# ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2018

Dated March 13, 2019

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# FORWARD-LOOKING INFORMATION AND STATEMENTS

This Annual Information Form (**AIF**) contains forward-looking statements and forward-looking information (collectively referred to as "forward-looking information") within the meaning of applicable Canadian securities laws. 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 AIF include, amongst others, statements and management's beliefs, expectations or intentions regarding the following:

- general market conditions;
- the oil and natural gas industry;
- activity levels in the oil and gas sector, including expected drilling levels in Western Canada;
- commodity prices for oil and gas;
- 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. Those assumptions and factors are based on information currently available to Tervita and include the following:

- current economic and operating conditions, including commodity prices, interest rates, and environmental and regulatory matters;
- the ability of Tervita to obtain equipment, services, supplies and personnel to carry out its business activities;
- the ability of Tervita to successfully market its business in the areas in which it operates; that Tervita's current business environment will remain substantially unchanged;
- Tervita's ability to secure financing on acceptable terms, if needed;

- 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 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;
- 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.

Forward-looking information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, those factors discussed under the heading "Risk Factors".

These factors should not be construed as exhaustive. The forward-looking information contained in this AIF is made as of the date hereof and Tervita undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws. Because of the risks, uncertainties and assumptions contained herein, securityholders should not place undue reliance on forward-looking information. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

# GLOSSARY OF TERMS

The following is a glossary of defined terms used in this AIF. Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder.

"**AIF**" has the meaning set forth under the heading “Forward Looking Information and Statements” in this AIF.

**“Arrangement”** has the meaning set forth under the heading “Corporate Structure - Name, Address and Incorporation” in this AIF.

**“Arrangement Agreement”** has the meaning set forth under the heading “Material Contracts” in this AIF.

"**Audit Committee**" means the Audit Committee of the Tervita Board.

"**Canadian Trustee**" means TSX Trust Company, as Canadian trustee, until a successor replaces it in accordance with the applicable provisions of the Tervita Note Indenture and, thereafter, means the successor serving thereunder.

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-4, as amended, including the regulations promulgated thereunder.

"**CEO**" means the President and Chief Executive Officer.

"**CFO**" means the Chief Financial Officer.

"**COLC**" means the Crude Oil Logistics Committee.

**“Escrow Notes”** has the meaning set forth under the heading “General Development of the Business – Three Year History - 2018” in this AIF.

"**Exchange**" means the TSX or such other stock exchange on which the Tervita Common Shares are listed and posted for trading.

"**GHG**" has the meaning set forth under the heading "Narrative Description of the Business – Governmental Regulations – Environmental, Health and Safety Regulations" in this AIF.

"**Governance Committee**" means the Governance Committee of the Tervita Board.

"**Guarantor**" means each restricted subsidiary of Tervita that guarantees the Tervita Notes pursuant to the terms of the Tervita Note Indenture.

"**HRC Committee**" means the Human Resources and Compensation Committee of the Tervita Board.

"**HSE Committee**" means the Health, Safety and Environmental Committee of the Tervita Board.

**“Information Circular”** has the meaning set forth under the heading “Material Contracts” in this AIF.

**“IFRS”** means International Financial Reporting Standards.

**“Legacy Tervita”** has the meaning set forth under the heading “Corporate Structure – Name, Address and Incorporation” in this AIF.

**“Legacy Tervita Common Shares”** has the meaning set forth under the heading “General Development of the Business – Three Year History - 2018” in this AIF.

**“Legacy Tervita Preferred Shares”** has the meaning set forth under the heading “General Development of the Business – Three Year History - 2018” in this AIF.

**“Legacy Tervita Shares”** has the meaning set forth under the heading “General Development of the Business – Three Year History - 2018” in this AIF.

**“Moody’s”** has the meaning set forth under the heading “Description of Capital Structure - Ratings” in this AIF.

"**NAFTA**" has the meaning set forth under the heading "Risk Factors" in this AIF.

**“Newalta”** has the meaning set forth under the heading “Corporate Structure - Name, Address and Incorporation” in this AIF.

"**NI 52-110**" means National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators.

"**NORMs**" means naturally occurring radioactive materials.

“**Notes**” has the meaning set forth under the heading “Description of Capital Structure – Debt” in this AIF.

**“OPEC”** means the Organization of the Petroleum Exporting Countries.

"**Recapitalization Transaction**" has the meaning set forth under the heading "Tervita Corporation – Name, Address and Incorporation" in this AIF.

**“S&P”** has the meaning set forth under the heading “Description of Capital Structure - Ratings” in this AIF.

**“Secured Notes”** has the meaning set forth under the heading “General Development of the Business – Three Year History - 2018” in this AIF.

**“Solus”** has the meaning set forth under the heading “General Development of the Business – Three Year History - 2018” in this AIF.

"**Tervita**" or “**the Corporation**” has the meaning set forth under the heading “Corporate Structure - Name, Address, and Incorporation” in this AIF.

"**Tervita Board**" means the board of directors of Tervita.

"**Tervita Common Shares**" means common shares in the capital of Tervita.

"**Tervita Credit Agreement**" means the credit agreement dated as of December 14, 2016, as amended and restated on December 21, 2018, among the financial institutions party thereto, as lenders, Tervita, as borrower, the Guarantors from time to time and Toronto Dominion Bank, as administrative agent.

"**Tervita Note Indenture**" means the indenture, dated as of December 12, 2016 between Tervita Escrow Corporation and the U.S. Trustee and the Canadian Trustee, as supplemented by the Tervita First Supplemental Note Indenture, the Tervita Second Supplemental Note Indenture and the Tervita Third Supplemental Note Indenture, as may be further supplemented or amended from time to time.

"**Tervita Preferred Shares**" means preferred shares in the capital of Tervita.

**"Tervita Shareholders"** means the holders from time to time of Tervita Shares, collectively or individually, as the context requires.

**“Tervita Shares”** means both Tervita Preferred Shares together with Tervita Common Shares.

"**Tervita First Supplemental Note Indenture**" means the first supplemental indenture dated as of December 14, 2016 among Tervita, 2008112 Alberta Ltd., the US Trustee and the Canadian Trustee, pursuant to which, among other things, Tervita assumed all of the liabilities of Tervita Escrow Corporation under the Tervita Note Indenture.

"**Tervita Second Supplemental Note Indenture**" means the second supplemental indenture dated as of May 21, 2018, among Tervita, 2008112 Alberta Ltd., the US Trustee and the Canadian Trustee, pursuant to which, among other things, Tervita obtained the requisite consent of the holders of the Secured Notes to amendments to certain covenants in the Note Indenture, as it existed prior to the execution of the Tervita Second Supplemental Note Indenture, to permit the offering of the Escrow Notes and the completion of the Arrangement.

"**Tervita Third Supplemental Note Indenture**" means the third supplemental indenture dated as of July 19, 2018 among Tervita, 2008112 Alberta Ltd., the US Trustee and the Canadian Trustee, pursuant to which, among other things, Tervita assumed all of the liabilities of Tervita 2018 Escrow Corporation under the Tervita Note Indenture.

"**Tervita Warrants**" means the share purchase warrants to purchase Tervita Shares at an exercise price of $18.75 per Tervita Share, subject to adjustment in certain events, in accordance with the terms and conditions of a warrant indenture governing the terms of such warrants, for a period ending on the date that is two years after July 19, 2018.

"**TMR**" means Tervita Metals Recycling.

"**Trading Day**" means any day on which the Exchange is open for trading.

"**TRD Facilities**" means treatment, recovery and disposal facilities.

"**Trustee**" means the U.S. Trustee and the Canadian Trustee.

"**Trust**" has the meaning set forth under the heading "Corporate Structure - Name, Address, and Incorporation" in this AIF.

"**TSX**" means the Toronto Stock Exchange.

"**U.S. Trustee**" means Deutsche Bank Trust Company Americas, as U.S. trustee, until a successor replaces it in accordance with the applicable provisions of the Tervita Note Indenture and, thereafter, means the successor serving thereunder.

**“USMCA”** has the meaning set forth under the heading “Risk Factors” in this AIF.

"**WCS**" means Western Canadian Select.

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

"**WTI**" means West Texas Intermediate.

# CORPORATE STRUCTURE

## Name, Address and Incorporation

Tervita Corporation (**Tervita** or the **Corporation**) is the corporation that resulted from the amalgamation of Newalta Corporation (**Newalta**) and Tervita Corporation (**Legacy Tervita**), under the provisions of the ABCA, pursuant to a plan of arrangement (the **Arrangement**) that closed July 19, 2018. Pursuant to the steps of the Arrangement, Legacy Tervita completed an acquisition of Newalta, culminating in the amalgamation of the two companies into the current publicly-traded company. Tervita now exists under, and is governed by, the provisions of the ABCA.

Legacy Tervita was originally incorporated under the ABCA on October 24, 1983 under the name "Western Petro Pollution Control (1983) Ltd.". After its incorporation, Legacy Tervita completed a number of reorganizations:

- On February 3, 1986 Western Petro Pollution Control (1983) Ltd. changed its name to "Western Crude Processors Ltd." and then to "Canadian Crude Separators Inc." on September 20, 1991.

- On April 30, 1993 Canadian Crude Separators Inc. amalgamated with International Technologies Inc., with the amalgamated entity retaining the name "Canadian Crude Separators Inc.".

- On May 22, 2002, Canadian Crude Separators Inc. amalgamated with CCS Inc. and 987681 Alberta Ltd., with the amalgamated entity retaining the name "CCS Inc." The amalgamation was effected in connection with a plan of arrangement involving Canadian Crude Separators Inc., CCS Inc. and CCS Income Trust (the **Trust**). The Trust was created as an open-end unincorporated investment trust governed by the laws of the Province of Alberta pursuant to a trust indenture dated as of April 17, 2002.

- On September 5, 2007, the unitholders of the Trust and holders of exchangeable shares of CCS Inc. approved a going private transaction of the Trust at a special meeting. The going private transaction was completed on November 16, 2007 whereupon the trust units of the Trust were delisted from the TSX and the Trust ceased to exist. The business and operations of the Trust continued under the corporate entity "CCS Inc.".

- On November 14, 2007, CCS Inc. amalgamated with 1331826 Alberta ULC, with the amalgamated entity retaining the name "CCS Inc." On December 21, 2007, CCS Inc. amended and restated its articles to cancel and remove both the exchangeable shares issuable in series and the series A exchangeable shares from its authorized capital and to create preferred shares.

- On July 3, 2008, CCS Inc. amended its articles to change its name to "CCS Corporation". On March 14, 2012, CCS Corporation amended its articles to change its name to "Tervita Corporation". On September 7, 2016, Legacy Tervita continued from the ABCA to the CBCA.

- On December 14, 2016, Legacy Tervita completed a recapitalization transaction, which included a corporate plan of arrangement under Section 192 of the CBCA (the **Recapitalization Transaction**). See heading "General Description of the Business".

- On July 19, 2018, in order to complete the Arrangement, Legacy Tervita continued from the CBCA to the ABCA.

Tervita is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick. Its common shares and common share purchase warrants trade on the TSX under the trading symbols “TEV” and “TEV.WT”, respectively.

The head and principal business office of Tervita is located at Suite 1600, 140 - 10th Avenue S.E., Calgary, Alberta, Canada, T2G 0R1. The registered office of Tervita is located at 3700, 400 Third Avenue S.W., Calgary, Alberta, Canada, T2P 4H2.

### Intercorporate Relationships

Tervita has direct and indirect wholly owned subsidiaries in Canada, the United Stated and Mexico. None of Tervita's subsidiaries had total assets that exceeded 10% of Tervita's consolidated assets as at December 31, 2018 or annual revenues that exceeded 10% of Tervita's consolidated annual revenues for the year ended December 31, 2018.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three-Year History

The following is a general description of the development of Tervita over the years ended December 31, 2018, 2017 and 2016 and recent developments subsequent thereto.

