TERVITA

MANAGEMENT'S DISCUSSION & ANALYSIS

May 2, 2019

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 ended March 31, 2019 and as compared to the three months ended March 31, 2018. This MD&A was approved by Tervita's Board of Directors on May 2, 2019 and 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 "Interim Financial Statements") for the three months ended March 31, 2019 and 2018; (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, 2018; our Annual Information Form ("AIF") dated March 13, 2019; and (iii) our MD&A for the three months ended March 31, 2018.

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 in respect of the former Newalta business since the Acquisition Date, unless otherwise stated.

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, "Q1" means the three months ended March 31.

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), Covenant EBITDA, 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, treatment, 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 facilities as at March 31, 2019 consisted of 115 active waste processing, disposal, and industrial facilities, including: 51 treatment, recovery, and disposal facilities ("TRDs"); eight stand-alone disposal wells; 24 engineered landfills (which included 19 owned sites, two sites operated under contract, and three sites that we market under contract for other landfill operators); three cavern disposal facilities; 11 onsite facilities; four 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: facilities, energy marketing, and onsite. These service lines collectively provide many services to the oil and gas sector, including: treatment, recovery, 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.

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Three Months Ended March 31			
	2019	2018	Increase (Decrease)	*% Change*
Energy Services revenue				
Facilities revenue	**101**	76	25	*33%*
Onsite revenue	**19**	-	19	*100%*
Energy marketing revenue	**347**	274	73	*27%*
	467	350	117	*33%*
Industrial Services revenue	**64**	41	23	*56%*
Intersegment eliminations	**-**	(1)	1	*100%*
Revenue	**531**	390	141	*36%*
Revenue excluding energy marketing	**184**	116	68	*59%*
General and administrative expenses	**(14)**	(10)	4	*40%*
Net profit (loss)	**(3)**	3	(6)	*-200%*
- per share ($), basic and diluted	**(0.03)**	0.03	(0.06)	*-200%*
Adjusted EBITDA(1)	**56**	37	19	*51%*
- per share ($), basic and diluted	**0.48**	0.35	0.13	*37%*
Adjusted EBITDA margin(1)	**30%**	32%	-2%	
Energy Services Divisional EBITDA(1)	**59**	44	15	*34%*
Industrial Services Divisional EBITDA(1)	**11**	2	9	*450%*
Divisional EBITDA(1)	**70**	46	24	*52%*
Capital expenditures	**18**	14	4	*29%*
Discretionary free cash flow(1)	**37**	26	11	*42%*
Adjusted Working Capital(1)	**87**	62	25	*40%*
Shares as at March 31 (000's of shares)(2)				
Shares outstanding	**117,557**	104,626	12,931	*12%*
Weighted average shares outstanding	**117,557**	104,626	12,931	*12%*

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

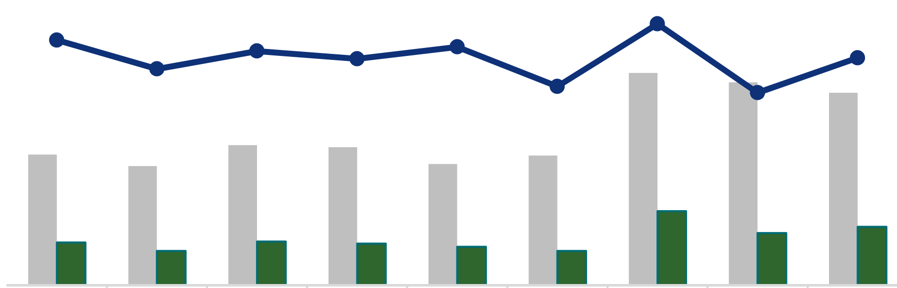
(2) *As at May 2, 2019, the Company had 117,557,112 common shares, 2,702,649 common share purchase warrants, and 2,824,483 options outstanding. Each common share purchase warrant and option outstanding is exercisable for a maximum of one common share.*

Industry Benchmarks

	Three Months Ended March 31			
	2019	2018	Increase (Decrease)	*% Change*
Average WTI (US$ / bbl)[(1)]	**$54.85**	$62.95	($8.10)	*-13%*
Average Edmonton Mixed Sweet (US$ / bbl)[(1)]	**$50.69**	$57.36	($6.67)	*-12%*
Average WCS (US$ / bbl)[(1)]	**$44.25**	$37.23	$7.02	*19%*
Average AECO (C$ / MMbtu)[(1)]	**$2.45**	$1.95	$0.50	*26%*
Average Oil Production (Mbbl/d)[(2)]	**4,366**	4,528	(162)	*-4%*
Average Gas Production (MMcf/d)[(2)]	**16,139**	16,505	(366)	*-2%*
Meters drilled (000's of meters drilled)[(3)]	**4,530**	6,480	(1,950)	*-30%*
Foreign exchange rate (US$/C$)[(4)]				
Period end	**$0.75**	$0.78	($0.03)	*-4%*
Period average	**$0.75**	$0.79	($0.04)	*-5%*

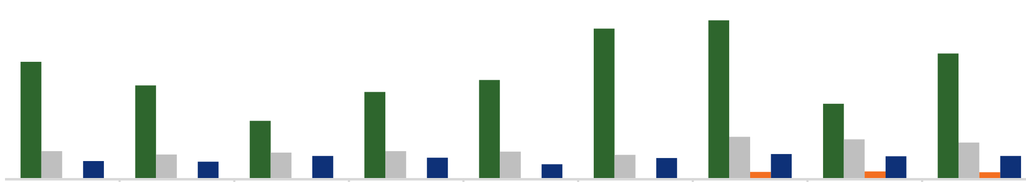
(1) *Information from Bloomberg.*
(2) *Information from National Energy Board, Estimated Production of Canadian Crude Oil and Equivalent and Marketable Natural Gas Production in Canada.*
(3) *Information from JuneWarren-Nickle's Energy Group and pertains to Canada.*
(4) *Information from Bank of Canada.*

