-	358	-	256	-	174	-	559
Drilling	83	255	50	70	70	168	123	239	212	351	128	184	163	300	163	309	147	372	80	175	170	349
Production	1,449	171	1,448	93	1,517	124	1,483	99	1,527	111	1,861	49	1,615	81	1,782	84	1,684	100	1,865	95	2,425	95

- *Production volumes are related to oil and gas production operations and include volumes for treating, terminalling, and disposal activities for emulsion and produced water.*
- *Drilling volumes are related to oil and gas drilling activities and include volumes for processing and disposal of waste, waste water, and drill cuttings.*
- *Remediation & other volumes are related to the processing and disposal of solid waste from spill cleanup and remediation or reclamation activities, revenue earned on managed landfills, and other service-related activities.*
- *TRD means treating, recovery and disposal facilities, caverns, and disposal wells. Volumes for TRDs presented in 000's of m³.*
- *LF means landfills. Volumes for LF presented in 000's of tonnes.*

Marketed Oil Volumes Compared to WTI Prices



Q3 2018 Versus Q3 2017 Revenue and Direct Expenses

- Included in revenue for Q3 2018 was $49 million related to acquired Newalta operations. This acquisition contributed approximately 528 thousand m³ of production volumes and 31 thousand m³ of drilling volumes to TRDs, as well as 3 thousand tonnes of production volumes and 10 thousand tonnes of drilling volumes to landfills.
- Excluding results from acquired Newalta operations, Q3 2018 net revenue was $15 million higher than the same period in 2017 primarily due to higher marketed oil volumes and increased production and soil volumes at facilities.
- Excluding results from acquired Newalta operations, volumes at TRD facilities increased by 256 thousand m³ primarily due to higher oil volumes driven by wide differential pricing, which allowed us to attract new volumes into our facility network. Volumes at landfills increased by 290 thousand tonnes, primarily due to soil received from customer remediation projects.
- In Q4 2017, we acquired 3k. These operations contributed $5 million of revenue in Q3 2018 with $nil contribution in Q3 2017.
- In April 2018, we sold a non-core landfill on Vancouver Island for net cash proceeds of $3 million. In July 2018, we exited operating agreements for two additional landfills in southwest British Columbia for similar reasons. In Q3 2017 these three landfills contributed $2 million of revenue with $nil contribution in Q3 2018.
- In Q3 2017, the Peace Pipeline Expansion was completed and Tervita's energy marketing volumes dropped as more pipeline capacity in the Montney region and, we believe, increased producer direct pipeline access resulted in lower available volumes on truck and increased competition for available oil. In Q3 2018, Tervita's Alberta facilities in these regions operated near capacity, and volumes had recovered to pre-Peace Pipeline Expansion levels, primarily due to higher WTI prices and associated production growth and wider differential pricing from a shortage of pipeline capacity to exit the WCSB. Q3 2018 energy marketing volumes were also positively impacted by our completion of two new pipeline connections at existing TRD facilities in the first half of 2018, which allowed for increased ability to gather volumes into these sites.
- Included in direct expenses for Q3 2018 was $30 million related to acquired Newalta operations. Excluding this, direct expenses increased $2 million primarily due to the acquired 3k operations somewhat offset by lower costs related to the sold and exited landfills in Q2 2018 and July 2018.
- Increasing WTI prices and higher marketed volumes led to increased oil purchase costs, resulting in greater energy marketing direct expenses and energy marketing direct revenue for Q3 2018 when compared to Q3 2017.

YTD 2018 Versus YTD 2017 Revenue and Direct Expenses

- Newalta contributed the same volume and revenue YTD 2018 as for Q3 2018.
- Before results from acquired Newalta operations, YTD 2018 net revenue was $13 million higher than YTD 2017 primarily due to higher marketed oil volumes and increased production-related volumes at facilities.
- Contributing to revenue from increased production volumes for YTD 2018 was $9 million related to the 3k acquisition with $nil contribution for YTD 2017.
- In 2017, revenue from the landfill sold in Q2 2018 and the two landfills for which we exited operating agreements was $6 million. Revenue earned from these landfills in 2018 was $2 million.
- Higher WTI prices and wider differential pricing due to a shortage of pipeline capacity to exit the WCSB led to strong energy marketing volumes YTD 2018, higher than volumes in the same period in 2017. These were positive results, particularly after the reduced volumes experienced in Q3 and Q4 of 2017 due to the Peace Pipeline Expansion. YTD 2018 energy marketing volumes were also positively impacted by our completion of two new pipeline connections at existing TRD facilities in the first half of 2018, which allowed for increased ability to gather volumes into these sites.
- The growth in production and price differentials due to shortage of pipeline capacity to exit the WCSB also drove production-related volumes to pipeline connected facilities, increasing revenues associated with terminalling.
- Included in direct expenses for YTD 2018 was $30 million related to acquired Newalta operations. Excluding this, direct expenses increased $3 million primarily due to the acquired 3k operations somewhat offset by lower costs related to landfills sold and exited in Q2 2018 and July 2018.
- Increasing WTI prices led to higher oil purchase costs, resulting in greater energy marketing direct expenses and energy marketing direct revenue for YTD 2018 when compared to YTD 2017.