***2018***

*Arrangement with Newalta*

Pursuant to the Arrangement, through a series of transactions, each former shareholder of Newalta received, upon the amalgamation of Legacy Tervita and Newalta, 0.1467 of one Tervita Common Share and 0.03066 of one Tervita Warrant for each Newalta common share held. Holders of Legacy Tervita common shares (**Legacy Tervita Common Shares**) and Legacy Tervita preferred shares (**Legacy Tervita Preferred Shares** and together with the Legacy Tervita Common Shares, **Legacy Tervita Shares**) received one Tervita Common Share for each Legacy Tervita Share held. Immediately after completion of the Arrangement, Newalta shareholders owned approximately 11% of the Tervita Common Shares (or 13% of the Tervita Common Shares if all of the Tervita Warrants were exercised). After the completion of the Arrangement, Tervita’s capital structure consisted of two classes of shares, common shares and preferred shares.

Additionally, pursuant to the Arrangement, Tervita 2018 Escrow Corporation was wound-up into Tervita. In connection with such winding up, the US$250 million aggregate principal amount of 7.625% senior secured notes due 2021 (the **Escrow Notes**) that were issued by Tervita 2018 Escrow Corporation on June 1, 2018 were automatically exchanged upon completion of the Arrangement for a like principal amount of additional notes issued by Tervita under the indenture governing Tervita’s existing 7.625% Senior Secured Notes due 2021 (the **Secured Notes**), under which Tervita previously issued US$360 million aggregate principal amount of Secured Notes in December 2016. The Escrow Notes have been deemed cancelled.

As part of the Arrangement, all of Newalta’s outstanding debt was settled:

- Newalta’s $275 million senior unsecured debentures were called pursuant to the terms under the related Newalta indenture and were fully defeased;
- All amounts drawn on Newalta’s $150 million credit facility were repaid; and
- Letters of credit issued under the Newalta credit facility were replaced with letters of credit issued under Tervita’ $200 million credit facility and the Newalta $150 million credit facility was cancelled.

The above settlements were funded from the proceeds of the US$250 million Secured Notes received from 2018 Tervita Escrow Corporation and Tervita’s cash on hand.

In connection with the completion of the Arrangement, Gordon Pridham and Susan Riddell Rose, former directors of Newalta, were appointed to the board of directors of Tervita. In addition, Michael Colodner from Solus Alternative Asset Management LP (**Solus**) (Tervita’s largest shareholder) was also appointed as a director.

The waiting period under the *Competition Act* (Canada) (**Competition Act**) expired prior to the closing of the Arrangement; however, the Commissioner of Competition has not yet completed his review of the Arrangement. The Competition 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. The waiting period for such an application expired prior to the closing of the Arrangement. As of the date hereof, Tervita was not aware of any such application being filed.

*Credit Facility Amendments*

In late December 2018, Tervita amended and extended its senior secured revolving credit facility with a syndicate of banks. Among other changes, the amendment extended the term of the credit facility by one and a half years to June 2021, with an option to extend (subject to customary conditions) and increased the maximum principal amount available by $75 million to $275 million.

***2017***

*Officer and Director Changes*

On January 9, 2017, Douglas Ramsay was appointed as a director of Legacy Tervita. On March 2, 2017, Grant Billing was appointed the interim CEO of Legacy Tervita. On March 14, 2017, Robert Dawson was appointed CFO. On June 21, 2017, Kevin Walbridge was appointed as a director of Legacy Tervita. On July 14, 2017, John Cooper was appointed as the CEO and a director of Legacy Tervita.

*Corporate Acquisitions*

On July 14, 2017, Legacy Tervita acquired Columbia Recycle (2008) Ltd., the largest metal recycling facility in southeast British Columbia, and on September 28, 2017, Legacy Tervita acquired Columbia Recycle (1996) Ltd., a full service scrap facility in southeast British Columbia. The combined acquisitions were made for approximately $5 million and supported Legacy Tervita's focus of expanding its scrap metals recycling operations to southeast British Columbia.

On November 1, 2017, Legacy Tervita acquired 3K Oil Services Ltd., an oilfield services provider to heavy oil markets located in the west central region of Saskatchewan for a purchase price of approximately $19 million plus working capital adjustments. The assets of 3K Oil Services Ltd. included a treatment and storage facility for heavy oil waste by-product, a non-hazardous landfill and a waste disposal well.

***2016***

*Swap Settlements*

In the first three months of 2016, the foreign currency swap arrangements related to Legacy Tervita's US$650 million aggregate principal amount of 8.00% senior secured notes due 2018 and US$290 million aggregate principal amount of 9.75% senior unsecured notes due 2019 were settled for proceeds of US$174 million and US$52 million, respectively.

*Disposition*

On August 31, 2016, Legacy Tervita completed the sale of its non-core production services business unit to High Arctic Energy Services Inc. for cash proceeds of $42.8 million. Most of Legacy Tervita's Production Services team of approximately 300 personnel, including management, joined High Arctic Energy Services Inc. at the time.

*Recapitalization Transaction*

On December 14, 2016, Legacy Tervita completed the Recapitalization Transaction, which included a court-approved plan of arrangement under Section 192 of the CBCA. The Recapitalization Transaction reduced Tervita's outstanding debt from approximately $2.6 billion to approximately $475 million and resulted in the following:

- The creation of four new classes of shares of Legacy Tervita, being the Legacy Tervita Preferred Shares, Legacy Tervita non-voting preferred shares, Legacy Tervita Class A shares and Legacy Tervita Class B shares. The Legacy Tervita Preferred Shares and Legacy Tervita Class A shares have substantially similar rights and vote together on an as-converted basis as a single class. However, if any shareholder has beneficial or legal ownership of more than 49.90% of the voting power of Legacy Tervita, such shareholder will be required to hold Legacy Tervita Class B shares or Legacy Tervita non-voting preferred shares in excess of that threshold.

- The issuance by Legacy Tervita of US$360 million of secured notes with a coupon rate of 7.625%. Interest on the secured notes is payable semi-annually on June 1 and December 1, beginning June 1, 2017. The secured notes mature on December 1, 2021. Prior to December 1, 2018, up to 10% per year of the aggregate principal may be redeemed at 103% of the principal amount to be repaid and up to 35% of the aggregate principal may be redeemed at 108% with net proceeds of certain equity offerings. The secured notes are secured on a second lien basis by substantially all the tangible and intangible assets of Tervita and the Guarantor, other than certain excluded assets.

- The reduction by Legacy Tervita of its outstanding debt as follows:

  (a) the settlement of Legacy Tervita's US$300 million senior secured term loan and associated accrued interest of $5 million for cash proceeds of $308 million and the issuance of 2,444,137 Legacy Tervita Preferred Shares;

  (b) the settlement of Legacy Tervita's US$650 million aggregate principal amount of 8.00% senior secured notes, the associated accrued interest of $5 million and early redemption premium of $10 million, for cash proceeds of $572 million and the issuance of 41,984,175 Legacy Tervita Preferred Shares;

  (c) the settlement of Legacy Tervita's $200 million aggregate principal amount of 9.00% senior secured notes, the associated accrued interest of $1 million and early redemption premium of $3 million, for cash proceeds of $154 million and the issuance of 7,081,869 Legacy Tervita Preferred Shares;

  (d) the settlement of Legacy Tervita's US$335 million aggregate principal amount of 10.875% senior unsecured notes and the associated accrued interest of $40 million in exchange for the issuance of 1,466,319 Legacy Tervita Class A shares;

  (e) the settlement of Legacy Tervita's US$290 million aggregate principal amount of 9.75% senior unsecured notes and the associated accrued interest of $23 million in exchange for the issuance of 1,149,279 Legacy Tervita Class A shares;

- the settlement of Legacy Tervita's US$308 million aggregate principal amount of 11.875% senior subordinated notes as well as the associated accrued interest of $41 million for cash proceeds of $25 million; and

- the cancellation of Legacy Tervita's revolving credit facility with a maximum borrowing amount of $350 million, which included a $25 million swing line facility with the same terms and conditions, and interest rates on these facilities varied based on Legacy Tervita's consolidated leverage ratio. The entering into by Legacy Tervita of the Tervita Credit Agreement, providing for a credit facility with a maximum borrowing amount of $200 million. The facility matures December 2019 and bears interest at a rate per annum equal to the applicable variable underlying institutional rate plus an applicable margin subject to changes based on the achievement of certain consolidated total indebtedness to adjusted EBITDA ratios (as each such term is defined in the Tervita Credit Agreement). This facility is secured on a first lien basis by substantially all the tangible and intangible assets of Tervita and the Guarantor.

- The adoption by Legacy Tervita of new constating and corporate governance documents.

- The appointment of a new Legacy Tervita board of directors as of December 14, 2016, which consisted of Grant Billing, Allen Hagerman, Cameron Kramer, Chris Synek and Jay Thornton.

- Legacy Tervita amalgamated with 9894942 Canada Ltd.

## NARRATIVE DESCRIPTION OF THE BUSINESS

On July 19, 2018, Tervita completed its acquisition, by way of the Arrangement, of Newalta. The figures presented herein ending December 31, 2018 reflect results of Tervita, from July 19, 2018 to December 31, 2018 together with the results from Legacy Tervita only from January 1, 2018 through to July 18, 2018. For further information with respect to the Arrangement, please refer to note 3 to the December 31, 2018 Consolidated Financial Statements.

**Business Description**

The industry in which Tervita predominantly operates, integrated oil and gas environmental services, is dependent upon the oil and gas exploration and production industry. Oil and gas exploration and, to a lesser extent, production is driven by oil and gas commodity prices, which in turn are impacted by resource availability and demand, costs to produce and general economic activity. While activity levels for oil and gas exploration are driven directly by commodity prices, demand for environmental services is less dependent on commodity prices. Therefore, the demand for production-related environmental services has been more stable over time than that for drilling-related services.

In recent years, the Western Canadian oil and gas industry has faced ongoing volatility and a deterioration of commodity prices due to strong production growth, and egress constraints. Additionally, the majority of Tervita’s business operations are located in Canada, which has experienced a greater volatility in its markets than the United States due primarily to lack of market access capacity and associated reduction in development activity. This uncertainty and volatility in the market has translated into lower investment and reduced drilling and completions activity. In light of this economic environment, Tervita has significantly reduced its cost structure and improved the efficiency of its operations.

Continued support for supply management by the Organization of the Petroleum Exporting Companies and growth in rail capacity has somewhat stabilized the market. Tervita management believes that, as a result of this commodity price environment, producers will be disciplined with their capital and focus on maintaining financial flexibility through prudent management of their balance sheets, which they expect will lead to marginal growth in drilling activity in Western Canada over time. The focus of drilling activity is expected to be on the most economic and productive areas, which is currently focused on light oil and condensate in the Montney, East Duvernay and Viking developments.

Partially due to the economic environment that exists in its industry, and also as part of the ordinary course of business, Tervita continually evaluates strategic opportunities and transactions. As of the date hereof, Tervita has not reached agreement on the price or terms of any such transactions and, at this time, Tervita cannot predict whether any current or future opportunities will result in one or more transactions.

Despite certain fundamentals showing signs of improvement, significant market uncertainty remains, and Tervita expects a longer term stable price environment due to continued increases in production from the United States, Russia, and Canada. See "Risk Factors".

**Principal Operating Segments Overview**

The operations of Tervita are managed through five operating segments, which are aggregated in accordance with IFRS into two reporting segments: Energy Services and Industrial Services.

*Energy Services*

The Energy Services reporting segment is also an operating segment, and focuses primarily on the upstream and midstream segments of the oil and gas industry through three service lines: energy marketing, facilities and onsite. These service lines collectively provide many services to the upstream and midstream segments of the oil and gas industry, including:

- treating, recovering and disposing of fluids;
- energy marketing;
- processing and disposal of solid materials used in, and generated by, natural resource and industrial production;
- disposal of oil-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.

The Energy Services reporting segment accounted for approximately 88% of Tervita's revenue in 2018, approximately two-thirds of which was from production related activities.

*Industrial Services*

The Industrial Services reporting segment provides comprehensive environmental solutions through four operating segments: Waste Services, Metals Recycling, Rail Services and Environmental Services.

The Industrial Services reporting segment accounted for approximately 12% of Tervita's revenue in 2018.

In addition to Tervita's two reporting segments, Tervita presents intersegment eliminations and general administrative and other non-operating expenses as “Corporate” in its consolidated financial statements.