Quarterly Revenue and Adjusted EBITDA

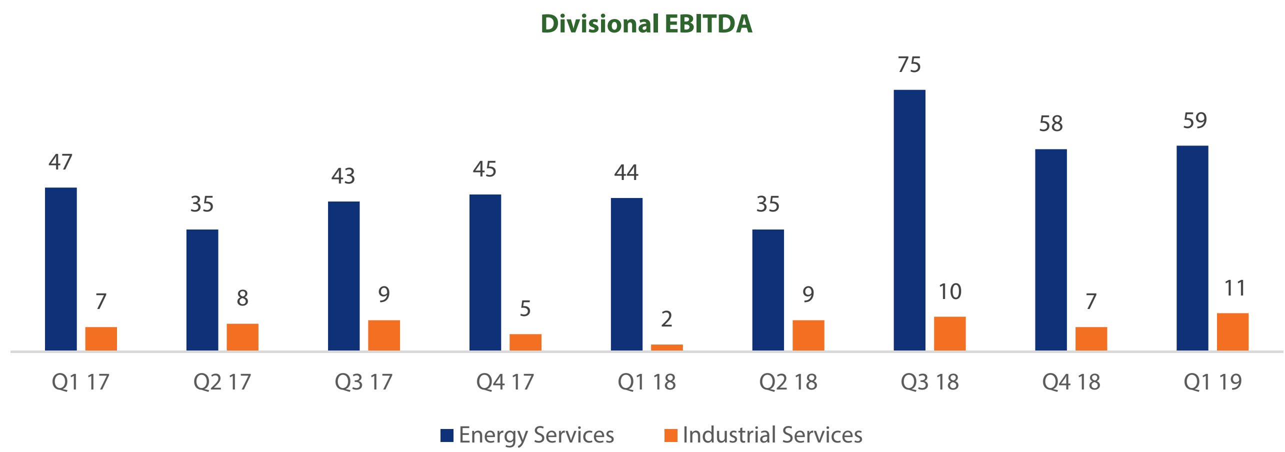


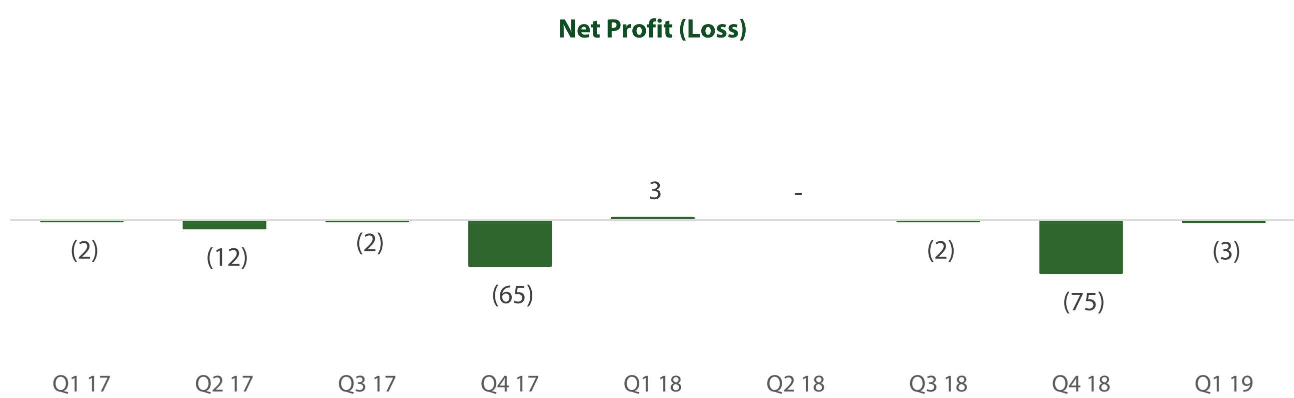
	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
Revenue (excl. energy marketing)	125	114	134	132	116	124	203	194	184
Adjusted EBITDA	41	33	42	40	37	33	71	50	56
Adjusted EBITDA Margin	32.8%	28.9%	31.3%	30.3%	31.9%	26.6%	35.0%	25.8%	30.4%

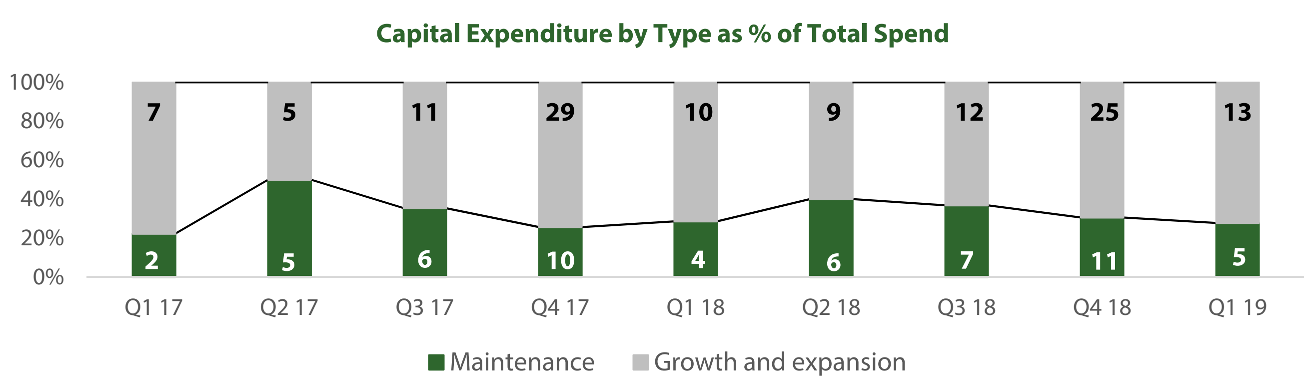
Revenue Before Intersegment Eliminations

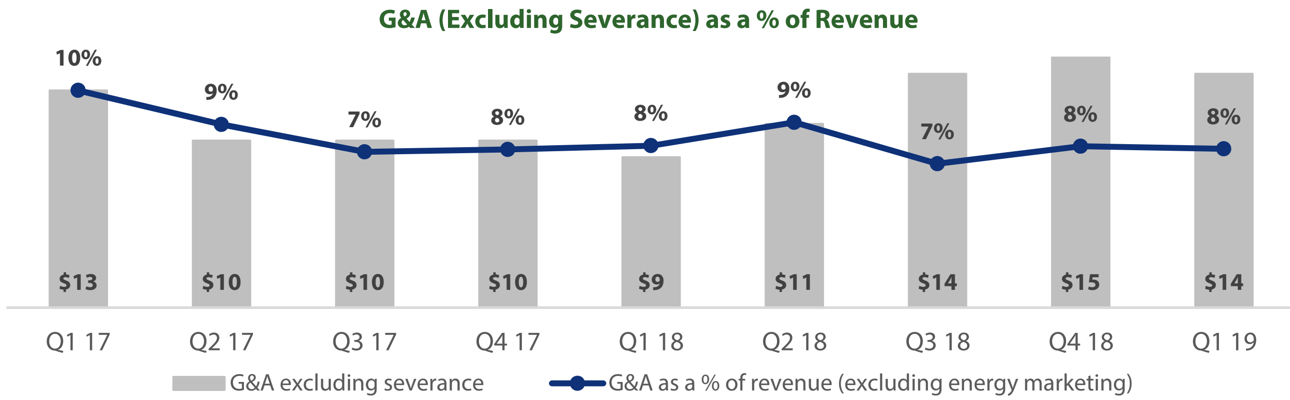


	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
Energy marketing	324	259	161	241	274	416	439	208	347
Facilities	77	68	73	77	76	67	117	110	101
Onsite	-	-	-	-	-	-	20	21	19
Industrial Services	50	48	64	59	41	58	69	63	64