INDUSTRIAL SERVICES

Industrial Services is comprised of four operating segments: Waste Services, Metals Recycling, Rail Services, and Environmental Services. Revenue from these operating segments is derived from: commodity-based sales from ferrous and non-ferrous metals; facility-based services including hazardous and non-hazardous waste management, and waste transportation and classification; and project-based services including site remediation, facility decommissioning, environmental construction and technologies, emergency response, and rail services.

Industrial Services Financial Highlights

	Three Months Ended September 30				Nine Months Ended September 30			
	2018	2017	Increase (Decrease)	*% Change*	**2018**	2017	Increase (Decrease)	*% Change*
Commodity-based sales	**12**	10	2	*20%*	**35**	33	2	*6%*
Facility-based services	**8**	10	(2)	*-20%*	**23**	29	(6)	*-21%*
Project-based services	**49**	44	5	*11%*	**110**	100	10	*10%*
Total revenue	**69**	64	5	*8%*	**168**	162	6	*4%*
Direct expenses	**(59)**	(55)	4	*7%*	**(147)**	(138)	9	*7%*
Depreciation and amortization	**(2)**	(1)	1	*100%*	**(7)**	(5)	2	*40%*
Operating profit (loss)	**8**	8	-	*0%*	**14**	19	(5)	*-26%*
Finance costs	**-**	(1)	(1)	*-100%*	**-**	(1)	(1)	*-100%*
Other income (expense)	**1**	-	(1)	*100%*	**(1)**	(1)	-	*0%*
Net profit (loss)	**9**	7	2	*29%*	**13**	17	(4)	*-24%*
Divisional EBITDA [(1)]	**10**	9	1	*11%*	**21**	24	(3)	*-13%*
Divisional EBITDA Margin [(1)]	***14%***	*14%*	*0%*	*n/m*	***13%***	*15%*	*-2%*	*n/m*
Maintenance capital expenditures	**1**	1	-	*0%*	**3**	3	-	*0%*
Growth and expansion capital expenditures	**1**	4	(3)	*-75%*	**2**	4	(2)	*-50%*

(1) *Please refer to the section **Non-GAAP Measures** for definitions and reconciliations.*

Divisional EBITDA and Net Profit

- Q3 2018 Divisional EBITDA included $1 million related to acquired Newalta operations. Excluding this, Q3 2018 Divisional EBITDA was $9 million, consistent with Q3 2017.
- Q3 2018 net profit included $1 million for acquired Newalta operations. Excluding this, Q3 2018 net profit was $1 million greater than the same period in 2017.
- YTD 2018 Divisional EBITDA included $1 million related to acquired Newalta operations. Excluding this, YTD 2018 Divisional EBITDA was $20 million, a decrease of $4 million compared to YTD 2017 primarily due to lower facility-based services revenue without a corresponding decrease in direct expenses.

Q3 2018 Versus Q3 2017 Revenue and Direct Expenses

- Q3 2018 ferrous volumes were consistent with Q3 2017. However, higher ferrous prices reflecting strong global demand for steel contributed to the increase in commodity-based revenue. Additional contributions to revenue came from non-ferrous sales of higher quality product mix than the prior year.
- Included in facility-based services revenue was $1 million related to acquired Newalta operations. Excluding this, facility-based services revenue decreased by $3 million due to increasing competitive activity, impacting both volumes and prices.
- Included in project-based services revenue was $3 million related to acquired Newalta operations. Excluding this, project-based services revenue increased by $2 million. This increase was primarily due to environmental services-related project work, consistent with historical trends of higher Q3 revenue as customers strive to complete projects before the construction season ends.
- Included in direct expenses was $3 million related to acquired Newalta operations. Excluding this, Q3 2018 direct expenses were $1 million higher than Q3 2017, consistent with the increase in revenue.