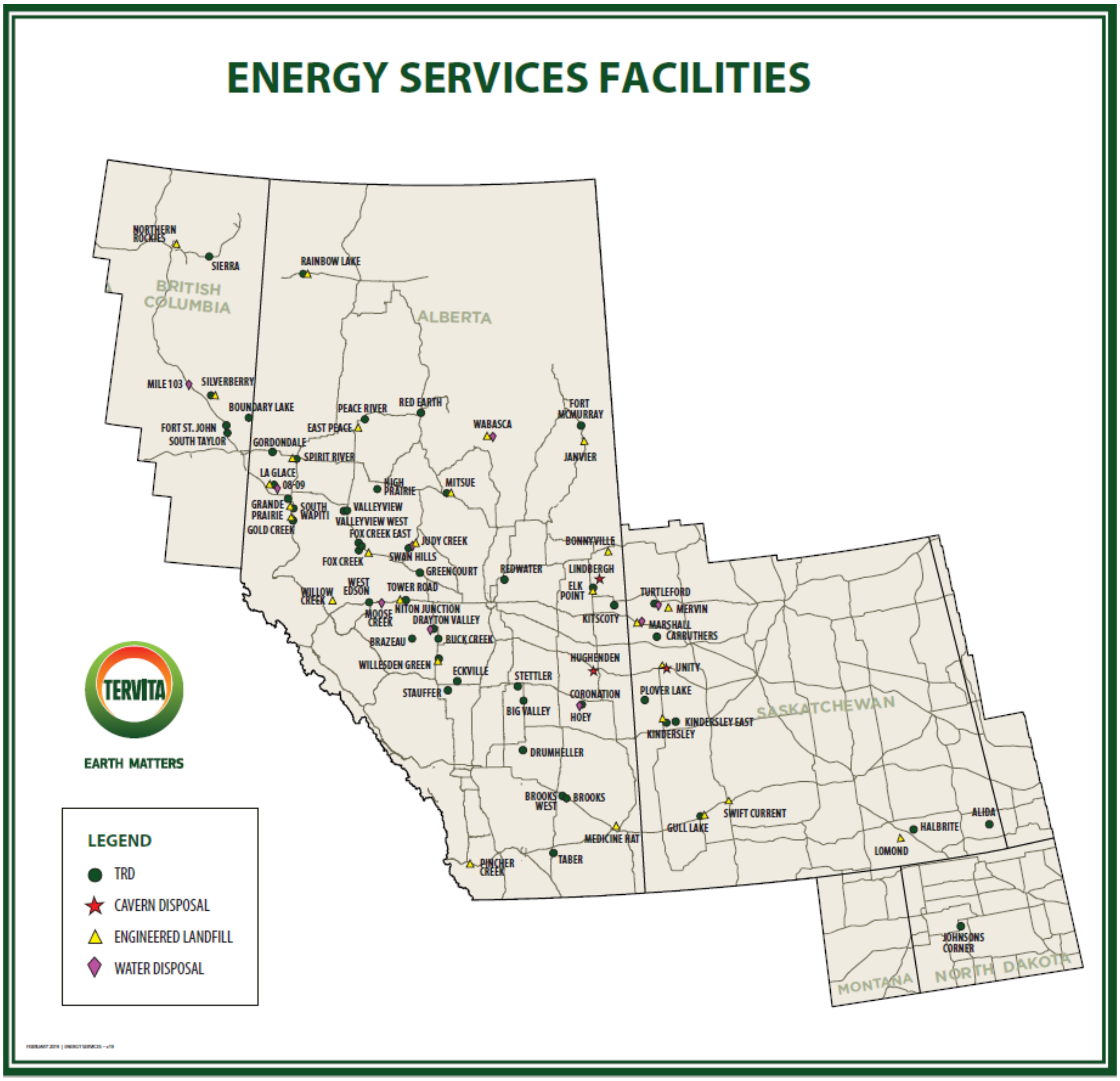
*Employees*

As at December 31, 2018, Tervita and its subsidiaries had a total of 1,718 employees, 899 of which were employed by the Energy Services Operating Segment, 568 of which were employed by the Industrial Services Operating Segment and 251 of which were employed by the corporate division.

### *Description of Services Offered by Energy Services Operating Segment*

Tervita's facilities, onsite and energy marketing service lines work in tandem to provide services to upstream and midstream operators in the oil and gas industry. Tervita offers services to treat, recover and dispose of fluids used in and generated by oil and gas drilling, completions and production activity and then markets and sells the oil that is recovered or processed at Tervita's treating, recovery and disposal facilities (**TRD Facilities**). Tervita also operates (often more limited in scope or with more specific applications) facilities it has located on and often integrated into its customer's facilities and operations. These modular processing facilities (or **MPFs**) are typically backed by a long term committed customer contract providing stability in revenues. They are also principally located at significant operating facilities, principally in the oil sands. Additionally, Tervita operates cavern disposal facilities and engineered landfills for the disposal of solid and liquid waste created by oil and gas drilling, completions and production activity. In addition to its facility based services, Tervita also offers services directly at the customer drill rigs, providing and operating mobile equipment to help manage customers' solids and drill cuttings waste streams prior to disposal. Tervita operates these services in both Canada and the United States with the majority of its revenues in various oil and gas plays across the United States including in North Dakota, Pennsylvania, Colorado, Wyoming and Texas. Tervita's U.S. operations comprise facilities in North Dakota and these solids control services across the remaining noted areas of operation.

As illustrated below, Tervita's TRD Facilities, cavern disposal facilities and engineered landfills are in close proximity to a large number of producers and producing wells. Management of Tervita believes that placing multiple facilities within the same region provides optimized coverage and flexibility for its customers and strategic advantages for its facilities.


ENERGY SERVICES FACILITIES
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MONTANA
NORTH DAKOTA
NORTHERN ROCKIES
SIERRA
RAINBOW LAKE
MILE 103
SILVERBERRY
BOUNDARY LAKE
FORT ST. JOHN
SOUTH TAYLOR
PEACE RIVER
RED EARTH
EAST PEACE
WABASCA
FORT MCMURRAY
JANVIER
GORDONDALE
SPIRIT RIVER
LA GLACE
08-09
HIGH PRAIRIE
MITSUE
GRANDE PRAIRIE
SOUTH WAPITI
VALLEYVIEW
VALLEYVIEW WEST
GOLD CREEK
FOX CREEK EAST
JUDY CREEK
FOX CREEK
SWAN HILLS
GREENCOURT
REDWATER
BONNYVILLE
LINDBERGH
ELK POINT
WILLOW CREEK
WEST EDSON
TOWER ROAD
NITON JUNCTION
MOOSE CREEK
DRAYTON VALLEY
TURTLEFORD
MERVIN
KITSCOTY
MARSHALL
CARRUTHERS
BRAZEAU
BUCK CREEK
WILLESDEN GREEN
ECKVILLE
HUGHENDEN
UNITY
STAUFFER
STETTLER
CORONATION
PLOVER LAKE
BIG VALLEY
HOEY
KINDERSLEY EAST
KINDERSLEY
DRUMHELLER
BROOKS WEST
BROOKS
SWIFT CURRENT
GULL LAKE
MEDICINE HAT
ALIDA
HALBRITE
LOMOND
PINCHER CREEK
TABER
JOHNSONS CORNER
TERVITA
EARTH MATTERS
LEGEND
TRD
CAVERN DISPOSAL
ENGINEERED LANDFILL
WATER DISPOSAL

A detailed description of each of the three types of facilities that Tervita owns and operates to treat, recover and dispose of the waste generated by such oil and gas upstream activity is set forth below.

(A) TRD Facilities and Modular Processing Facilities (**MPF**) Description

A TRD Facility is an above ground facility that separates waste into solids, wastewater and recovered oil through specialized waste management solutions designed to be compliant with applicable environmental standards. A TRD can also gather other liquids for processing and disposal or transportation to pipeline, including emulsion, water and clean oil. Tervita works to attract these volumes to our facilities from producers, shifting volumes across our network to ensure the highest netbacks are received for producers and optimizing quality through blending.

An MPF is a facility that is located on the customer’s own operating site and performs the same or similar set of services for the customer.

Oilfield waste is generated during drilling, completion, production and remediation operations. Waste streams generally consist of a mixture of fluids, comprised of water, oil and chemicals, as well as solids. Some of these fluid mixtures contain oil that can be processed and recovered. Materials generated during the drilling of oil and gas wells include drilling fluids and drill cuttings that are brought back to the surface during the drilling process. Oil can be extracted from the cuttings that typically are disposed of in a landfill. Waste materials produced during well completions include completion fluids and flowback oil and water from hydraulic fracturing (fracking) operations. A variety of techniques are used to maximize the treatment and re-use of these waste fluids. During the oil and gas extraction (production) phase, "produced water" is produced which must be treated, recycled and disposed of. Emulsion is also produced which is a combination of oil and water, which can be separated into its primary component parts through processing.

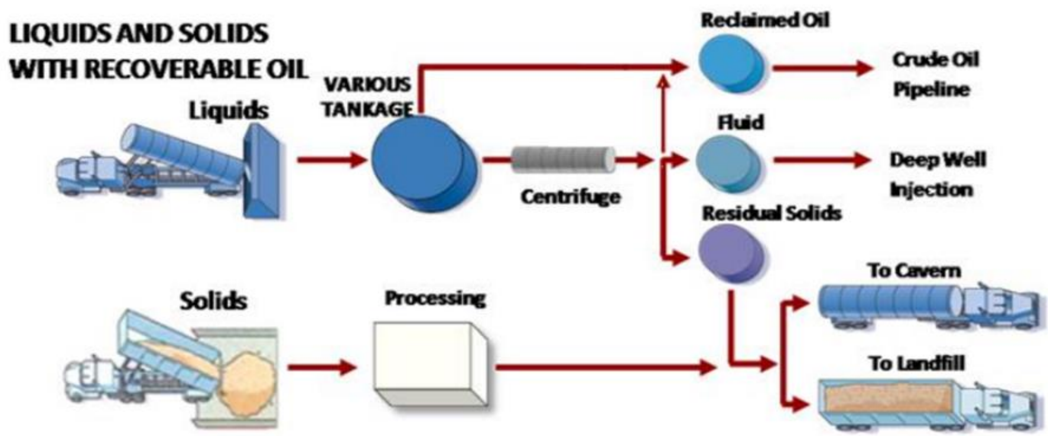
As at December 31, 2018, Tervita operated a network of 52 active TRD Facilities located primarily in Western Canada, as shown on the map above, that can treat, recover and dispose of the complete spectrum of petroleum industry waste by-products described above. Tervita also operates 11 MPFs at customer locations throughout Western Canada, but principally in the heavy oil corridor and the oil sands production areas. Through Tervita's stringent processes, waste is sorted into recoverable oil, wastewater, sludge, solids or fluids as follows:

- sludges are emptied onto a shaker to separate out solids and further processed using gravity compression, centrifuges, additional shakers and filtration;

- through Tervita’s technical processes, waste is processed into saleable oil, waste water and solids. The processing is achieved through the combined use of chemicals, tankage and mechanical separation involving different processes, based on the nature of the material. The recovered, saleable oil is transferred to market via Tervita's energy marketing business either via a clean oil pipeline connection at the facility or via transport trucks designed to haul oil to market. The waste water is further processed to meet formation injection criteria so it can be injected/disposed of safely down an injection well;

- separated solids are stored on the licensed solids storage pads to ensure they meet final disposal criteria through further analysis, and then are disposed of into licensed, industrial, engineered landfills (typically Tervita’s).

Many aspects of the TRD Facility process are backed up by secondary systems or other processes which decreases the risk of lost TRD Facility utilization due to system failure or malfunction. The operation of a TRD Facility is illustrated below.

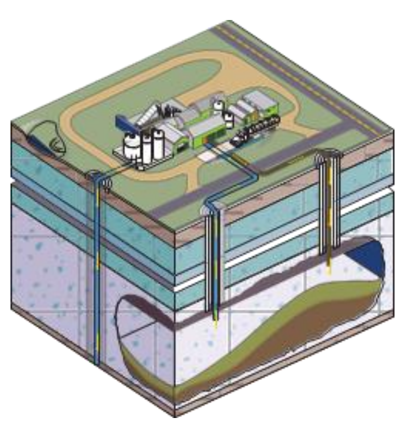



(B) Cavern Disposal Facility Description

Caverns are purchased from salt producers or are created by injecting non-saturated water into underground salt deposits to develop new cavern space. The water dissolves the salt and creates a large, completely sealed cavern. Generally, a cavern has two openings: one to inject waste and one to allow displaced fluids to be extracted. Surface facilities are constructed with an elaborate pumping system to enable a fast and reliable waste injection process.