Divisional EBITDA
47
7
35
8
43
9
45
5
44
2
35
9
75
10
58
7
59
11
Q1 17
Q2 17
Q3 17
Q4 17
Q1 18
Q2 18
Q3 18
Q4 18
Q1 19
Energy Services
Industrial Services


Net Profit (Loss)
(2)
(12)
(2)
(65)
3
-
(2)
(75)
(3)
Q1 17
Q2 17
Q3 17
Q4 17
Q1 18
Q2 18
Q3 18
Q4 18
Q1 19


Capital Expenditure by Type as % of Total Spend
100%
80%
60%
40%
20%
0%
7
2
5
5
11
6
29
10
10
4
9
6
12
7
25
11
13
5
Q1 17
Q2 17
Q3 17
Q4 17
Q1 18
Q2 18
Q3 18
Q4 18
Q1 19
Maintenance
Growth and expansion



First Quarter Results

Overview and Highlights

- Q1 2019 Adjusted EBITDA of $56 million increased 51% compared to Q1 2018.
- 34% growth in Energy Services' Divisional EBITDA compared to Q1 2018 reflects our stable production-based revenue and positive contributions from investments to expand our network and synergies, despite lower oil and gas industry activity and heavy oil curtailments.
- Strong results in Industrial Services driven by growth in rail services, metals recycling, and waste services.
- Achieved Newalta transaction synergies of $39 million on an annualized run-rate basis as at the end of Q1 2019.
- On track to deliver double-digit Adjusted EBITDA growth in 2019.
- The adoption of a new lease accounting standard increased Adjusted EBITDA by $2 million (please refer to the section ***Impact of New Accounting Standards***).

Q1 Revenue Increases 36% to $531 Million

- Q1 2019 revenue of $531 million increased by $141 million and 36% over Q1 2018's revenue of $390 million. This increase in revenue reflects our acquisition of Newalta in Q3 2018, resulting in higher revenue through increased waste through our facilities. This acquisition also added onsite services to our existing Energy Services offerings, which contributed $19 million of incremental revenue in Q1 2019. Industrial Services saw a $23 million and 56% increase in revenue, primarily driven by an increase in the number and size of rail services projects, higher project activity in the lower mainland of British Columbia, increased volumes through waste services facilities, and higher non-ferrous prices and volumes.
- Production-related waste volumes through our Energy Services facilities increased by 36% in Q1 2019 compared to Q1 2018, reflecting incremental volumes associated with our acquired facilities. Drilling-related revenue increased 4%, which was earned on a 4% decline in drilling-related volumes in Q1 2019 compared to Q1 2018 and reflective of the decrease in drilling activity. Soil volumes increased by 31% from customer remediation activity, contributing additional revenue to facilities.
- Q1 2019 marketed oil volumes were 32% higher than Q1 2018, as we began marketing oil volumes from acquired Newalta facilities on January 1, 2019. Gains in higher recovered oil volumes in Q1 2019 were somewhat offset by lower prices when compared to the same quarter in 2018. Pricing improved as the average Q1 2019 West Texas Intermediate ("WTI") price of $54.85 increased from the average of $48.78 in December 2018, and Canadian differentials strengthened from curtailments imposed by the Government of Alberta. However, this pricing environment did challenge our ability to attract oil volumes across our network for blending.

Q1 Divisional EBITDA Increases by $24 Million and 52%

- Q1 2019 Divisional EBITDA of $70 million was a $24 million and 52% increase over Q1 2018 Divisional EBITDA of $46 million, primarily driven by the increase in revenue.
- Energy Services' Q1 2019 Divisional EBITDA of $59 million increased $15 million over Q1 2018 Divisional EBITDA of $44 million. Net Energy Services revenue increased by $44 million in Q1 2019 compared to Q1 2018, driven by our acquisition of Newalta. Direct expenses (excluding energy marketing) increased by $29 million in Q1 2019 compared to the same period in 2018, primarily due to operating costs associated with higher waste and oil volumes through our facilities and the addition of onsite services. Energy Services' Q1 2019 Divisional EBITDA Margin of 49% decreased by 9% from the 58% earned in Q1 2018, reflecting the impact of acquired Newalta facilities and onsite services.
- Industrial Services' Q1 2019 Divisional EBITDA of $11 million was $9 million and 450% higher than Q1 2018. This increase was primarily driven by increased rail-related project activity.

Q1 Adjusted EBITDA Increases by $19 Million and 51%

- Q1 2019 Adjusted EBITDA was $56 million, a $19 million and 51% improvement over Q1 2018 Adjusted EBITDA of $37 million. This improvement reflects increased Divisional EBITDA contributions of $24 million offset by $4 million of higher G&A expense. The increase in G&A expense was primarily a result of the integration of acquired Newalta corporate activities.
- Q1 2019 Adjusted EBITDA Margin was 30%, which decreased by 2% when compared to Q1 2018 primarily due to the decline in Energy Services' Divisional EBITDA Margin, partially offset by a higher Industrial Services' Divisional EBITDA Margin.

Q1 Net Loss of $3 Million Due to Higher Depreciation and Finance Costs

- The Q1 2019 net loss of $3 million was a $6 million decrease from the net profit of $3 million in Q1 2018, primarily due to higher depreciation and amortization expense and finance costs related to the acquisition of Newalta and the change in lease accounting.

Q1 Capital Spend

- Q1 2019 cash spend towards growth and expansion projects was $13 million and included landfill cell and cavern expansions, the drilling of new disposal wells, and the purchase of new railcars to increase capacity for our metals recycling business.
- Q1 2019 cash spend on maintenance capital was $5 million, $1 million higher than the $4 million spent in the same quarter of 2018 and reflective of the acquisition of additional facilities into our infrastructure.

Discretionary and Free Cash Flow

- Tervita generated $37 million of Discretionary Free Cash Flow in the first three months of 2019, a 42% increase from the $26 million generated in Q1 2018. Discretionary Free Cash Flow was more than sufficient to fund the $13 million of growth and expansion capital spend in Q1 2019.

OUTLOOK

MARKET OUTLOOK

- Tervita's Energy Services business remains resilient in the current challenging environment. Oilfield activity in the Western Canadian Sedimentary Basin ("WCSB") remained slow in Q1 2019, despite an early recovery of WTI to US$50 - $55 per barrel and the return of sustainable Canadian oil price differentials, as the market adjusted to the production curtailments imposed by the Government of Alberta. While reduced drilling activity in Q1 2019 is expected to result in lower overall drilling and completions-related revenues for the year, we anticipate relatively stable oil prices to continue in 2019 and an increase in drilling and completion activity in the second half of 2019. Approximately two-thirds of waste volumes through our Energy Services' facilities are production-related, providing stability to our revenue from these operations in the current environment. We continue to believe that the contribution from a full year of results from the acquired Newalta operations, our on-going successful execution of Newalta integration synergies, additional contributions from growth capital spending, and steady improvements from our Industrial Services businesses will result in double-digit growth in Tervita's Adjusted EBITDA in 2019 versus 2018.
- In April 2019, we combined our field services groups to create efficiencies in our operations and eliminate redundancies, ultimately making it easier for our customers to do business with us. By aligning our field services groups, we expect to leverage the value of our facility network and make better use of our assets to maximize our productivity and minimize overhead. Overall, while revenue from these various service lines is expected to fall, we anticipate lower costs will more than compensate for this decrease in revenue, resulting in higher overall contributions to Industrial Services' Divisional EBITDA in 2019.