YTD 2018 Versus YTD 2017 Revenue and Direct Expenses

- Included in 2018 YTD commodity-based sales revenue was $6 million related to metals recycling operations acquired part-way through Q3 2017 (YTD 2017 revenue of $1 million). Excluding this, YTD commodity-based sales revenue was $4 million lower as driven by lower ferrous volumes somewhat offset by higher realized sale prices throughout the year. Ferrous volumes in the first half of 2018 were negatively impacted by rail logistical challenges that limited our ability to move the metals to market.
- Included in facility-based services and project-based services revenue was $1 million and $3 million, respectively, for acquired Newalta operations. Excluding this, facility-based services revenue decreased $7 million while project-based services revenue increased $7 million. Facility-based services revenue was negatively impacted by continued competitive activity. Higher project-based services revenue was primarily a result of increased rail services work for both emergency response for rail disruptions driven by increased rail traffic, as well as planned rail services work.
- Included in direct expenses was $3 million related to acquired Newalta operations. Excluding this, YTD 2018 direct expenses increased $6 million over YTD 2017 of which $1 million was related to the metals recycling operations acquired part-way through Q3 2017. The remaining increase was primarily related to increased project-based activity. The decrease in revenue from facility-based activity was not coincided with a reduction in associated costs, in part due to the fixed-cost nature of some facility expenses.

CORPORATE

	Three Months Ended September 30				Nine Months Ended September 30			
			Increase				Increase	
	2018	2017	(Decrease)	*% Change*	**2018**	2017	(Decrease)	*% Change*
Revenue - intersegment eliminations	**(3)**	(3)	-	*0%*	**(5)**	(7)	(2)	*-29%*
Direct costs - intersegment eliminations	**3**	3	-	*0%*	**5**	7	2	*29%*
General and administrative expenses	**(14)**	(10)	4	*40%*	**(35)**	(41)	(6)	*-15%*
Depreciation and amortization	**(4)**	(1)	3	*300%*	**(5)**	(3)	2	*67%*
Impairment expense	**2**	-	(2)	*-100%*	**2**	-	(2)	*100%*
Finance costs	**(19)**	(11)	8	*73%*	**(41)**	(32)	9	*28%*
Transaction costs	**(21)**	-	21	*100%*	**(26)**	-	26	*100%*
Other income (expense)	**-**	(7)	(7)	*-100%*	**(2)**	(21)	(19)	*-90%*
Income tax recovery (expense)	**-**	-	-	*0%*	**(1)**	-	1	*100%*
Total corporate expenses	**(56)**	(29)	27	*93%*	**(108)**	(97)	11	*11%*
G&A as a % of revenue	***7%***	*7%*	*-1%*	*n/m*	***8%***	*11%*	*-3%*	*n/m*
Maintenance capital expenditures	**1**	-	1	*100%*	**3**	-	3	*100%*
Growth and expansion capital expenditures	**-**	-	-	*0%*	**-**	-	-	*100%*

General and Administrative Expenses

- Q3 2018 G&A was $4 million higher than Q3 2017 primarily due to $3 million from Newalta.
- YTD 2018 G&A costs fell from 11% to 8% of revenue (excluding energy marketing), reflecting our continued focus on cost discipline and maintaining our right-sized corporate structure achieved through staff reductions in 2017. Excluding severance, Tervita's YTD 2018 G&A was relatively unchanged from YTD 2017 despite $3 million of additional G&A from Newalta and $1 million of ERP-related professional fees.

Finance Costs

	Three Months Ended September 30				Nine Months Ended September 30			
			Increase				Increase	
	2018	2017	(Decrease)	*% Change*	**2018**	2017	(Decrease)	*% Change*
Interest expense	**(16)**	(10)	6	*60%*	**(36)**	(29)	7	*24%*
Amortization of debt issue costs	**(3)**	(1)	2	*200%*	**(5)**	(3)	2	*67%*
Finance costs	**(19)**	(11)	8	*73%*	**(41)**	(32)	9	*28%*

- The increase in finance costs was due to the issuance of the additional US$250 million senior secured notes in 2018 for the defeasance of Newalta's debt.