Tervita's three cavern disposal facilities in Lindbergh, Alberta, Unity, Saskatchewan and Hughenden, Alberta, all of which are located in the WCSB, are multi-product facilities. They utilize salt formations deep below the surface to allow for the disposal of most solid or liquid wastes, including those that are difficult to process or not appropriate for placement in TRD Facilities or engineered landfills, such as high pH fluids, chemicals, NORMs, processed sludges and other contaminants.

Once received, waste is slurried and injected into the cavern disposal facility. As waste slurry is pumped into the cavern, it displaces brine, which is brought to the surface and injected into a disposal well. Inside the cavern, solids, oils and other liquids separate into distinct layers due to: (i) the different densities of solids, oils and other liquids in the cavern; (ii) temperature; and (iii) time. Crude oil generally rises to the top and is extracted and then sold. Tervita believes its cavern disposal technology is highly effective because of its high capacity injection system, safe and reliable methodology, utilization of geothermal heat to expedite the oil recovery process and the possibility of expansion by washing new caverns. To promote reliability, each cavern is constructed with critical backup processing and disposal systems. Multiple caverns at each location and duplicative injection pumps reduce downtime and allow preventative maintenance without disrupting customer service.



Producers generally hire third-party trucks, usually with a 30 to 50 cubic meter capacity, to remove waste, water, emulsion and oil from their well sites to deliver it to Tervita's TRD Facilities and cavern facilities. Tervita believes the costs associated with transport, including time spent and cost of off-loading trucks, is a significant factor that producers consider in choosing an oilfield waste management services company. Tervita provides cost-effective solutions and efficient facilities designed to reduce truck off-loading time. In addition, Tervita's extensive fixed facility footprint ensures that its facilities are in close proximity to producing regions, which creates an economic incentive for Tervita's customers to utilize its services.

Pricing for regional markets is based on multiple factors including supply, demand, market pricing and other disposal options and alternatives available to producers. If waste contains a higher than trace amount of oil and a low amount of solids, Tervita generally shares recovered oil sales with the producer as an incentive to use its services.

(C) Engineered Landfills Description

Tervita's landfills provide solid waste management services to the oil and gas and industrial sectors.

Tervita is one of the largest non-hazardous industrial landfill operators in Western Canada. As at December 31, 2018, Tervita's landfill portfolio consisted of 27 engineered landfills, comprised of 21 owned sites, three sites operated under contract and three sites that it manages under contract for other landfill operators. Through its landfills, Tervita assists clients with processing, recovering and disposing of solid materials, generated mainly as waste streams in natural resource and industrial operations. Tervita's engineered landfill network, experienced personnel and use of best practices allow Tervita to deliver a cost-effective solution that is designed to help its customers reduce their long-term liability and risk associated with oilfield and industrial waste.

**Summary of Landfill Services**

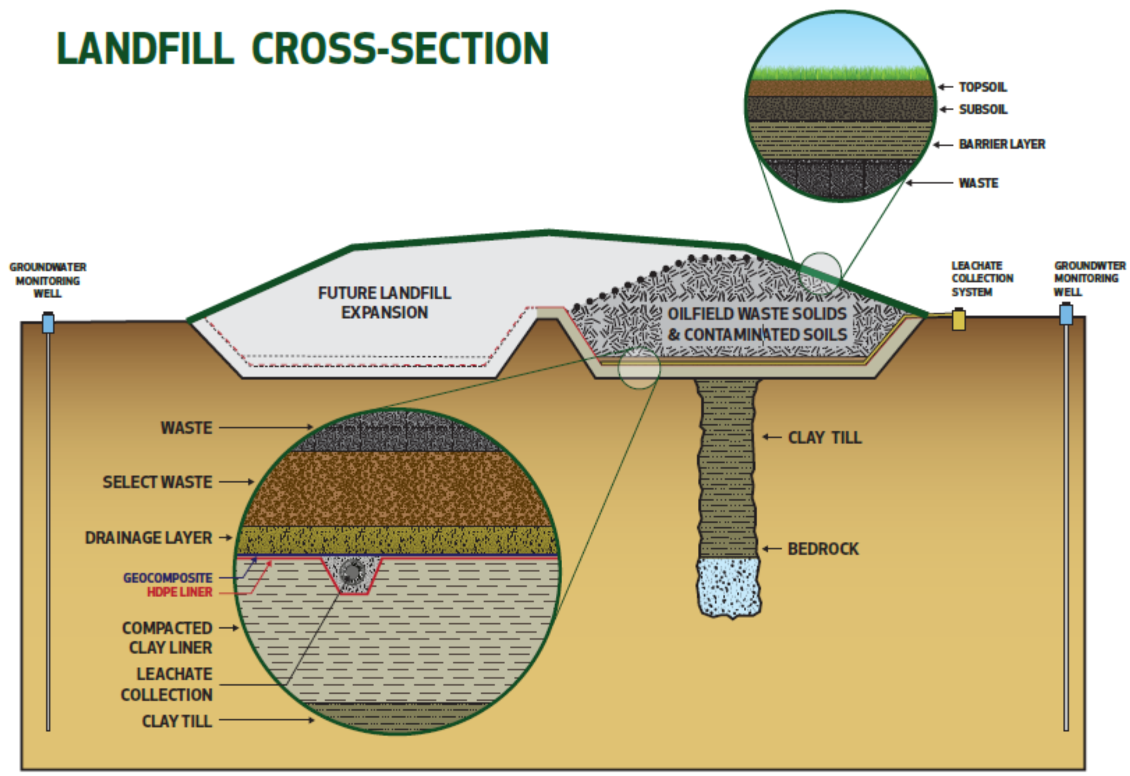
| | |
|---|---|
| **Engineered Landfills** | • Tervita provides disposal options for non-hazardous oilfield waste and industrial waste through engineered landfills.<br>• Tervita's engineered landfills receive waste from Tervita's TRD Facilities, external oil and gas drilling operations and environmental remediation sites. Tervita is able to increase the capacity of each of its landfills based on market demand, subject to certain limitations.<br>• Tervita has the in-house capability to carry out all aspects of engineered landfill construction from the permitting, civil construction and engineering of these facilities to the operation and marketing of services. Each engineered landfill meets or exceeds current government design, engineering, and operating requirements for the jurisdiction in which it is located.<br>• On average, Tervita has landfill capacity of 30 years based on internal estimates of fully developing each facility.<br>• The most common oilfield waste streams deposited in engineered landfills include drill cuttings, contaminated soil, produced sand and treated solids, including treated solids generated at Tervita's TRD Facilities.<br>• Tervita provides waste identification and characterization, profiling and manifestation, specialized waste containers, licensed transportation services, hazardous waste transfer stations and multiple disposal and recycling options.<br>• Tervita manages a wide variety of wastes including aerosols, acids and bases, adhesives, bactericides, batteries, carbon, drill cuttings, filters and rags, grease, heater salts, laboratory chemicals, mercury, pigging wax, sludges, sulfur and various other types of waste streams. |

- Tervita provides services at client sites to assist in managing waste.

Prior to accepting waste, Tervita requires its customers to provide Tervita with third-party analytical documentation quantifying the level and characterizing the nature of contamination present in the waste. In addition, samples are taken from random truck loads and tested at an analytical lab to ensure compliance with applicable regulatory requirements. If the waste is non-compliant, then it is not accepted at Tervita's facilities. Tervita then offers alternative services such as sludge pads to treat or dispose of the waste.

Once an engineered landfill is filled to capacity, Canadian provincial government regulations require the landfill to be covered with an engineered closure system and monitored for offsite contamination caused by leaks for an average of 25 years before being returned to regular land use. Leachate (i.e., liquid produced when water percolates through a landfill), often containing either dissolved or suspended contaminated material, represents a significant operating expense and potential environmental liability. Tervita has a four-point risk mitigation strategy that manages the leachate risk. First, Tervita's engineered landfills are constructed using a two-layer containment system consisting of compacted clay and a high-density polyethylene liner. Second, leachate is minimized by reducing the size of any one open section, or cell, of the landfill and capping cells with clay as soon as possible to reduce the volume of incident rainfall and snow melt entering the cells. Third, leachate is collected and disposed of using a drainage and sump system. Fourth, Tervita monitors the perimeter of landfill cells using groundwater monitoring wells that are tested at least annually. Tervita also maintains environmental insurance for offsite property damage and remediation expenses arising from releases at or from its facilities.

*Engineered Landfill Cross Section*



### *Description of Services Offered by Industrial Services Operating Segment*

(A) Metals Recycling

Tervita Metals Recycling (**TMR**) is a full service ferrous and non-ferrous recycler that provides both onsite collection and offsite clean-up service to a wide range of oil and gas, mining, industrial and manufacturing customers throughout Alberta and Southeastern British Columbia. This geographical footprint is intended to allow TMR to respond quickly to its customers' metal recycling needs. TMR purchases both ferrous and non-ferrous scrap metals collected from demolition projects, on-site scrap clean-up services and bins placed at industrial customers' sites. TMR has a wide selection of scrap metal collection bins in a range of sizes, which when combined with its fleet of scrap hauling trucks and trailers provide TMR an opportunity to recover large volumes of material more efficiently.

Tervita uses a fleet of 12 modern mobile shears in Western Canada, which allows Tervita to offer processing capabilities in the region that are superior to those offered by its competitors in a responsive manner. Tervita's scrap management software allows customers to access detailed summaries of their shipments on a day-to-day basis, if required. All five of TMR's scrap yards, two in British Columbia and three in Alberta, are rail connected. This provides market access within Canada and the United States and allows TMR to offer its customers competitive pricing. Tervita employs an automated and GPS controlled dispatch and bin tracking system that facilitates effective and efficient asset tracking and bin pick-up and delivery. Tervita sorts, processes and sells the recovered scrap metal products to customers across North America and overseas.

(B) Rail Services

In addition to scrap recycling services, TMR also has a derailment services division, supported by specialized heavy equipment that provides planned and 24/7 emergency response work for the two major Canadian railways and numerous short line rail operators in Western Canada. TMR assists rail customers by clearing derailments, which allows for rail line repairs, carrying out the subsequent clean-up operations to remove damaged rail cars, recover lading and remediate the site to return it to its original condition.

(C) Waste Services

The waste services operating segment provides a suite of solutions spanning the waste and by-product management life cycle of oil and gas, and industrial customers. Through this operating segment, Tervita offers solutions to help its customers operate in an environmentally compliant manner. The waste services operating segment operates a network of four hazardous waste transfer stations within Western Canada. This network of facilities includes a fleet of over 35 specialized trucks and over 6,000 containment bins. Tervita collects and processes waste bins that contain hazardous and non-hazardous materials, and recycles or disposes of the collected waste products. Some of Tervita's additional waste management services at the field level include waste characterization, packaging and tracking. Tervita also operates two sludge pads in Western Canada, which are engineered containments that are capable of, and permitted to, receive hazardous and non-hazardous waste sludges and fluids for dewatering, solidification and disposal. In addition, Tervita offers on-site management of waste projects, through its field services team, which provides customers with on-site supervision, site clean-up, transportation and disposal of various waste streams. The field services team also offers emergency response, spill containment and impact assessment services.

Tervita also specializes in providing cost-effective services for management and disposal of NORMs. These services are performed by a team of certified radiation safety officers, professional and experienced field staff, working out of Tervita's specialized NORM management facility at Standard, Alberta.

(D) Environmental Services

Tervita provides a wide range of environmental solutions, including remediation and environmental construction, demolition and decommissioning, mill services, bioremediation facilities, water management and sulphur services. The business operations provide significant end market diversification among energy and industrial customers. Tervita has approximately 500 customers, including conventional oil and gas companies, oil sands producers, mining, transportation, forestry and property development companies as well as various governmental organizations. Commodity prices and regulations are the most important drivers in the oil and gas related business. General economic conditions are the primary drivers of the opportunities within the industrial customer base.