NEWALTA INTEGRATION

- We continue to believe that the integration of Newalta will realize annualized synergies of $40 - $45 million of Adjusted EBITDA, with estimated one-time costs of $21 - $23 million.
- As at the end of Q1 2019, we have achieved annualized synergies of $39 million. Effective January 1, 2019, we assumed the marketing of oil volumes previously marketed on behalf of Newalta by a third party. In Q1 2019, we converted Newalta's legacy accounting, payroll and operating systems onto Tervita's systems, enacted further headcount reductions, and achieved further operating improvements.

CAPITAL SPEND

- We continue to anticipate total 2019 capital spend of $90 - $135 million, comprised of growth and expansion of $60 - $100 million and maintenance of $30 - $35 million.
- In Q1 2019, our capital spend was $13 million related to growth and expansion and $5 million for maintenance.

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 (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 Interim Condensed Consolidated Statements of Profit (Loss) ("Statements of Profit (Loss)") and is defined as net profit (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, restructuring, 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 expenses, 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 non-recurring 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 months ended March 31, 2019 included financial results for Newalta from the Acquisition Date.

For the three months ended March 31, Tervita's net profit (loss) was reconciled to Adjusted EBITDA as follows:

	Three Months Ended March 31	
	2019	2018
Net profit (loss)	**(3)**	3
Add back:		
Severance costs (excluding restructuring and Newalta transaction costs)	**-**	1
Depreciation and amortization	**34**	17
Restructuring costs	**2**	-
Impairment expense (reversal)	**(3)**	-
Finance costs	**22**	12
Transaction costs	**2**	3
Other expense (income)	**2**	1
Adjusted EBITDA	**56**	37
Adjusted EBITDA Margin	***30%***	*32%*

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 G&A expenses and the amount of severance costs not allocated to any segment. 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 months ended March 31, Divisional EBITDA was as follows:

	Three Months Ended March 31	
	2019	2018
Net profit (loss)	**(3)**	3
Add back:		
Severance costs (excluding restructuring and Newalta transaction costs)	**-**	1
Depreciation and amortization	**34**	17
Restructuring costs	**2**	-
Impairment expense (reversal)	**(3)**	-
Finance costs	**22**	12
Transaction costs	**2**	3
Other expense (income)	**2**	1
Adjusted EBITDA	**56**	37
Add back:		
General and administrative expenses	**14**	10
Severance costs in general and administrative expenses	**-**	(1)
Divisional EBITDA	**70**	46
Divisional EBITDA by reporting segment		
Energy Services	**59**	44
Industrial Services	**11**	2
Divisional EBITDA	**70**	46
Divisional EBITDA Margin		
Energy Services	***49%***	*58%*
Industrial Services	***17%***	*5%*

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, debt reduction, 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 months ended March 31, Discretionary Free Cash Flow was as follows:

	Three Months Ended March 31	
	2019	2018
Funds from (used in) operations	**42**	30
Less:		
Cash spend on maintenance capital	**(5)**	(4)
Discretionary Free Cash Flow	**37**	26
Add:		
Cash spend on transaction costs	**2**	-
Discretionary Free Cash Flow before transaction costs	**39**	26

NET DEBT TO ADJUSTED EBITDA (PRO FORMA LTM)

We monitor our Net Debt to Adjusted EBITDA (Pro Forma LTM) as a measure of Tervita's overall indebtedness and capital structure. We believe Net Debt to Adjusted EBITDA (Pro Forma LTM) is an appropriate measure of our debt capacity. Net Debt is calculated as debt and derivative liabilities associated with that debt less cash and cash equivalents. For the 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 March 31, 2019 was as follows:

	Pro Forma LTM March 31 2019
Net profit (loss)	**(121)**
Add back:	
Depreciation and amortization	**131**
Restructuring costs	**2**
Impairment expense (reversal)	**24**
Finance costs	**95**
Transaction costs	**85**
Other expense (income)	**5**
Income taxes expense (recovery)	**1**
Adjusted EBITDA (Pro Forma LTM)	**222**

	As at March 31 2019
Long-term debt	**791**
Derivative liabilities	**5**
Less: unrestricted cash and cash equivalents	**(56)**
Net debt	**740**
Net Debt to Adjusted EBITDA (Pro Forma LTM)	***3.33***

COVENANT EBITDA

The terms of our revolving credit facility require the Company to comply with certain financial and non-financial covenants, as defined by our lenders. Covenant EBITDA is defined as Adjusted EBITDA (Pro Forma LTM) excluding the Adjusted EBITDA (Pro Forma LTM) of our unrestricted subsidiary and the impact of any changes in GAAP subsequent to the date of the credit agreement (please refer to the section ***Impact of New Accounting Standards*** for information regarding changes in GAAP).

Tervita's Covenant EBITDA at March 31, 2019 was as follows:

	Pro Forma LTM March 31 2019
Net profit (loss)	**(121)**
Add back:	
Depreciation and amortization	**131**
Restructuring costs	**2**
Impairment expense (reversal)	**24**
Finance costs	**95**
Transaction costs	**85**
Other expense (income)	**5**
Income taxes expense (recovery)	**1**
Eligible adjustments:	
Adjusted EBITDA of unrestricted subsidiaries	**(1)**
Impact of new accounting standards (IFRS 16)	**(2)**
Covenant EBITDA	**219**

ADJUSTED WORKING CAPITAL

Adjusted Working Capital is defined as trade and other receivables, inventories, and other current assets less trade and other payables. We believe Adjusted Working Capital is a useful metric as it demonstrates our ability to most efficiently manage our resources and meet our 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 March 31	
	2019	2018
Trade and other receivables	**206**	125
Inventory	**17**	9
Other current assets	**8**	10
Trade and other payables	**(144)**	(82)
Adjusted Working Capital	**87**	62

OPERATING RESULTS

ENERGY SERVICES

Facilities include our TRDs, caverns, disposal wells, and landfills, and represent activities related to the treatment, recovery, 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.