Transaction Costs

- Transaction costs included $12 million of expenses incurred for the completion of the Arrangement and Joint Information Circular with Newalta and $14 million of integration costs, including those related to severance, branding, site suspension, employee compensation, onerous contracts, and information technology.

Other Income (Expense)

	Three Months Ended September 30				Nine Months Ended September 30			
			Increase				Increase	
	2018	2017	(Decrease)	*% Change*	**2018**	2017	(Decrease)	*% Change*
Gain (loss) on sale of assets	**4**	-	(4)	*100%*	**4**	-	(4)	*100%*
Share-based compensation	**(2)**	(2)	-	*0%*	**(4)**	(2)	2	*100%*
Gain (loss) on provisions	**(1)**	(4)	(3)	*-75%*	**(1)**	(18)	(17)	*-94%*
Realized foreign exchange gain (loss)	**(8)**	-	8	*100%*	**(8)**	-	8	*100%*
Unrealized foreign exchange gain (loss)	**7**	(1)	(8)	*-800%*	**7**	(1)	(8)	*-800%*
Other income (expense)	**-**	(7)	(7)	*-100%*	**(2)**	(21)	(19)	*-90%*

- The Q3 2017 and YTD 2017 loss on provisions included $4 million and $12 million, respectively, for onerous contracts associated with vacated office space. The remaining YTD 2017 loss on provisions primarily related to legal claims that have been settled. The settlement of one of these claims in Q3 2018 resulted in a $2 million gain on provision, which was partially offset by a $3 million loss recorded for adjustments to existing onerous provisions.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY AND LIQUIDITY RISK

The term liquidity refers to the ability and speed with which a company's assets can be converted into cash. Liquidity risk refers to the risk encountered in meeting financial obligations settled by cash or another financial asset. Our liquidity risk may arise from general day-to-day cash requirements and in the management of our assets, liabilities, and capital resources. We manage our cash and credit facility balances to have sufficient capital to fund ongoing operations, capital programs, and growth initiatives. Our liquidity and operational cash requirements are managed through cash flow forecasts, monitoring of operational expenditures compared to budget, and monitoring of financial leverage ratios. Our liquidity needs and working capital requirements can be sourced through cash provided by operating activities, existing credit facilities, and access to debt and capital markets.

Our debt structure as at September 30, 2018 included: (i) an undrawn $200 million revolving credit facility; and (ii) US$610 million senior secured notes issued December 2016 (US$360 million) and July 2018 (US$250 million). The senior secured notes bear a coupon rate of 7.625%, with interest payable semi-annually on June 1 and December 1, and mature on December 1, 2021.

On June 1, 2018, Tervita, issued US$250 million of escrow notes to partly finance the Newalta acquisition. On the closing of the Newalta acquisition, the escrow notes were exchanged for the July 2018 US$250 million senior secured notes.

At September 30, 2018, Tervita had $102 million in letters of credit ("LCs") issued against our revolving credit facility. The remaining $98 million of capacity, combined with $66 million of cash and cash equivalents, provided $164 million in available liquidity at September 30, 2018. The credit facility has a scheduled termination date of December 14, 2019, with normal course extension provisions under the credit agreement.

For the nine months ended September 30, 2018, Tervita generated $18 million of cash, net of financing (excluding the issuance of the US$250 million senior secured notes and related finance costs and derivative settlements associated with the acquisition of Newalta) and investing activity (excluding the Newalta acquisition), and did not require any additional liquidity to support continuing operations.

Adjusted Working Capital at September 30, 2018 was $88 million (December 31, 2017 - $49 million). The change in Adjusted Working Capital was a result of the Newalta acquisition, implementation of a new ERP, and the integration of Newalta operations. The change in Adjusted Working Capital has not impacted our ability to meet our planned strategy or achieve intended results.

At current activity levels, we have ample liquidity to meet our ongoing commitments and operational requirements of the business.

For the three and nine months ended September 30, 2018, Discretionary Free Cash Flow was $49 million and $82 million, respectively ($30 million and $64 million for the respective comparative periods in 2017). Discretionary Free Cash Flow represents Tervita's capacity to fund its ongoing growth capital spending and reduce net debt. For the first nine months of 2018, Discretionary Free Cash Flow was more than sufficient to fund the $31 million of growth and expansion capital spend.

Net Debt to Adjusted EBITDA (Pro Forma LTM) at September 30, 2018 was 3.37.