The environmental services operating segment encompasses core services on which Legacy Tervita's business was built and Legacy Tervita, through its predecessors, had been operating for approximately 28 years. Accordingly, Tervita has extensive technical and operational expertise in these areas and many long-standing customer relationships. These services are key to being able to direct waste streams to Tervita's fixed facility infrastructure

Tervita operates approximately 250 units of heavy equipment designated for environmental contracting for both construction and mining industries, including production planning for oil sands producers in Ft. McMurray, Alberta. Tervita operates from locations in Alberta, British Columbia, Saskatchewan, Manitoba and Ontario.

A summary of the particular environmental solutions provided by Tervita is below.

**Summary of Environmental Services**

| | |
|---|---|
| **Remediation and environmental construction** | • Tervita's remediation services include the segregation, handling and treatment of contaminated soils, water and hazardous substances originated by a broad group of industries, including the oil and gas, steel, mining, airline, chemical, construction, defense, railway and forestry industries.<br><br>• Tervita owns a diverse fleet of equipment including excavators, compactors, bulldozers, dredgers, cutting shears, grapples, crushers, pulverisers, hammers, universal processors and customized waste transport vehicles.<br><br>• Tervita engineers and constructs environmentally compliant waste storage facilities, bioremediation cells, ponds, barrier walls, funnel and gate technologies, cut-off and recovery trenches and engineered landfills. |
| **Demolition and decommissioning** | • Tervita's demolition services include turn-key demolition and decommissioning services. These enable regulatory compliance, materials recycling waste disposal and site rehabilitation.<br><br>• Tervita's larger oil and gas clients often sole source Tervita's environmental services for demolition, decommissioning and asset recovery of their facilities.<br><br>• Tervita provides decommissioning services for both above ground and underground storage tanks in an environmentally safe manner. Services include initial removal, disposal and/or recycling of residual waste in tanks and explosive vapor monitoring, if necessary. |

| | |
|---|---|
| | • Tervita also excavates, removes, cleans, disposes of, and eventually replaces, industrial storage tanks if and when required. Other services include the excavation, sampling, transportation and disposal of any potentially contaminated soils. |
| **Mill Services** | • Core tasks include auto fluff management, slag management and contractor support to the various steel mills. Auto fluff is a complex mixture of non-ferrous materials including plastics, foam, textiles, rubber and glass. Because this fluff is complex and is contaminated with rust, dirt and a variety of fluids, its recyclability poses a challenge to mill operators. |
| **Bioremediation facilities** | • Tervita's network of bioremediation pads is used to convert hydrocarbon contaminated soil into clean fill. |
| **Water management** | • Tervita provides a full suite of water treatment and management services for major infrastructure upgrade projects, including liquefied natural gas early works, facility expansions, dam construction and upgrades, and large tunneling projects. |
| | • Tervita has a large and extensive array of modular water treatment equipment. |
| | • Tervita's technicians have the expertise to provide the following services: storm water management/treatment, hydrocarbon contaminated water treatment, concrete cure water pH adjustment, chemical supply, reverse osmosis treatment, mobile plug and play solutions, metals containment treatment, construction water treatment, lab analysis and bench testing, and residual management from tunneling. |
| **Sulphur services** | • At some of its engineered landfills, Tervita provides sulphur by-product solutions to its clients, including sulphur forming/blocking, re-melting, logistics services and disposal. |

## RISK FACTORS

*The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all of the risks associated with Tervita's business and its industry generally.*

***The demand for services in all of Tervita's operating segments can be adversely impacted by general economic conditions and Tervita is dependent on exploration and production activity levels in the markets where Tervita offers its services. As a result, any decrease in demand may have a material adverse impact on its financial position, results of operation, cash flows or ability to make required payments on debt outstanding.***

Demand for Tervita's services depends, in large part, on the level of exploration and development of oil and gas and the oil and gas industry's willingness to purchase its services. This willingness depends on oil and gas prices, expectations about future prices, the cost of the services Tervita offers, the cost of the services its competitors offer, the cost of exploring for, producing and delivering oil and gas, regulatory charges and requirements, the discovery rate of new oil and gas reserves, the ability of oil and gas companies to raise capital and various other economic and industry factors beyond its control. Domestic and international political, regulatory, military and general economic conditions beyond its control also affect the oil and gas industry.

Prices for oil and gas have historically been volatile and have reacted to changes in the supply and demand for oil and gas, domestic and worldwide economic conditions and political instability in oil-producing countries. These changes have historically significantly affected Tervita's customers and, consequently, Tervita. No assurance can be given on current and future production levels of oil and gas, that demand for Tervita's services will reflect the level of such activities, that prices for oil and gas will improve or stabilize, that exploration and development expenditures will continue to result in the discovery of reserves that are commensurate with capital invested, or that initiatives designed to combat climate change or reduce oil and gas consumption generally, including carbon taxes and alternative energy development, will not adversely affect the oil and gas industry generally. Tervita expects the prices for oil and gas to continue to be volatile and affect the demand for Tervita's services. Either a material decline in general economic conditions or a material decline or continued volatility in the price of oil or gas could materially affect the demand for Tervita's services and have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.

Tervita is particularly reliant on oil and gas exploration and development activity in the Western Canadian Sedimentary Basin ("**WCSB**"), and, to a much lesser extent, activity in the United States. Any decline in oil and gas exploration and production in these regions could have a material adverse effect on Tervita's business, financial conditions, results of operations and cash flows or its ability to make required payments on debt outstanding.

Limited pipeline capacity adversely affects the delivery of both oil and gas from Canada to other markets, severely impacts Canadian oil and gas producers and places them at a competitive disadvantage compared to producers in the United States or other countries. As a result, the Canadian oil and gas industry is facing significant challenges to remain competitive, in particular as companies with operations in numerous countries determine their capital allocations and financial investors determine the companies and countries they intend to invest in.

***Tervita's business is dependent upon the willingness of its customers to outsource their waste management and other environmental services activities.***

Tervita's business is dependent on the willingness of its customers to outsource their waste management activities generally, and to Tervita specifically, rather than to its competitors. Currently, numerous internal waste treatment, recovery and disposal options are available to oil and gas companies. In addition, most oilfield operators, including many of Tervita's customers, have numerous suspended wells that could be licensed for use in the disposition of internally generated waste and third-party waste in competition with Tervita and other Facilities that could be used to recover oil through oilfield waste processing. Tervita provides the majority of its waste treatment, processing and disposal services through its treatment, recovery and disposal ("**TRD**") facilities and engineered landfills. Oil and gas production companies in the industries Tervita services, including its current customers, could decide to process and dispose of their waste internally for any reason, and this could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***The cost of complying with environmental laws and regulations is significant, and because environmental compliance is central to Tervita's operations, any liabilities or obligations imposed under such laws or regulations or delays resulting from such compliance, could directly, or indirectly through Tervita's customers, materially adversely affect its business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.***

Tervita's business is subject to extensive Canadian federal, provincial, territorial and local environmental laws and regulations, including those governing the use, discharge, management, transportation, treatment, processing, storage and disposal of non-hazardous, hazardous, toxic and other regulated materials, land use and reclamation, the establishment, operation, decommissioning, closure, abandonment and restoration of facilities or of natural resources, worker and public health and safety and the reporting, investigation and remediation of releases of, and exposure to, regulated substances. Tervita's failure to comply with such laws and regulations or to obtain or comply with environmental permits or its incurrence of environmental investigation or remediation costs or liabilities could result in the imposition of fines and penalties, some of which may be material, or the suspension or revocation of regulatory permits, or could otherwise have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. Environmental laws and regulations and their enforcement are subject to frequent change and have tended to become more stringent over time. Any changes in environmental regulation can result in increased operating or capital expenditures that could have a material adverse effect on Tervita's ability to comply with such regulations, its financial position, results of operations, cash flows or ability to make required payments on debt outstanding, or affect Tervita's reputation or customer demand for its services. Tervita monitors and assesses the environmental impact of its operations as part of its internal environmental liability management program. The program also includes soil and groundwater management and remediation as required. Some environmental laws and regulations can impose liability for damages without regard to negligence or fault, and in some cases damages may be joint and several. Tervita owns 21 landfills, eight standalone salt water disposal wells, three cavern disposal facilities, 56 treatment, recovery and disposal facilities and a number of deep underground injection wells that handle a broad variety of wastes. Any releases from any of these treatment or disposal units or any other operated facility could result in significant liability. Contamination identified at, or migrating from, any of its current or former sites, or at third-party or customer sites, whether currently known or unknown, may cause Tervita to incur liabilities or require it to investigate or undertake remedial action pursuant to applicable environmental laws and regulations or orders or other actions by governmental authorities and may also incur liabilities resulting from spills during the transport of customer waste. Moreover, current and future remedial obligations and environmental claims could materially adversely affect its reputation, ability to retain or attract customers, on-going operations, financial position, results of operations, cash flows or its ability to make required payments on debt outstanding.

Several of Tervita's operations require complex and detailed environmental and other permits and authorizations to establish, operate, expand and ultimately decommission its sites, including its engineered landfill and water treatment businesses. For certain sites, Tervita is required under applicable laws, regulations, and/or permits to conduct periodic monitoring, and internal and third-party testing. Such permits involve lengthy timelines and significant Tervita employee effort to complete and Tervita may experience a delay in obtaining, be unable to obtain or renew, or suffer the suspension or revocation of required permits or regulatory authorizations. Regulatory agencies may also impose more stringent or burdensome restrictions or obligations on operations when Tervita seeks to renew or amend its permits. For example, permit conditions may limit the amount or types of waste Tervita can accept, require it to make material expenditures to upgrade its facilities, implement burdensome and expensive monitoring programs or increase the amount of financial assurance that Tervita provides to cover future facility closure costs. Any delay or inability to acquire such permits or authorizations, or renew them in a timely fashion on substantially similar terms, could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. In addition, governmental authorities or other third parties may bring claims against Tervita if it fails to comply with environmental laws, regulations or permits or causes environmental damage, which may result in suspension or revocation of necessary permits and authorizations, civil or criminal liability and imposition of fines or penalties.

GHG legislation is in early stages of evolution in Canada, and it is relatively early to determine the impact of potential GHG reduction requirements. Given the evolving nature of policies related to climate change and the regulation of GHGs, it is not currently possible to predict either the nature of anticipated requirements or the impact on Tervita's business, financial condition, results of operations and cash flows at this time.

***Legislative and regulatory initiatives relating to hydraulic fracturing/induced seismicity could result in increased costs and additional operating restrictions or delays and could adversely affect Tervita's support services.***

Many of Tervita's customers rely on hydraulic fracturing and other enhanced recovery techniques, a practice that involves the pressurized injection of water, chemicals, proppants and other substances into tight rock formations to stimulate hydrocarbon production by creating fractures extending from the well bore through the rock formation to enable natural gas or oil to move more easily through the rock pores to a production well. Various Canadian federal, provincial and territorial and United States state regulatory and legislative initiatives are underway to regulate, or further investigate, the environmental impacts of hydraulic fracturing. Hydraulic fracturing has also generated increased public interest regarding its potential environmental impacts.

The adoption of Canadian federal or provincial laws or regulations or United States state laws or regulations imposing or permitting disclosure or other regulatory obligations related to, or otherwise limiting, the hydraulic fracturing process could make it more difficult or expensive for Tervita's customers to complete oil and natural gas wells. Increased compliance costs and reduced drilling activity could adversely impact demand for Tervita's services and thereby have a material adverse effect on its business, financial condition, results of operations and cash flows. Further, changes in regulatory or administrative conditions in operating permits that limit the rate and pressure of fluid injection or require monitoring of seismicity could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.