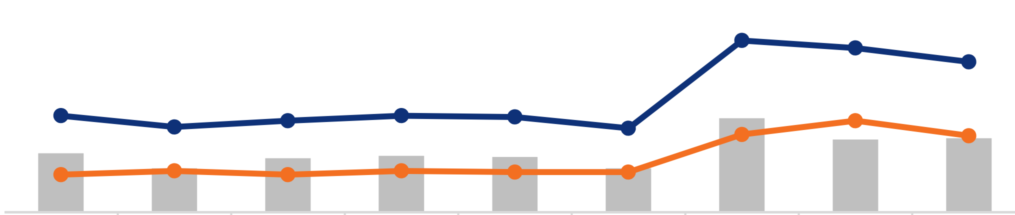
Energy marketing represents activities related to the purchase and resale of oil volumes associated with treatment, recovery, and disposal services. Revenue and direct expenses for energy marketing activities are recorded at the purchased cost of oil. Revenue related to services provided by TRD facilities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

Energy Services Financial Highlights

	Three Months Ended March 31			
	2019	2018	Increase (Decrease)	*% Change*
Facilities revenue	**101**	76	25	*33%*
Onsite revenue	**19**	-	19	*100%*
Energy marketing revenue	**347**	274	73	*27%*
Less: energy marketing direct expenses	**(347)**	(274)	(73)	*-27%*
Net Energy Services revenue	**120**	76	44	*58%*
Facilities and onsite direct expenses	**(61)**	(32)	29	*91%*
Depreciation and amortization	**(29)**	(14)	15	*107%*
Impairment reversal (expense)	**3**	-	(3)	*-100%*
Operating profit (loss)	**33**	30	3	*10%*
Finance costs	**(3)**	(2)	1	*50%*
Other income (expense)	**-**	1	1	*100%*
Net profit (loss)	**30**	29	1	*3%*
Divisional EBITDA[(1)]	**59**	44	15	*34%*
Divisional EBITDA Margin [(1)]	***49%***	*58%*	*-9%*	*n/m*
Maintenance capital expenditures	**2**	2	-	*n/m*
Growth and expansion capital expenditures	**11**	10	1	*n/m*

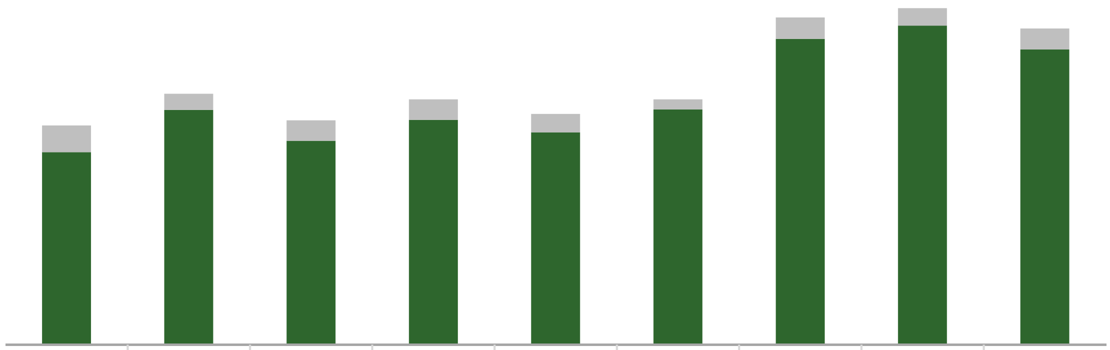
(1) *Please refer to the section **Non-GAAP Measures** for definitions and reconciliations.*

Energy Services Quarterly Results



	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
Divisional EBITDA	47	35	43	45	44	35	75	58	59
Net Revenue	77	68	73	77	76	67	137	131	120
Direct Expenses	30	33	30	33	32	32	62	73	61

TRDs, Caverns and Wells Volumes by Revenue Source (thousands of m^3)

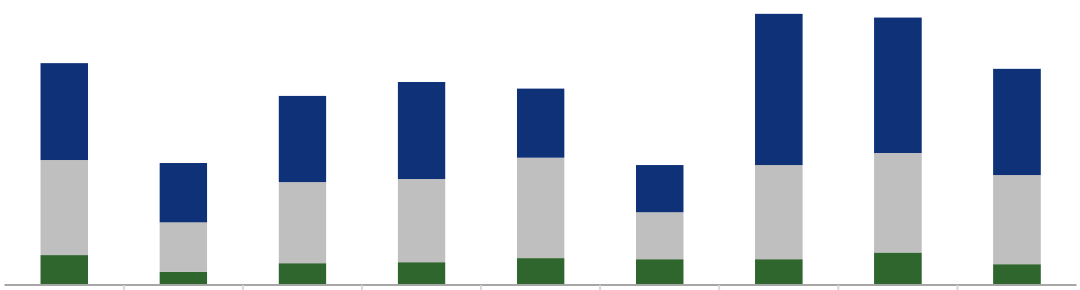


	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Drilling	212	128	163	163	147	80	170	139	166
Production	1,527	1,861	1,616	1,782	1,684	1,865	2,425	2,530	2,341

Production volumes are related to oil and gas production operations and include volumes for treatment, 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 and waste water.

Landfills Volumes by Revenue Source (thousands of tonnes)



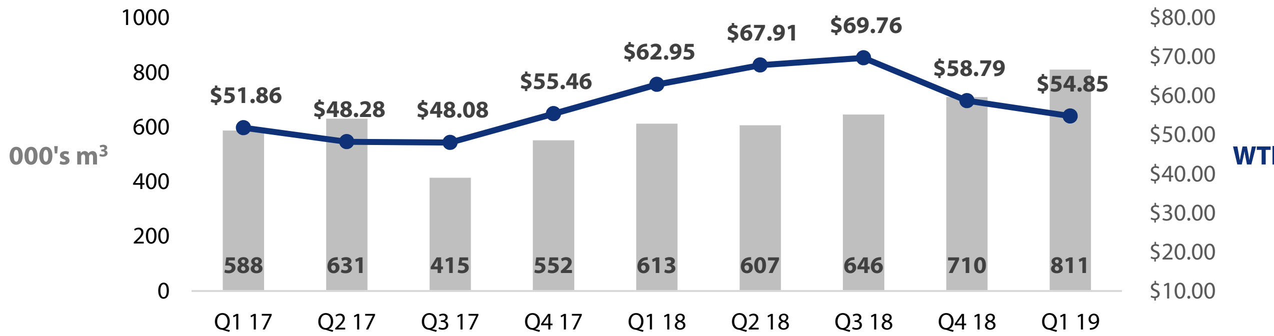
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Remediation & other	359	220	319	358	256	174	559	500	393
Drilling	351	184	300	309	372	175	349	370	330
Production	111	49	81	84	100	95	95	120	77

Production volumes are related to oil and gas production operations and include volumes for disposal activities for emulsion.

Drilling volumes are related to oil and gas drilling activities and include volumes for 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.

Marketed Oil Volumes Compared to Average WTI Prices



Q3 2018 and Q4 2018 marketed oil volumes exclude volumes marketed by a third party. Beginning January 1, 2019, these volumes were marketed by Tervita.