SOURCES OF CASH

Our liquidity needs can be sourced in several ways, including: funds from operations, borrowings against or increases in our revolving credit facility, new debt instruments, return of letters of credit or replacement of letters of credit with other types of financial security, proceeds from the sale of long term assets, and issuance of share capital.

At September 30, 2018, Tervita had cash and cash equivalents of $66 million.

Revolving Credit Facility

At September 30, 2018, $98 million was available and undrawn under our revolving credit facility for general corporate purposes, as well as to provide LCs to third parties. The maximum amount of LC's which can be issued under the LC program is $150 million.

Under the terms of Tervita's revolving credit facility, we must comply with certain financial and non-financial covenants: 1) Total Leverage Ratio; 2) Secured Leverage Ratio; and 3) Interest Coverage Ratio.

Total Leverage Ratio

Total Leverage Ratio is calculated as the ratio of Total Indebtedness to Adjusted EBITDA (Pro Forma LTM). Total Indebtedness consists of the outstanding principal value of the senior secured notes, reported in C$ and reflecting the impact of cross currency swaps, plus the amount of capital lease obligations, and less cash balances up to a total of $50 million.

Tervita's Total Leverage Ratio cannot exceed 5.50 to 1.00 in 2017, 5.00 to 1.00 in 2018, and 4.50 to 1.00 thereafter.

Secured Leverage Ratio

Secured Leverage Ratio is defined as Secured Indebtedness to Adjusted EBITDA (Pro Forma LTM). Secured Indebtedness consists of the outstanding LC's (which reduce the borrowing availability under the revolving credit facility) less cash balances up to a total of $50 million.

Tervita must maintain a Secured Leverage Ratio of less than 2.50 to 1.00.

Interest Coverage Ratio

Interest Coverage Ratio is defined as Adjusted EBITDA (Pro Forma LTM) to Interest Expense, where Interest Expense consists of interest payments on the senior secured notes for the last twelve months and interest due on LC's and standby fees.

Tervita must maintain an Interest Coverage Ratio greater than 1.50 to 1.00 until December 31, 2017, 1.75 to 1.00 for the year ended December 31, 2018, and 2.00 to 1.00 thereafter.

Covenant Compliance at September 30, 2018

The Company complied with its covenants at September 30, 2018, as follows:

	Required	Achieved
Total Leverage Ratio	Less than 5.00	**3.51**
Secured Leverage Ratio	Less than 2.50	**0.24**
Interest Coverage Ratio	Greater than 1.75	**3.29**

Proceeds from the Sale of Assets

Proceeds from the sale of assets for the three and nine months ended September 30, 2018 were $3 million and $7 million, respectively, and primarily relate to the sale of a non-core landfill and the disposal of miscellaneous equipment.

USES OF CASH

Our primary uses of cash include capital expenditures, operating and G&A expenses, and reduction of debt. Some of these cash outflows are contractually obligated into the future.

Capital Expenditures

Capital expenditures are classified as either growth and expansion capital or maintenance capital. Growth and expansion capital expenditures are cash spend to expand existing facilities, primarily cell expansion at our landfills and cavern development, or with the intent of expanding existing businesses, or entering into new locations or markets. Maintenance capital expenditures are cash spend on capital asset replacements or improvements required

to maintain existing assets at their current level of service. The amount and timing of future maintenance capital is primarily dependant on the volume of waste that is received at our facilities.

Cash spend on capital for the three and nine months ended September 30 was as follows:

	Three months ended September 30				Nine Months Ended September 30			
	2018	2017	Increase (Decrease)	*% Change*	**2018**	2017	Increase (Decrease)	*% Change*
Capital expenditures								
Growth and expansion	**12**	11	1	*9%*	**31**	23	8	*35%*
Maintenance	**7**	6	1	*17%*	**17**	13	4	*31%*
	19	17	2	*12%*	**48**	36	12	*33%*

Management evaluates capital projects based on their internal rate of return, timing of payback, fit with our corporate strategy, and the risk associated with the projects, among other factors. Capital spending is prioritized towards projects that provide stable cash flows and where there is a high degree of certainty of completing the project on time and on budget.

In 2018, we continued our 2017 initiative of identifying, planning, and executing a growth capital portfolio. Please refer to ***Outlook*** section for a discussion of expected capital spend for the remainder of 2018 and 2019.