***Increasing concern regarding induced seismicity related to oil and gas production and waste disposal wells could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.***

Various studies have identified links between increases in seismic activity and hydraulic fracturing and the injection/disposal of water associated with oil and gas production. This linkage could result in new operational limits or closure of disposal wells in areas where events become significant (magnitude and frequency), including areas in which Tervita owns and operates disposal wells. If the operation of disposal wells becomes more heavily regulated, or if disposal wells become unavailable as a result of regulation, Tervita will need to identify alternative disposal locations or develop technologies and methods to increase water reuse and recycling of wastewater from oil, natural gas and natural gas liquid drilling sites, both of which are likely to increase costs and require substantial capital investments. If Tervita's operations are suspended or terminated at disposal wells, its business, financial condition, results of operations and cash flows or ability to make required payments on debt outstanding may be materially adversely impacted. Additionally, Tervita could incur liability for seismic damages or be affected by related regulation.

***Tervita's markets are highly competitive, and competition could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.***

Tervita has many competitors in all of its businesses, including waste treatment, recovery and disposal, terminalling and marketing, environmental site remediation, metals recycling, solids control, and waste services businesses. Other companies offer similar third-party services in Tervita's primary markets. In addition, many of Tervita's customers manage a portion of their own waste internally without the use of a third-party service provider and some of Tervita's customers also compete with Tervita in the treatment and disposal sector by offering such services to other oil and gas companies. Many of Tervita's customer relationships can be short-term in nature, its customers are generally not bound by long-term contracts or service agreements, and many of its relationships are subject to cancellation by its customers upon short notice with limited or no damages payable to Tervita. Tervita's customers regularly evaluate the best combination of value and price from competing alternatives and/or new technologies and can move between alternatives or, in some cases, develop their own alternatives with relative ease. This competition influences the prices Tervita charges and requires Tervita to control its costs aggressively and maximize efficiency in order to maintain acceptable operating margins; however, Tervita may be unable to do so and remain competitive on a cost-for-service basis. In addition, existing and future competitors may develop or offer services and/or new technologies that have price, location or other advantages over the services Tervita provides. If Tervita is unable to retain its customers, develop new customers or maintain the prices it charges due to any of the foregoing factors, it could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***Tervita's energy marketing business is subject to various risks, including changes in industry practices related to crude oil equalization and declines in oil prices, all of which are beyond its control and could have a material adverse effect on its business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.***

Tervita's energy marketing practices result in exposure to market price risk for crude oil and condensate, volume and basis exposure on marketing transactions and through upgrading of different product streams. Energy marketing transactions are also associated with counterparty credit risk of non-performance. Tervita's risk management policies for this division may not be effective in mitigating these risks. Its failure to effectively mitigate these risks could result in losses for Tervita, and any such losses could be material.

Tervita's energy marketing division derives a material portion of its revenue from the collection of Canadian industry mandated equalization penalties applicable to crude oil with a density outside of the required band of the oil and gas industry crude oil equalization scale. The crude oil equalization scale is determined twice annually by the COLC. The COLC is a Canadian oil and gas industry committee comprised of members drawn from oil and gas producers, crude oil pipeline companies, terminal operators, industry associations and regulators. Changes to the equalization scale, and the amount of the equalization penalty, or changes to the industry practice related to crude oil equalization, which are all beyond Tervita's control, could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

Competitors of Tervita's energy marketing division include companies that own pipelines. These competitors could implement controls or tariffs which impede Tervita's ability to physically or economically access the pipelines they control, which could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***Possible failure to realize anticipated benefits of the Arrangement with Newalta***

Tervita completed the Arrangement with Newalta to create a leading energy-focused environmental solutions provider in Canada, providing waste processing, treating, recycling, and disposal services to customers in the oil and gas, mining, and industrial sectors. Achieving the benefits of the Arrangement with Newalta continues to depend, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the ability of Tervita to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations of Newalta with those of Tervita. The integration of the Newalta assets required, and continues to require, the dedication of substantial management effort, time and resources which may divert management’s focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business, customer and employee relationships that may adversely affect Tervita’s ability to achieve the anticipated benefits of the Arrangement with Newalta.

***Review of Arrangement by Commissioner of Competition remains ongoing***

The Arrangement with Newalta was completed on July 19, 2018. At the time the Arrangement was completed, the applicable waiting periods under the Competition Act had expired, and the parties were legally entitled to complete the transaction. The Competition Act provides that the Commissioner may continue to review a merger within one year of the merger being substantially completed, which, in Tervita's case, means the Commissioner may continue to review the Arrangement with Newalta until July 19, 2019. During this time, the Commissioner is legally entitled to, if he determines such a step is warranted, commence proceedings before the Competition Tribunal alleging that the Arrangement, in whole or in part, prevents or lessens, or is likely to prevent or lessen, competition substantially. In the event such proceedings are commenced, Tervita will have the opportunity to defend itself before the Competition Tribunal, including by arguing that the gains in efficiency brought about by the Arrangement will be greater than, and will offset, the effects of any prevention or lessening of competition that will result from the Arrangement. Should the Competition Tribunal find in favour of the Commissioner, the Tribunal may impose remedies on Tervita as may be permitted by the Competition Act, including the divestiture of certain assets, which may have an adverse effect on Tervita's business and operations. As of the date hereof, Tervita is not aware of any such proceedings being commenced by the Commissioner against Tervita in respect of the Arrangement. At this time Tervita is unable to predict with certainty what impact any such remedies, if ordered, may have on Tervita's business and operations.

***Global financial conditions are subject to volatility. This may impact Tervita's ability to obtain equity, debt or bank financing in the future on terms commercially reasonable to it or at all and may adversely impact its operations.***

Global financial conditions are subject to volatility, which may impact Tervita's ability to obtain equity, debt or bank financing on terms commercially reasonable to Tervita, if at all. Additionally, the volatility of global financial conditions, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Continued volatility and market turmoil could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding. In addition, certain of Tervita's customers could experience an inability to pay, in the event they are unable to access the capital markets to fund their business operations, which could have a material adverse effect on Tervita's revenue and cash flow.

***Changes in laws and regulations may adversely affect Tervita.***

Most of Tervita's revenue is derived from customers in the oil and gas industry. All phases of the oil and gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and gas industry operations. In addition, such legislation imposes requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites.

Compliance with environmental legislation by Tervita and its customers can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Tervita to incur costs to remedy such discharge. Although Tervita believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

Various levels of government impose extensive controls and regulations on oil and gas operations (including exploration, development, production, pricing, marketing and transportation). Governments may regulate or intervene with respect to exploration and production activities by introducing or changing controls and regulations affecting prices, taxes, royalties and the export of oil and natural gas. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for oil and gas and increase costs of Tervita's customers and/or Tervita, any of which may have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. Recently, the federal government and certain provincial governments have taken steps to initiate protocols and regulations to limit the release of methane from oil and gas operations. The implementation of any such regulations and protocols may require additional capital expenditures or otherwise negatively impact the operations of Tervita's customers and/or Tervita, which may affect Tervita's profitability.

In order to conduct its operations, Tervita requires regulatory permits, licenses, registrations, approvals and authorizations from various governmental authorities at the municipal, provincial and federal level. There can be no assurance that Tervita will be able to obtain all of the permits, licenses, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the Competition Act and the Investment Canada Act could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows, particularly when undertaking, or attempting to undertake, acquisition or disposition activity.

***Changes in tax laws and regulations may adversely affect Tervita***

Income tax laws relating to the oil and gas industry, such as those relating to resource taxation or dividends, may in the future be changed or interpreted in a manner that may have a material adverse effect on Tervita's customers and Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. Furthermore, tax authorities having jurisdiction over Tervita may disagree with how Tervita calculates its income for tax purposes or could change administrative practices to Tervita's detriment.

***Failure to perform under contracts could adversely affect Tervita's reputation and results of operations.***

Tervita's success depends in large part on whether it fulfills its obligations with clients and maintains client satisfaction. Any failure by Tervita to satisfactorily perform its obligations could have a material adverse effect on its reputation and client relationships, and clients may terminate agreements or projects with Tervita or claim damages.

Client commitments are made to complete a project by a scheduled time. If the project is not completed on time, Tervita may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion. In addition, performance of projects can be affected by a number of factors beyond Tervita's control, including delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in scope of services requested by clients, industrial accidents, environmental hazards, labour disruptions and other factors. To the extent these events occur, the total cost of the project could exceed estimates and Tervita could experience reduced profits or, in some cases, incur a loss on a project, which may reduce or eliminate overall profitability.

***Potential future corporate developments may have a significant effect on the price of Tervita's Common Shares.***

Management of Tervita, in the ordinary course of Tervita's business, regularly explores potential strategic opportunities and transactions. These opportunities and transactions may include strategic joint venture relationships, significant debt or equity investments in Tervita by third parties, the acquisition or disposition of material assets, the development of new applications for its existing technologies, the sale of all of the shares of Tervita and other similar opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant effect on the price of Tervita’s Common Shares. Tervita’s policy is to not publicly disclose the pursuit of a potential strategic opportunity or transaction unless it is required to do so by applicable law, including applicable securities laws relating to continuous disclosure obligations. There can be no assurance that investors who buy or sell Tervita Common Shares are doing so at a time when Tervita is not pursuing a particular strategic opportunity or transaction that, when announced, would have a significant effect on the price of Tervita’s Common Shares.

***Tervita may have difficulty identifying and executing acquisitions on favourable terms, it may be unable to successfully integrate businesses it acquires, and it may face significant exposure from unknown liabilities in connection with its acquisitions.***

Legacy Tervita grew its business in 2017, and again in 2018, through acquisitions including the acquisition of Newalta pursuant to the Arrangement. Tervita intends to continue to grow its business, in part, through strategic acquisitions, and such acquisitions may be significant. Through such acquisitions, Tervita has expanded its operations, increased the range of services it offers to its customers and deepened its penetration in its markets. Future acquisitions may not be completed on acceptable terms and acquired assets, facilities or businesses may not be successfully integrated into Tervita's operations. Tervita could also be subject to one or more acquisition or combination transactions including, but not limited to, transactions with other related portfolio companies, affected by its controlling shareholders. Any such acquisition or combination transactions or any other investments will be accompanied by the risks commonly encountered in connection with such transactions. Such risks include, among other things:

- a failure to discover material liabilities prior to the acquisition, including the failure of prior owners of any acquired or combined businesses or their employees to comply with applicable laws or regulations, such as health, safety and environmental laws, to prevent releases of hazardous substances or wastes or their failure to fulfill their contractual obligations to their customers;
- paying more than fair market value for an acquired or combined company or assets;
- failing to implement or remediate controls, procedures and policies at acquired or combined companies that, prior to the transaction, lacked or had inadequate controls, procedures and policies;
- failing to keep existing or acquired licenses and permits;
- failing to integrate the operations and personnel of the acquired or combined businesses in an efficient, timely manner;
- assuming potential liabilities, including environmental liabilities, arising from the products or services of an acquired or combined company;
- managing the potential disruption to Tervita's ongoing business;
- distracting management focus from its core business; and
- impairing relationships with employees, customers, and strategic partners.

Tervita's business, financial condition and future prospects could be materially and adversely affected as a result of any of the foregoing.

In addition, the anticipated benefit of many of its acquisitions or any combination transaction may not materialize. Future acquisitions, combinations or dispositions could result in the incurrence of debt, contingent liabilities or amortization expenses, or write-offs of goodwill and other intangible assets, any of which could harm Tervita's business, financial condition, results of operations and cash flows. Future acquisitions or combination transactions may require Tervita to obtain additional financing, which may not be available on favourable terms or at all.

***Tervita is susceptible to seasonal volatility in its operating and financial results due to weather conditions.***

Tervita's financial results are directly affected by the seasonal nature of the North American oil and gas industry. The first quarter incorporates the winter drilling season when, typically, the highest level of the activity takes place in Western Canada. During the second quarter, soft ground conditions typically curtail oilfield activity in Western Canada such that many operators are unable to transport equipment due to road bans. Consequently, the second quarter is generally Tervita's lowest three-month revenue period. Additionally, if an unseasonably warm winter prevents sufficient freezing, well site access may be restricted and Tervita's operating results and financial condition may therefore be adversely affected. In addition, during excessively rainy periods in any of its operating areas, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in North American weather patterns creates changing economics due to business activity, which can lead to unpredictability in activity and utilization rates, which can have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.