Energy Services First Quarter Results

Q1 Divisional EBITDA Increases by $15 Million to $59 Million

- Energy Services' Divisional EBITDA increased by 34% to $59 million in Q1 2019 compared to $44 million in Q1 2018. Our investment in Newalta in Q3 2018 contributed to higher revenue and waste volumes through our facilities, as production-related volumes increased 36% in Q1 2019 compared to the same quarter in 2018. Drilling-related volumes decreased 4% in Q1 2019 compared to the same quarter in 2018, reflecting the significant downturn in industry activity. However, this decrease in volumes was more than offset by an increase in associated revenue of 4%. Revenue was also positively impacted by a 31% increase in soil volumes from customer remediation activity.
- Our investment in Newalta introduced onsite services, a new complement of service offerings for our customers, particularly heavy oil producers. Onsite services contributed 16% of our total revenue for the quarter.
- Marketed oil volumes increased by 32% in Q1 2019 compared to Q1 2018, primarily due to additional volumes from acquired Newalta facilities, which we began marketing on January 1, 2019 (in 2018, these volumes were marketed by a third party). Recovered oil volumes increased by 59% in Q1 2019 compared to Q1 2018, however, these gains were somewhat offset by lower prices. Canadian producer netbacks and returns on recovered oil improved as curtailments caused significant strength in Canadian differentials and WTI climbed more than $15/bbl throughout Q1 2019 when compared to the last part of Q4 2018. At the same time, this challenged our ability to attract oil volumes to our facilities across the network for blending.
- Energy Services' Divisional EBITDA Margin for Q1 2019 was 49% compared to 58% earned in Q1 2018. This decrease in margin reflects the impact of acquired Newalta facilities and onsite services. Acquired Newalta facilities located in heavy oil regions tend to be more cost-intensive for waste separation which, combined with some efficiency differences in site layout and processes, contributed to a decrease in Energy Services' margin. Onsite services is a lower margin service line. We are working to reduce the operating costs at these facilities.

Q1 Net Profit of $30 Million

- Energy Services' Q1 2019 net profit was $30 million, a $1 million increase from the $29 million net profit in Q1 2018. The $15 million of increased contribution from Divisional EBITDA was offset by higher depreciation and amortization associated with acquired Newalta assets and assets associated with new lease liabilities.

Q1 Net Revenue Increases $44 Million to $120 Million

- The 58% and $44 million increase in Energy Services net revenue in Q1 2019 compared to Q1 2018 was primarily driven by our investments in new facility infrastructure and onsite services in 2018, including the acquisition of Newalta, the completion of two new pipeline connections at existing TRD facilities, and other growth and expansion capital spend that provided additional waste disposal, storage, and blending capacity.

- TRD facilities volumes increased by 37% or 676 thousand m^3 in Q1 2019 versus Q1 2018, a result of our acquisition of Newalta and higher production-related volumes at existing Tervita facilities driven by activity in the Montney. Revenue from these increased production-related volumes, however, was offset by lower realized prices due to a combination of product mix and targeted price adjustments at certain overflow facilities to maintain volumes. Product mix was impacted by vertical integration of disposal capacity by some producers, particularly for produced water in key regions. Drilling-related volumes and revenues increased primarily due to our acquisition of Newalta.
- Landfill volumes increased by 10% or 72 thousand tonnes in Q1 2019 compared to the same quarter in 2018. Consistent with the decline in drilling activity, drilling-related volumes and associated revenue decreased in Q1 2019 compared to Q1 2018. Soil volumes received from customer remediation projects increased 31%, contributing an additional 15% in revenue in Q1 2019 compared to the same quarter in 2018.
- The acquisition of Newalta provided us an opportunity to expand our service offerings to heavy oil and other producers in the WCSB and US.

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 March 31			
	2019	2018	Increase (Decrease)	*% Change*
Commodity-based sales	**12**	10	2	*20%*
Facility-based services	**10**	7	3	*43%*
Project-based services	**42**	24	18	*75%*
Total revenue	**64**	41	23	*56%*
Direct expenses	**(53)**	(39)	14	*36%*
Depreciation and amortization	**(3)**	(2)	1	*50%*
Restructuring costs	**(2)**	-	2	*100%*
Impairment reversal (expense)	**1**	-	(1)	*-100%*
Operating profit (loss)	**7**	-	7	*100%*
Other income (expense)	**-**	(1)	(1)	*-100%*
Net profit (loss)	**7**	(1)	8	*800%*
Divisional EBITDA(1)	**11**	2	9	*450%*
Divisional EBITDA Margin (1)	***17%***	*5%*	*12%*	*n/m*
Maintenance capital expenditures	**2**	1	1	*100%*
Growth and expansion capital expenditures	**2**	-	2	*100%*

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

Industrial Services First Quarter Results

Q1 Divisional EBITDA Contributes $11 Million With Divisional EBITDA Margin of 17%

- Industrial Services' Q1 2019 Divisional EBITDA of $11 million was a $9 million and 450% increase from the Q1 2018 Divisional EBITDA of $2 million. This increase was primarily driven by an 18% increase in rail services project activity due to isolated weather incidents and an overall increase in rail traffic. In addition to the higher number of rail services projects, there were more large-scale derailments in Q1 2019 that resulted in increased revenue and margin per job when compared to the same period in the prior year. Additional contributions to the increase in Divisional EBITDA came from higher revenue and earned margins for other project work and greater waste volumes through facilities, particularly in the lower mainland region of southwest British Columbia, and the adoption of the new lease standard ($1 million - please refer to section ***Impact of New Accounting Standards***).

- Higher revenue and improvements in Divisional EBITDA increased Industrial Services' Q1 2019 Divisional EBITDA Margin by 12% compared to Q1 2018.

Q1 Net Profit of $7 Million Driven by Higher Revenue

- Industrial Services' Q1 2019 net profit of $7 million was an $8 million improvement compared to the net loss of $1 million in the same period in 2018, primarily due to the improvements in Divisional EBITDA, offset somewhat by $2 million of restructuring expenses. This restructuring targeted existing non-profitable services lines, consolidating overheads, and focusing operations towards our existing facility geography.

Q1 2019 Revenue of $64 Million a 56% Increase Over Q1 2018

- Industrial Services' Q1 2019 revenue of $64 million was a $23 million and 56% increase when compared to the $41 million of revenue in Q1 2018. This was primarily due to an increase in rail services as the number and size of projects was higher than the same quarter in the prior year. Higher waste received through facilities, increased ferrous volumes, and greater non-ferrous volumes and prices also contributed to the growth in revenue.