Commitments

As at September 30, 2018, commitments for the remainder of 2018 and thereafter were as follows:

	2018	2019-20	2021-22	Thereafter	Total
Interest	10	125	62	-	197
Office and facility leases	3	22	21	65	111
Operating leases	-	3	1	3	7
Pipeline transportation commitment	5	25	-	-	30
Investment commitments	1	-	-	-	1
Total commitments	19	175	84	68	346

SUMMARY OF QUARTERLY RESULTS

SEASONALITY

Our quarterly results reflect how the oilfield services industry is influenced by seasonal weather patterns. During the spring thaw and at other times of the year, wet weather can make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of trucks, rigs, and other heavy equipment, reducing the activity levels and placing an increased importance on the location of the equipment prior to the imposition of the road bans. As a result, Energy Services tends to earn lower revenue (excluding energy marketing) and operating profit in the second fiscal quarter. If the spring weather or wet weather causes the ground to be unstable for longer than usual, operating results may be negatively impacted.

QUARTERLY REVIEW SUMMARY

	Q3 2018	**Q2 2018**	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Revenue (excluding energy marketing)	**203**	**124**	**116**	132	134	114	125	122
Energy marketing revenue	**439**	**416**	**274**	241	161	259	324	220
Revenue	**642**	**540**	**390**	373	295	373	449	342
Profit (loss) from continuing operations	**(2)**	**-**	**3**	(65)	(2)	(13)	(2)	1,079
- per share ($), basic and diluted	**(0.02)**	**-**	**0.03**	(0.62)	(0.02)	(0.12)	(0.02)	0.71
Net profit (loss)	**(2)**	**-**	**3**	(65)	(2)	(12)	(2)	1,079
- per share ($), basic and diluted	**(0.02)**	**-**	**0.03**	(0.62)	(0.02)	(0.11)	(0.02)	0.71

Q2 2018 to Q3 2018

- Revenue increased primarily due to the acquisition of Newalta operations as well as higher WTI prices on greater than Q2 2018 marketed oil volumes.
- Net profit decreased primarily due to transaction and finance costs incurred on the Arrangement. The increase in these costs were largely offset by the increase in operating profit.

Q1 2018 to Q2 2018

- Revenue increased primarily from higher energy marketing volumes and WTI prices, and increased project-related revenue in Industrial Services.
- Net profit decreased due to the interest expense incurred on the escrow notes.

Q4 2017 to Q1 2018

- Revenue increased primarily from higher energy marketing volumes and WTI prices, offset slightly by a decrease in project-related activity in Industrial Services.
- Net profit increased due to the impairments of goodwill and certain landfill assets in Q4 2017.

Q3 2017 to Q4 2017

- Volumes recovered at facilities increased due to production growth and development in some key regions, which resulted in higher energy marketing revenue.
- Net loss increased due to the impairments of goodwill and certain landfill assets in Q4 2017.

Q2 2017 to Q3 2017

- Revenue was negatively impacted by the Peace Pipeline Expansion, which increased pipeline capacity and intensified competition for trucked volumes.
- Net loss decreased as Industrial Services saw higher project-related activity.

Q1 2017 to Q2 2017

- Revenue decreased due to a decline in WTI prices.
- Net loss increased due to recognition of a provision for onerous contracts and legal claims.

Q4 2016 to Q1 2017

- Revenue increased from higher energy marketing volumes and WTI prices.
- Net profit decreased due to the recognition of one-time gains on the settlement of debt and related derivatives as part of the recapitalization of our debt and share capital in December 2016.

OTHER ITEMS

FINANCIAL INSTRUMENTS

Tervita has several financial instruments, of which cash and cash equivalents, trade and other receivables, trade and other payables, and interest payable have carrying values that approximate their fair values due to the short-term maturities. Tervita is currently monitoring certain customers for risk of default, however, believes that this risk is mitigated by the size, reputation and diversified nature and number of the customers to which Tervita extends credit, with no customer individually making up more than 10% of Tervita's credit exposure.

In December 2016, Tervita issued US$360 million senior secured notes as part of the recapitalization of our debt and share capital. At the same time, Tervita entered into cross-currency swap agreements ("cross currency swaps") and applied hedge accounting to the transactions to mitigate foreign exchange risk and variability in cash flows due to interest rate risk. All gains and losses related to these senior secured notes and the cross-currency swaps are recognized in accumulated other comprehensive profit (loss), except for gains or losses recognized in profit (loss) related to the portion of hedge deemed to be ineffective. The carrying value of the senior secured notes and the fair value of the cross-currency swaps are also disclosed in the Financial Statements. The fair value of the cross-currency swaps is a Level 2 valuation based on observable inputs.