***Tervita is exposed to risks associated with the transportation of petroleum products and waste water.***

Tervita transports various petroleum products by pipeline and truck. These petroleum products are considered dangerous goods under transportation of dangerous goods legislation. When Tervita loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under the applicable laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labelled and the product is loaded in an appropriate tank. Tervita may be exposed to penalties and other regulatory actions in the event that it fails to comply with transportation of dangerous goods laws.

Tervita's TRD Facilities contain pipeline networks to transport wastewater for disposal. Tervita’s TRD Facilities also contain pipeline connections to ship recovered, saleable oil to market. Any incident resulting in the release of large quantities of product could expose Tervita to significant clean-up liabilities and penalties and threaten the continuing operation of the facility. The operations of these pipelines as well as the associated operating expenses may be affected by changes implemented by provincial or regulatory agencies and their respective pipeline acts and regulations.

***Changes in provincial royalty rates could adversely affect Tervita's financial condition and results of operations.***

The provincial governments of Alberta, British Columbia, Manitoba, Quebec and Saskatchewan collect royalties on the production from Crown lands. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. These changes, as well as the potential for future changes in these and other jurisdictions, add uncertainty to the outlook of oil and gas producers and the oilfield services sector. Any changes in such royalties could have a material adverse effect on Tervita’s customers and Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.

***First Nations consultation and claims may limit resource development and Tervita's ability to secure locations for capital projects.***

Aboriginal peoples have claimed aboriginal title and rights to a substantial portion of lands in the WCSB. The interpretation of aboriginal and treaty rights continues to evolve and government policy (including with respect to regulations that affect Tervita's industry and operations) continues to change. In many circumstances, aboriginal peoples are entitled to be consulted prior to resource development on Crown lands. The consultation processes and expectations of parties involved can vary considerably from project to project (and from First Nation to First Nation), which can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for some projects. Additionally, some types of claims may affect or limit Tervita's ability to secure locations for capital projects.

***Tervita's operations are carried on in extreme weather conditions and subject to risks associated with natural disasters and operating hazards and there is no assurance that such events would be covered by insurance or whether any such insurance coverage would be adequate.***

Tervita's operations are subject to many hazards inherent in all of its businesses, including its treatment, recovery and disposal services, environmental site remediation, metals recycling and waste services businesses. Such hazards include equipment defects, malfunction and failures, explosions, fires, damage or loss from inclement weather, earthquakes, environmental contamination and natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, suspension or revocation of regulatory permits, environmental contamination and damage to the property of others, and Tervita's insurance coverage may not cover or be adequate to cover all losses or claims involving its assets or operations. The amount of insurance Tervita is required to maintain for environmental liability with respect to its business is governed by statutory requirements and contractual obligations. Tervita's insurance coverage in Canada is generally maintained at levels which management, in consultation with expert advisors, deems prudent, meeting or exceeding any minimum statutorily required levels and contractual obligations for the activities of its relevant divisions. Tervita cannot be assured that insurance will be available on a consistent or economically feasible basis or at all. Increases in insurance costs would reduce its operating margins and increases in insurance costs and changes in the insurance markets may limit the coverage that Tervita is able to maintain or prevent it from insuring against certain risks. Changes in Tervita's operating experience, such as an increase in accidents or lawsuits or a catastrophic loss, could cause its insurance costs to increase significantly or could cause it to be unable to obtain certain insurance. Changes in Tervita's industry and perceived risks in its business by current or prospective insurers could have a similar effect.

Liability for uninsured risks could significantly increase Tervita's expenses, and the occurrence of a significant event against which Tervita is not fully insured could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. Large or unexpected losses may exceed Tervita's policy limits and may result in the termination or limitation of coverage, exposing it to uninsured losses, thereby adversely affecting Tervita's financial position, results of operations, cash flows or its ability to make required payments on debt outstanding. In addition, to the extent Tervita's insurers are unable to meet their obligations in full or in part, or their own obligations for claims are more than Tervita estimates, there could be a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***The impact of the USMCA on Tervita’s operations is not yet known.***

On September 30, 2018, the United States, Mexico and Canada reached a new trade agreement to be called the United States-Mexico-Canada Agreement (**USMCA**). USMCA replaces the North American Free Trade Agreement (**NAFTA**). Due to the recent implementation of the USMCA, the impacts it could have on Tervita’s business are unable to be articulated or quantified at this time but may have an adverse effect on Tervita’s operations.

***Tervita may experience impairment losses in respect of its physical assets as a result of reduced industry activity and a sustained decline in demand for services involving such assets.***

Tervita has significant investments in physical assets. Reduced industry activity could result in a material and sustained decrease in the demand for its services utilizing such assets. In any such case, Tervita may be required to record an impairment loss in respect of such assets. In addition, if Tervita decides to sell such assets, it may receive substantially less in consideration than the carrying book value for such assets. Tervita's decision to sell such assets would likely coincide with reduced industry activity, which could materially and adversely affect the price at which Tervita may be able to sell such assets and significantly prolong the time it takes to consummate a sale for such illiquid assets.

***Tervita's future success depends on its ability to attract and retain qualified workers.***

Tervita's future success and financial performance depends substantially on its ability to attract and retain qualified and experienced people to manage and operate its businesses. In particular, the success of each of Tervita's divisions is significantly dependent upon attracting and retaining key personnel having skills specific to each such division. There is demand for such highly skilled personnel in Tervita's main markets and Tervita may be unable to obtain and retain appropriate levels of skilled labour. In the event of a labour shortage, Tervita could experience difficulty delivering its services in a high-quality or timely manner and could be forced to increase wages in order to attract and retain employees, which would result in higher operating costs and reduced profitability.

***Fluctuations in supply and demand for scrap metal prices may adversely affect Tervita's financial position and results of operations.***

Scrap metals pricing is subject to fluctuations associated with the supply and demand for steel in general. Low demand for new steel (for example as a result of a weak automobile sector or low infrastructure spending) will adversely affect the demand for scrap metal, a major input in North American new steel production. The market price for scrap metal will also be affected by overseas supplies of steel. The vast majority of Canadian scrap metal is shipped to the United States. As a result, if Tervita’s metals recycling division is unable to access the U.S. market due to a prolonged rail service interruption, worsening trade relations or for other reasons, Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding could be materially adversely affected.

***Tervita depends on the services of its senior management, the loss of any members of which could materially harm its business.***

Tervita's senior management is important to its success because they have been instrumental in setting Tervita's strategic direction, operating its business, setting and managing regulatory compliance and governance standards and performance, providing technical expertise, identifying, recruiting and training key personnel, identifying expansion opportunities and arranging necessary financing. There is no assurance that Tervita will be successful in retaining such personnel or attracting qualified replacements should any such personnel leave. The loss of the services of any member of senior management could materially adversely affect Tervita's financial condition, results of operation, cash flows or its ability to make required payments on debt outstanding.

***Tervita must comply with health and safety laws and regulations at its facilities and in connection with its operations and failure to do so could result in significant liability and/or fines and penalties.***

Tervita's activities are subject to a wide range of national, provincial, state, federal and local occupational health and safety laws and regulations. These health and safety laws are subject to frequent change, as are the priorities of those who enforce them. Failure to comply with these health and safety laws and regulations could lead to third-party claims, criminal and regulatory violations, civil fines, revocation or suspension of regulatory permits and changes in the way Tervita operates its facilities and operations, which could increase the cost of operating its business and have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***Tervita's TRD Facilities, cavern, engineered landfill and transfer station operations could be adversely affected by more stringent closure and post-closure obligations and a variety of other risks.***

Operating and maintaining TRD Facilities, caverns, disposal wells, engineered landfills and transfer stations are capital-intensive activities and generally require performance bonds, letters of credit or other forms of financial assurance to secure performance, closure, post-closure and financial obligations. In particular, the regulatory agencies of many of the provinces in which Tervita operates require it to post - financial security in connection with the operation of its waste management facilities. As Tervita acquires additional facilities or expands its existing facilities, these obligations will increase. Additionally, regulatory agencies may require Tervita to post closure bonds or letters of credit in increased amounts as a prerequisite to the modification of its existing permits. Tervita has material financial obligations to pay closure and post-closure costs in respect of its TRD Facilities, engineered landfills, caverns and injection wells and transfer stations Tervita has estimated these costs and made provisions for them, but these costs could exceed Tervita's current provisions as a result of, among other things, any Canadian federal, provincial, territorial or local government regulatory action including, but not limited to, unanticipated closure and post-closure obligations or government-forced closure of Tervita's facilities on an expedited basis. More stringent closure and post-closure obligations due to changes in law or otherwise could substantially increase its operating costs and cause its net income to decline.

Tervita cannot ensure that it will maintain its relationships with, or continue to provide services to, any particular customer at current levels, or that customers will continue to utilize its TRD Facilities, caverns, engineered landfills and transfer stations and pay rates that generate acceptable margins for Tervita. Tervita's margins could decrease if the volume of waste processed and disposed of by these customers decreases or if Tervita sees a degradation of rates charged to correspond with increasing costs of operations. In addition, new agreements for processing or disposal services entered into by Tervita may not be obtainable or, if obtained, may not be obtained on terms consistent with current practices or otherwise on terms acceptable to Tervita, in which case Tervita's revenue and profitability could decline. Tervita also cannot ensure that the parties from whom it leases, licenses or otherwise occupies the land on which certain of its facilities are situated will honor the terms of those leases, licenses or other occupancy agreements or renew its current leases, licenses or other occupancy agreements upon their expiration on commercially reasonable terms or at all. Any such failure to honor the terms of the leases, licenses or occupancy agreements or renew its current leases, licenses or occupancy agreements could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

A steady volume of waste is required in order for a TRD Facility, cavern, engineered landfill or disposal well to maintain profitable operations. Any change in law or regulatory permits could potentially modify, reduce or eliminate the type or amount of waste that requires processing or disposal or modify the processing or disposal requirements. A decrease in the amount of waste processed and disposed of or a decrease in the prices charged by Tervita for processing or disposal could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***Tervita's business depends on its ability to successfully complete complex and lengthy bidding and selection processes.***

Tervita's business depends on the ability to successfully bid on new contracts and renew existing contracts with private and public sector clients. Contract proposals and negotiations are complex and could involve lengthy bidding and selection processes, which are affected by a number of factors, such as market conditions, financing arrangements and required government approvals. If negative market conditions arise, or if there is a failure to secure adequate financial arrangements or the required governmental approval, Tervita may not be able to pursue particular projects which could adversely reduce or eliminate profitability.

***A failure by Tervita's employees to follow applicable procedures and guidelines or on-site accidents could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.***

Tervita requires its employees to comply with various internal procedures and guidelines, including a health, safety and environment management system, health and safety guidelines, and risk management and credit policies. The failure by Tervita's employees to comply with its internal guidelines found in the health, safety, and environment management system could result in personal injuries, property damage or non-compliance with applicable governmental laws and regulations, which may lead to fines, remediation obligations, revocation or suspension of regulatory permits, or third-party claims. Tervita's safety record is important in its customers selecting Tervita for their jobs and an increase in accidents may result in Tervita losing contracts or not winning additional contracts. The failure by Tervita's employees to comply with Tervita's risk management and credit policies could result in increased exposure to fluctuations in oil and other commodities prices and potential losses resulting therefrom. Any such fines, remediation obligations, revocation or suspension of regulatory permits, third-party claims or losses could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. In addition, on-site accidents can result in injury or death to Tervita's or other contractors' employees or damage to Tervita's or other contractors' equipment and facilities. Any fines or third-party claims resulting from any such on-site accidents could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***A deterioration in Tervita's safety record would harm its relationships with customers, make it less likely for customers to contract for its services and subject Tervita to penalties and fines and revocation or suspension of regulatory permits, which could adversely affect its business, operating results and financial condition.***

Tervita's ability to retain existing customers and attract new business is dependent on many factors, including its ability to demonstrate that Tervita can reliably and safely operate its business. Existing and potential customers consider the safety record of their service providers to be of high importance in their decision to engage third-party service providers. If one or more accidents were to occur at a site, the affected customer may seek to terminate or cancel Tervita's contract and may be less likely to continue to use Tervita's services. In addition, it is possible that Tervita will experience accidents in the future, which could cause its safety record to deteriorate. This may be more likely as Tervita continues to grow, if it experiences high employee turnover or labour shortage, or adds personnel who may not be very experienced. In addition, Tervita could be subject to liability for damages as a result of such accidents and could incur penalties or fines for violations of applicable safety laws and regulations.