CORPORATE

	Three Months Ended March 31			
	2019	2018	Increase (Decrease)	*% Change*
Revenue - intersegment eliminations	**-**	(1)	(1)	*-100%*
Direct costs - intersegment eliminations	**-**	1	1	*100%*
General and administrative expenses	**(14)**	(10)	4	*40%*
Depreciation and amortization	**(2)**	(1)	1	*100%*
Impairment reversal (expense)	**(1)**	-	1	*100%*
Finance costs	**(19)**	(10)	9	*90%*
Transaction costs	**(2)**	(3)	(1)	*-33%*
Other income (expense)	**(2)**	(1)	1	*100%*
Total corporate expenses	**(40)**	(25)	15	*60%*
G&A as a % of revenue	***8%***	*9%*	*-1%*	*n/m*
Maintenance capital expenditures	**1**	1	-	*0%*

General and Administrative Expenses

- Q1 2019 G&A expenses increased by $4 million when compared to Q1 2018, primarily due to higher employee-related costs (salaries, benefits, internet, and mobility) associated with the Newalta acquisition, somewhat offset by lower expense of $1 million related to the impact of adoption of the new lease standard (please refer to section ***Impact of New Accounting Standards***).

Finance Costs

	Three Months Ended March 31			
	2019	2018	Increase (Decrease)	*% Change*
Interest on long-term debt	**(14)**	(9)	5	*56%*
Amortization of debt issue costs	**(3)**	(1)	2	*200%*
Interest on obligations under leases	**(2)**	-	2	*100%*
Finance costs	**(19)**	(10)	9	*90%*

- The increase in finance costs in Q1 2019 compared to Q1 2018 was due to the issuance of the additional US$250 million senior secured notes in Q2 2018 for the acquisition of Newalta, which increased interest and amortization of debt issue costs, and $2 million of interest expense on lease liabilities in accordance with our adoption of the new lease standard (please refer to section ***Impact of New Accounting Standards***).

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 March 31, 2019 included: (i) an undrawn $275 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.

At March 31, 2019, Tervita had $79 million in letters of credit ("LCs") issued against our revolving credit facility. The remaining $196 million of capacity, combined with $56 million of cash and cash equivalents, provided $252 million in available liquidity. The credit facility has a scheduled termination date of June 1, 2021, with normal course extension provisions under the credit agreement.

For the three months ended March 31, 2019, Tervita generated $31 million (2018 - $24 million) from operations (net of working capital and including decommissioning activities) and invested approximately $18 million (2018 - $14 million). Tervita did not require any additional liability to support continuing operations.

Adjusted Working Capital at March 31, 2019 was $87 million (March 31, 2018 - $62 million). The increase in Adjusted Working Capital was primarily due to the Newalta acquisition. Adjusted Working Capital is sufficient to meet our planned strategy and 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 months ended March 31, 2019, Discretionary Free Cash Flow (before transaction costs) was $39 million compared to $26 million in 2018. Discretionary Free Cash Flow represents Tervita's capacity to fund its ongoing growth capital spending and reduce net debt. For the three months ended March 31, 2019, Discretionary Free Cash Flow was more than sufficient to fund the $13 million of growth and expansion capital spend.

Net Debt to Adjusted EBITDA (Pro Forma LTM) at March 31, 2019 was 3.33.

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 LCs or replacement of LCs with other types of financial security, proceeds from the sale of long-term assets, and issuance of share capital.

At March 31, 2019, Tervita had cash and cash equivalents of $56 million.

Revolving Credit Facility

At March 31, 2019, $196 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 $200 million.

Under the terms of Tervita's revolving credit facility, we must comply with certain financial and non-financial covenants, including: (i) Total Leverage Ratio; (ii) Secured Leverage Ratio; and (iii) Interest Coverage Ratio.

Total Leverage Ratio

Total Leverage Ratio is calculated as the ratio of Total Indebtedness to Covenant EBITDA. Total Indebtedness consists of the outstanding principal value of the senior secured notes, reported in C$ and reflecting the impact of cross currency swaps, less cash balances up to a total of $75 million.

Tervita's Total Leverage Ratio cannot exceed 4.50 to 1.00.

Secured Leverage Ratio

Secured Leverage Ratio is defined as Secured Indebtedness to Covenant EBITDA. Secured Indebtedness consists of the outstanding LCs (which reduce the borrowing availability under the revolving credit facility) less cash balances up to a total of $75 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 Covenant EBITDA to Interest Expense, where Interest Expense consists of interest payments on the senior secured notes for the last twelve months and interest due on LCs and standby fees.

Tervita must maintain an Interest Coverage Ratio greater than 2.00 to 1.00.

Covenant Compliance at March 31, 2019

The Company complied with its covenants at March 31, 2019 as follows:

	Required	Achieved
Total Leverage Ratio	Less than 4.50	**3.45**
Secured Leverage Ratio	Less than 2.50	**0.11**
Interest Coverage Ratio	Greater than 2.00	**3.31**

USES OF CASH

Our primary uses of cash include capital expenditures, operating and G&A expenses, payments for lease liabilities, 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 months ended March 31 was as follows:

	Three Months Ended March 31			
	2019	2018	Increase (Decrease)	*% Change*
Capital expenditures				
Growth and expansion	**13**	10	3	*30%*
Maintenance	**5**	4	1	*25%*
	18	14	4	*29%*

Management evaluates capital projects based on their internal rate of return, timing of payback, fit with our corporate strategy, and risks 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 2019, 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 2019.

Other

Subject to approval by the Toronto Stock Exchange, we plan to initiate a Normal Course Issuer Bid.

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 (please refer to section ***Operating Results*** for Energy Services). 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

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenue (excluding energy marketing)	**184**	194	203	124	116	132	134	114
Energy marketing revenue	**347**	208	439	416	274	241	161	259
Revenue	**531**	402	642	540	390	373	295	373
Profit (loss) from continuing operations	**(3)**	(75)	(2)	-	3	(65)	(2)	(13)
- per share ($), basic and diluted	**(0.03)**	(0.64)	(0.02)	-	0.03	(0.62)	(0.02)	(0.12)
Net profit (loss)	**(3)**	(75)	(2)	-	3	(65)	(2)	(12)
- per share ($), basic and diluted	**(0.03)**	(0.64)	(0.02)	-	0.03	(0.62)	(0.02)	(0.11)

Q4 2018 to Q1 2019

- The decrease in revenue (excluding energy marketing) was primarily due to lower volumes through Energy Services' facilities from lower production and drilling-related market activity.
- The increase in energy marketing revenue was primarily due to higher marketed oil volumes from acquired Newalta facilities, which were marketed by Tervita beginning Q1 2019 and by a third party in 2018.

	• The decrease in net loss was primarily due to higher Q4 2018 expenses for transaction costs (Newalta acquisition) and impairment expense (goodwill impairment in Industrial Services and impairment of assets for inactive sites in Energy Services).
Q3 2018 to Q4 2018	• The decrease in revenue was primarily attributable to the reduced activity and associated recovered oil revenue due to the extreme widening of differentials during Q4 2018. • Net loss increased primarily due to transaction and finance costs incurred on the Newalta acquisition, goodwill impairment in Industrial Services, and an impairment of assets associated with inactive sites in Energy Services.
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 Newalta acquisition. 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.