In May 2018, Tervita entered into swap agreements (the "swaps") to provide a fixed USD to CAD conversion rate on the US$250 million proceeds from the June 1, 2018 issuance of the escrow notes. On July 19, 2018 the swaps were settled in conjunction with the close of the Arrangement.

In May 2018, we entered into forward contract swap agreements ("forward swaps") to mitigate the foreign exchange risk on the escrow notes. The forward swaps have a maturity date of December 2019 with a fixed foreign exchange USD to CAD rate at 0.7809. All gains and losses associated with changes to the fair value of the forward swaps are included in profit (loss). The fair value of the forward swaps is a Level 2 valuation based on observable inputs. The forward swaps were not settled at the close of the Arrangement and continue to mitigate the foreign exchange risk on the US$250 million senior secured notes.

For further information regarding our financial and other instruments as well as how we manage the risk associated with these instruments, refer to notes 2, 12, 13, and 14 of the Financial Statements, note 24 of the Annual Financial Statements, and the ***Liquidity and Liquidity Risk*** section of this MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of operations, Tervita engages in a variety of transactions that, under IFRS, are either not recorded on our consolidated balance sheets or are recorded at amounts that differ from the full contract amounts. As at September 30, 2018 and December 31, 2017, the Company did not have any off-balance sheet arrangements, other than the commitments discussed in the ***Liquidity and Capital Resources*** section. These commitments include operating and finance leases, agreements to pay interest on our long-term debt, and pipeline transportation commitments. We do not reasonably expect any presently known trend or uncertainty to affect our ability to continue using these off-balance sheet arrangements. Tevita does not believe that it has any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the company's financial performance or financial condition, results of operations, liquidity, or capital expenditures.

RELATED PARTY TRANSACTIONS

As at September 30, 2018, positions held in the US$360 million senior secured notes and US$250 million senior secured notes by certain equity owners and members of the Board of Directors ("Related Parties") were US$22 million and US$15 million, respectively (December 31, 2017 – US$22 million and US$nil, respectively). During the three and nine months ended September 30, 2018, these Related Parties earned US$1 million and US$2 million, respectively, in interest income (three and nine months ended September 30, 2017 – US$nil and US$1 million, respectively) related to their holdings in the US$360 million senior secured notes and US$250 million senior secured notes.

Certain Related Parties also earned fees for issuance of the escrow notes during the three and nine months ended September 30, 2018 of $nil and $4 million, respectively.

Other than the interest payable on the US$610 million senior secured notes, there are no other ongoing commitments to the Related Parties.

Legal and Environmental Matters

Refer to note 29 of the Annual Financial Statements for disclosure of legal and environmental matters.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments and estimates that affect the application of accounting policies and the reported assets, liabilities, revenues, expenses and disclosures of contingencies. These estimates and assumptions are subject to change based on experience and available information. Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate is made. Critical accounting estimates are also those estimates which, where a different estimate could have been used or where changes in the estimate that are reasonably likely to occur, would have a material impact on the company's financial condition, changes in financial condition or financial performance.

There were no material changes to our accounting estimates or judgments for the three and nine months ended September 30, 2018 other than those disclosed in note 3 of the Financial Statements related to the transition to IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". Refer to the notes to the Annual Financial Statements for disclosure of critical accounting estimates and judgments, and note 3 of the Financial Statements for disclosure of changes to these estimates which resulted from the transition to IFRS 9 and 15. We also continue to review the provisional values of the preliminary purchase price allocation of net assets acquired in the Arrangement, the outcome of which could result in changes to the value of certain assets.

Impact of New Accounting Standards

Tervita adopted IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers", and the amendments to IFRS 2 "Share-Based Payment" on January 1, 2018. Refer to note 3 of the Financial Statements for the methods of adoption and the effect of these standards on the Company's Financial Statements.

The Company expects to adopt IFRS 16 "Leases" on January 1, 2019. Refer to note 3 of the Financial Statements for the Company's assessment of the impact of this standard.

Risks

Refer to the Annual MD&A, available on our website, for a complete list of risks and uncertainties Tervita is subject to for which it is reasonably believed may affect our future performance.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of Tervita. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. These statements are not guarantees of future performance and are subject to risks, uncertainties and other key factors that could cause actual results or events to be materially different from those anticipated in such forward-looking statements.