OTHER ITEMS

ACQUISITION OF NEWALTA CORPORATION

The Competition Act (*Canada*) ("the Act") permits the Commissioner of Competition to make an application to the Competition Tribunal in respect of an acquisition transaction within a period of one year after its implementation. As of May 2, 2019, Tervita was not aware of any such application being filed.

FINANCIAL INSTRUMENTS

As at March 31, 2019, financial instruments included cash and cash equivalents, trade and other receivables, sublease receivables, equity investments, trade and other payables, interest payable, long-term debt, lease liabilities, onerous contracts, derivative assets (liabilities) and contingent considerations. Excluding long-term debt, the fair values of the financial instruments approximated their carrying values due to the short-term maturities.

Tervita is exposed to foreign currency risk with respect to its US$ debt. Tervita manages this exposure through its cross-currency swap agreements ("cross-currency swaps") and forward-contract swap agreements ("forward swaps"), thereby fixing the exchange rate on certain US$ debt.

Our risk management strategy for the senior secured notes is to mitigate the foreign currency risk due to movements in the US$ to C$ exchange rates. We have cross-currency swaps for the US$360 million senior secured notes for which we have applied hedge accounting to mitigate foreign exchange risk and variability in cash flows due to interest rate risk ("Designated Hedge"). During the three months ended March 31, 2019, the Designated Hedge was deemed to be effective and $13 million was recognized in accumulated other comprehensive profit (loss).

We also have forward swaps to mitigate the foreign exchange risk on the repayment of principal of the US$250 million senior secured notes. All gains and losses associated with changes to the fair value of the forward swaps are included in profit (loss). During the three months ended March 31, 2019, $6 million was recognized in the Statements of Profit (Loss) associated with unrealized changes in the fair value of the forward swaps.

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, 19, 20 and 23 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 March 31, 2019, Tervita did not have any off-balance sheet arrangements, other than the contingencies and guarantees discussed in notes 28 and 29, respectively, of the Annual Financial Statements, and certain pipeline commitments.

We do not reasonably expect any presently known trend or uncertainty to affect our ability to continue using these off-balance sheet arrangements. Tervita 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

Refer to note 26 of the Annual Financial Statements for disclosure regarding related party transactions.

Legal and Environmental Matters

After evaluation from Tervita's management and Board of Directors, we have determined the previously announced lawsuit with Secure Energy Services has merit and, accordingly, moved to set a court date, which has been set for January 22, 2022.

Refer to note 28 of the Annual Financial Statements for other disclosure of legal and environmental matters.

Impact of New Accounting Standards

IFRS 16 ''Leases'' ("IFRS 16") was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 replaces International Accounting Standards ("IAS") 17 ''Leases'' ("IAS 17"), International Financial Reporting Interpretations Committee ("IFRIC") 4 "Determining Whether an Arrangement Contains a Lease", Standards Interpretation Committee ("SIC")15 "Operating Leases-Incentives", and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases which requires lessees to account for operating leases under a single on-balance sheet model in a manner similar to the previous accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset during the lease term.

Tervita elected to adopt IFRS 16 using the modified retrospective transition approach, whereby the right-of-use asset is measured at the value of the lease liability upon the date of initial application. The modified retrospective approach does not require restatement of prior periods. Tervita applied certain practical expedients available under this adopted approach and elected to apply recognition exemptions for short-term and low-value leases. As a lessee, Tervita's most significant lease contracts relate to real estate, equipment, and surfaces. Tervita does not have any material lease agreements where Tervita acts as lessor.

The complete impact of adopting IFRS 16 is disclosed in notes 2 and 9 of the Interim Financial Statements.

There were no changes to compliance with the financial covenants that form part of our long-term debt due on the adoption of IFRS 16, as the covenants will continue to be calculated based on lease accounting that would apply under IAS 17. Please refer to discussion of Covenant EBITDA in the ***Non-GAAP Measures*** section.

ACCOUNTING POLICIES

Tervita's significant accounting policies are included in the related notes of the Company's Annual Financial Statements, other than as described in note 9 of the Interim Financial Statements.

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.

The most significant accounting estimates and judgments used in the preparation of our Interim Financial Statements are included in the notes of the Company's Annual Financial Statements other than as described in notes 2 and 9 of the Interim Financial Statements.

RISKS

A discussion of Tervita's risks is set out in our AIF under the heading ***Risk Factors***. This section does not describe all risks applicable to Tervita, its industry, or its business, and is intended only as a summary of certain material risks. If any of such risks or uncertainties occur, the Company's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements discussed in this MD&A.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

We have documented risks, controls, results of testing, and reporting procedures ("ICFR") based on criterion established in the Internal Control – Integrated Framework (2013) ("COSO 2013") issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Chief Executive Officer and the Chief Financial Officer (collectively, the "Certifying Officers") have evaluated the design and effectiveness of our disclosure controls and procedures, and the operational effectiveness of our internal controls over financial reporting using COSO 2013. As of March 31, 2019, the Certifying Officers have concluded that there were no changes that occurred during the interim period that materially affected, or are reasonably likely to materially affect, Tervita's ICFR.

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;
- market outlook with respect to drilling activity, relatively stable oil and gas prices, and Western Canadian oil and gas production levels;
- 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 Newalta acquisition;
- plans and objectives for future operations;
- anticipated operational and financial performance (including expected synergies and cost reductions) for each operating segment;
- 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 treatment, 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.

For a more detailed discussion of risks relating to Tervita see our most recent AIF.

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.

The estimates regarding Tervita's future financial performance, including estimates regarding Tervita's expected realization of synergies from the Arrangement, are based on assumptions about future events, including economic conditions and proposed course of action, based on management's assessment of the relevant information currently available. See "Outlook". The estimates are based on the same assumptions and risk factors set forth above and are based on Tervita's historical results of operations. The financial outlook or potential financial outlook set forth in this MD&A were approved by management as of the date of this MD&A to provide investors with an estimation of the outlook for Tervita for 2019 and onwards, where applicable and Readers are cautioned that any such financial outlook contained herein should not be used for purposes other than those for which it is disclosed herein. The prospective financial information set forth in this MD&A has been prepared by management. Tervita and management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgements, and represents, to the best of management's knowledge and opinion, Tervita's expected course of action in developing and executing its business strategy and growth opportunities relating to its business operations. However, actual results may vary from the prospective financial information set forth in this MD&A. See above for a discussion of the risks that could cause actual results to vary. The prospective financial information set forth in this MD&A should not be relied on as necessarily indicative of future results.

For additional information relating to Tervita, including our AIF, please see our profile on SEDAR, available at www.sedar.com.