Specific forward-looking statements contained in this MD&A include, amongst others, statements and management's beliefs, expectations or intentions regarding the following:

- the long-term oil and gas environmental services market outlook in Canada will generate sufficient demand for Tervita's services;
- oil and gas producers will continue to outsource waste by-product treatment and disposal;
- it is difficult for third parties to replicate the extensive footprint of Tervita's facilities;
- that Tervita's strategy will be successful;
- cash generated from operations, asset sales and amounts available under the credit facilities will be adequate to permit Tervita to meet its debt service obligations, ongoing costs of operations, working capital needs, capital expenditure requirements and to fund acquisitions (other than material acquisitions) for the foreseeable future;
- the amount and nature of insurance coverage obtained will be adequate considering the potential hazards;
- timing of the completion of projects under development and their attendant costs;
- governmental regulation of the oil and gas industry, permits and other legal requirements, including Tervita's expectations with respect to permits;
- expected continued benefits of the Arrangement;
- plans and objectives for future operations;
- anticipated operational and financial performance (including expected synergies and cost reductions);
- ability to execute on our growth strategy; and
- expectations regarding future cash flow, liquidity and financial position, our maintenance capital spending, growth and expansion capital projects, and sources of funding for our capital program.

Forward-looking statements relating to our business contain uncertainties and assumptions, including the following:

- demand for services in our businesses can be adversely impacted by general economic conditions and we are dependent on exploration, drilling and production activity levels in the markets where we offer our services;
- the ability of management to execute its business plan;
- the ability of the Company to realize the expected synergies from the Arrangement;
- the risks of the environmental solutions industry, such as operational risks and market demand;
- risks inherent in Tervita's marketing operations, including credit risk;
- the uncertainty of estimates and projections relating to revenues, costs, expenses, and capital expenditures;
- fluctuations in oil and natural gas prices, foreign currency exchange rates and interest rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- general economic conditions in Canada, the United States, and globally;
- industry conditions;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- governmental regulation of the environmental solutions industry, including environmental regulation;
- unanticipated operating events;
- failure to obtain third-party consents and approvals, when required;
- risks associated with existing and potential future lawsuits and regulatory actions against Tervita;
- the highly competitive nature of our markets, and competition that could adversely impact our financial position, results of operations, cash flows or our ability to make required payments on debt outstanding;
- global financial conditions are subject to increased volatility;
- legislative and regulatory initiatives related to hydraulic fracturing that could result in increased costs and additional operating restrictions or delays as well as adversely affect our support services;
- increasing concern regarding earthquake activity connected to oil/gas production and waste disposal wells could adversely affect our business;
- successful implementation of our investment and acquisition strategy;
- the difficulty of identifying and executing acquisitions on favorable terms, including successfully integrating businesses we acquire, and our significant exposure from unknown liabilities related to our acquisitions;
- susceptibility to seasonality due to adverse weather conditions;
- risks related to changes in industry practices related to crude oil equalization and declines in oil prices that may affect our energy marketing business;
- risk of implementation of controls or tariffs on competitor-owned pipelines which impede Tervita's ability to physically or economically access the pipelines that may affect our energy marketing business;
- our operations being subject to numerous natural disasters and operating hazards and the lack of assurance that such events will be covered by insurance or whether any such insurance coverage would be adequate;
- potential impairment losses in respect of our physical assets from reduced industry activity and a sustained decline in demand for services involving such assets;
- our ability to attract and retain qualified workers;
- dependence on our senior management, the loss of which could materially harm our business;
- obligation to comply with health and safety regulations at our facilities and our operations, the failure of which could result in significant liability and/or fines and penalties;
- failure by our employees to follow applicable procedures and guidelines or on-site accidents;
- deterioration in our safety record would harm our relationships with customers, make it less likely for customers to contract for our services and subject us to penalties and fines, which could adversely affect our business, operating results and financial condition;
- fluctuations in exchange rates;
- the inability of counterparties or customers to fulfill their obligation to us;
- technology we use in our business is increasingly subject to protection by intellectual property rights; and
- our treating, recovery and disposal facilities, cavern disposal facilities and engineered landfill operations could be adversely affected by more stringent closure and post-closure obligations and a variety of other risks.

These factors should not be construed as exhaustive. The forward-looking statements included in this MD&A are made only as of the date hereof and Tervita does not undertake to publicly update these forward-looking statements for new information, future events or otherwise, except as required by applicable laws. Any forward-looking statements contained herein are expressly qualified by this cautionary statement.