***Due to its past operations in the United States, which were much more extensive than they are currently, Tervita remains subject to continuing obligations under U.S. federal, state and local environmental laws and regulations from past operations.***

Legacy Tervita divested the vast majority of its operations in the United States in 2016 and currently has only a small number of operating sites in the United States, some of which were acquired via the purchase of Newalta.  While Tervita has current US solids control operations, Tervita remains subject to continuing obligations under U.S. federal, state and local environmental laws and regulations relating to environmental remediation of sites Tervita historically owned or operated. Contamination identified at, or migrating from, any of Tervita's former sites in the United States, whether currently known or unknown, may cause Tervita to incur liabilities or require Tervita to investigate or undertake remedial action pursuant to applicable environmental laws and regulations or orders or other actions by governmental authorities. Moreover, current and future remedial obligations and environmental claims related to Tervita's current or past operations in the United States could materially adversely affect Tervita's reputation, ability to retain or attract customers, ongoing operations, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***The decline in Western Canadian Sedimentary Basin prices relative to West Texas Intermediate prices and limited pipeline capacity could materially adversely impact Tervita's business.***

WCS prices and other Canadian crude oil grades have been declining relative to WTI prices due to limited pipeline capacity in Canada and rising production. Even with the Alberta provincial government's mandated production cuts announced on December 2, 2018 (which are expected to last until the end of 2019), Canadian oil producers are still expected to experience a disconnect from benchmark North American crude prices (represented by the WTI benchmark) and their operating performance and cash flows. Low Canadian prices and their negative impact on cash flows will likely reduce producers' capital investments and their desire to ramp up production until transportation constraints ease and prices improve. Producers of heavy oil are most impacted by the low prices and, as a result, many Canadian oil producers are suspending or reducing drilling programs, thereby negatively impacting Tervita's business. In addition, a higher WTI price promotes increased production in the United States, which in turn dampens demand for Canadian oil.

***The inability of counterparties or customers to fulfill their obligations to Tervita subjects Tervita to credit risk and could adversely impact its results of operations.***

Most of Tervita's revenue is derived from customers in the oil and gas industry. As a result, Tervita has a concentration of industry credit risk. Tervita generally extends unsecured credit to its customers whose revenues may be impacted by, among other things, fluctuations in commodity prices and general changes in economic conditions. In addition, Tervita's Energy Marketing division buys crude oil and condensate from third parties and, in turn, sells that crude oil and condensate to customers on the open market. Tervita bears the risk of loss if a buyer fails to perform its obligations in connection with the sale of crude oil and condensate to it. A significant decline or volatility in the oil and gas industry may increase its credit risk and such a decline or any failure by its customers to fulfill their obligations generally could materially adversely impact Tervita's financial position, results of operations, cash flows or its ability to make required payments on debt outstanding.

***Technology Tervita uses in its business is increasingly subject to protection by intellectual property rights.***

Tervita has invested a significant amount of capital over a number of years into the engineering and development of its various facilities. The related proprietary information has been protected through the use of confidentiality agreements to supplement the general protection afforded to trade secrets under common law. However, the proprietary information, technology and processes Tervita uses in its business has generally not been protected by registered intellectual property rights. Increasingly, technology used in its business is being protected by intellectual property rights and some of these rights may be owned by third parties, which may lead to increased expenses to gain or maintain the right to use such rights or may lead to litigation regarding the right to use such rights or their infringement.

***Tervita's information technology systems could be exposed to security threats.***

Tervita has become increasingly dependent upon the development and maintenance of information technology systems that support the general operating aspects of the business. Exposure of Tervita's information technology infrastructure to external threats poses a risk to the security of these systems. Such cyber security threats include unauthorized access to information technology systems due to hacking, viruses and other deliberate or inadvertent causes that could result in service disruptions, system failures and the disclosure of confidential business information.

Tervita applies risk management controls in line with industry accepted standards to protect its information assets and systems; however, these controls may not adequately protect against cyber security breaches. There can be no assurance that Tervita will not suffer losses associated with cyber security breaches in the future, including with respect to negative effects on Tervita's operational performance and earnings, the incurrence of regulatory penalties, reputational damage and costs required to investigate, mitigate and remediate any potential vulnerabilities.

***Tervita's competitiveness depends on continuous improvements in Tervita's operating equipment.***

Tervita's ability to meet customer demands in respect of performance and cost depends on continuous improvements in Tervita's operating equipment. There can be no assurance that Tervita will continue to meet customer demand or that Tervita will have sufficient financial and other resources to improve operating equipment or invest in the latest technology. Any failure to use operating equipment that allows Tervita to meet or exceed customer demands could adversely affect the cost and value of its services to customers and its ability to compete with other service providers. No assurance can be given that competitors will not achieve technological advantages over Tervita.

In addition, certain of Tervita's equipment or systems may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be preferable for environmental or other reasons. Tervita will need to keep current with the changing market for drilling and completions fluids, production chemicals, and solids control equipment and technological and regulatory changes. The cost to upgrade could be material and have an adverse effect on Tervita's cash flows, liquidity and financial condition. Conversely, if Tervita fails to do so, this could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.

***Tervita may not be able to procure products and services on favourable terms or in a timely manner.***

Tervita sources its products from a variety of suppliers. Should any suppliers of Tervita be unable to provide the necessary products or services or otherwise fail to deliver products or services in the quantities required or at acceptable prices, any resulting failure of Tervita to provide services or delays in providing services to its customers in a timely and cost efficient manner could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding. Further, if Tervita experiences problems with suppliers, it may not be able to find acceptable alternatives, and any such alternatives could result in increased costs for Tervita and possible losses on certain contracts. Even if acceptable alternatives are found, the process of locating and securing such alternatives might be disruptive to Tervita's business.

In addition, the ability of Tervita to compete and grow will be dependent on Tervita having access, at a reasonable cost and in a timely manner, to equipment, parts and components. Failure of suppliers to deliver such equipment, parts and components at a reasonable cost and in a timely manner would be detrimental to the ability of Tervita to maintain and expand its client list. No assurance can be given that Tervita will be successful in maintaining the required supply of equipment, parts and components. It is also possible that the costs of any equipment exceeds Tervita's capital expenditure budget and/or available funds, in which circumstance Tervita may be forced to curtail or extend the timeframes for completing its capital expenditure plans.

The ability of Tervita to provide services to its customers is also dependent upon the availability at reasonable prices of raw materials which Tervita purchases from various suppliers. In periods of high industry activity, periodic industry shortages of certain materials have been experienced and costs are sometimes affected. In contrast, periods of low industry activity levels may cause financial distress on a supplier, thus limiting their ability to continue to operate and provide Tervita with necessary services and supplies. Management maintains relationships with a number of suppliers in an attempt to mitigate this risk and has entered into fixed price and quantity purchase contracts for various raw materials. However, if the current suppliers are unable to provide the necessary raw materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services to the clients of Tervita could have a material adverse effect on Tervita's results of operation and cash flows. Further, in periods of low activity, Tervita could be subject to a loss on fixed price and quantity contracts that could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.

***High fuel costs may adversely affect Tervita's business.***

The price and supply of fuel is unpredictable and fluctuates based on events outside of Tervita's control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns, weather events and environmental concerns. Tervita needs a significant amount of fuel to run its operations and any price escalations or reductions in supply could materially reduce its profit margins if Tervita is unable to correspondingly increase the price of its services. Tervita does not hedge or otherwise financially mitigate its exposure to fluctuations in fuel costs.

***Operational dependence on certain of Tervita's joint venture arrangements.***

Tervita participates in various joint venture arrangements with other parties operating certain assets. Through Tervita's joint venture partnership with Christina River Enterprises, CRE-Tervita Corporation utilizes Tervita people, expertise and assets to complete work. As a result, Tervita has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect its financial performance. Tervita's return on assets operated by others depends upon a number of factors that may be outside of its control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the selection of technology and risk management practices.

***Some of the engineered landfills Tervita operates are owned by third parties.***

Some of the engineered landfills Tervita operates are owned by third parties but operated by Tervita under contract. If Tervita breaches the terms of such contracts, they could be terminated or Tervita could be subject to penalties. Tervita also cannot ensure that the parties for whom it contracts will honor the terms of their contracts or that they will renew Tervita's current contracts upon their expiry on commercially reasonable terms or at all. Any default by Tervita under such contracts or any failure by the third parties to honor or renew Tervita's current contracts could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

***Fluctuations in exchange rates may adversely affect Tervita's financial condition.***

Fluctuations in exchange rates between the U.S. and Canadian dollar could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. Tervita’s long term debt is denominated in U.S. dollars and generates the majority of its revenue in Canadian dollars, which revenue is required to fund repayment. Since Tervita presents its combined consolidated financial statements in Canadian dollars, any change in the value of the Canadian dollar relative to the U.S. dollar during a given financial reporting period would result in a foreign currency loss or gain on the translation of its U.S. dollar assets or liabilities into Canadian dollars. Consequently, Tervita's reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses. In addition, as world oil prices are quoted in U.S. dollars, fluctuations in the Canada/U.S. dollar exchange rate could also have an impact on its customers, which could affect the demand for its services and have a material adverse impact on Tervita. In addition, Tervita's TMR business is subject to the U.S. to Canadian dollar exchange rate as the vast majority of scrap sales are transacted in U.S. dollars – for example, for the year ended December 31, 2018, 90% of such sales were conducted in U.S. dollars.

***Increases in inflation could adversely affect Tervita's cash flows, liquidity and results of operations.***

The construction costs and the increased cost of raw and finished materials are the primary inflation factors facing Tervita. Moreover, certain of Tervita's other operating expenses are expected to increase with inflation, including wages and benefits paid to employees. Inflationary pressures could adversely affect Tervita's cash flows, liquidity and results of operations.

***Pending and future legal proceedings could have a material adverse effect on Tervita's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding.***

Failure or the alleged failure by Tervita to comply with laws and regulations may lead to the imposition of fines or penalties, or the denial, revocation or delay of the renewal of permits and licenses by governmental authorities. In addition, governmental authorities as well as third parties may claim that Tervita is liable for environmental damages. Tervita may also be the subject of litigation by customers, suppliers and other third parties. A significant judgment against Tervita, the loss of a significant permit or other approval or the imposition of a significant fine or penalty could have a material adverse effect on Tervita's business, financial condition and future prospects. Litigation is expensive, time consuming and may divert management's attention away from the operation of the business.

***Environmental activism could adversely affect Tervita's business and its operations and infrastructure.***

Environmental activism and opposition to Tervita's operations may adversely affect the business of Tervita by decreasing revenues and increasing remedial costs. Tervita's operations, equipment and infrastructure could be vulnerable to unforeseen problems relating to environmental activism including, but not limited to, vandalism and theft which could interrupt Tervita's operations for an extended period of time, result in significant delays to Tervita's plans and result in increased costs to Tervita. As a result of such interruption, Tervita's business, financial condition and results of operations could be materially adversely affected. Tervita's operations are dependent upon its ability to protect its operating equipment against damage from fire, vandalism, theft or a similar catastrophic event. Theft, vandalism and other disruptions could jeopardize Tervita's operations and infrastructure and could result in significant set-backs, potential liabilities and deter future customers. While Tervita has systems, policies, practices and procedures designed to prevent or limit the effect of the failure or interruptions of its infrastructure there can be no assurance that these measures will be sufficient and that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed in a timely manner.

***A significant number of Tervita Shares are held by two shareholders and their interests may conflict with the interests of other Tervita Shareholders.***

Two shareholders who were sponsors of the reorganization that Legacy Tervita completed in December 2016 continue to hold a significant percentage of Tervita Shares. As a result, one or more of those parties may have the ability to control all matters submitted to Tervita Shareholders for approval, including, without limitation, the election and removal of directors, amendments to Tervita's articles and by-laws and certain fundamental corporate transactions, including the Arrangement. The interests of such large shareholders in Tervita's business, operations and financial condition from time to time may not be aligned with, or may conflict with, the interests of the other Tervita Shareholders. Further, the two shareholders may in the future own businesses that directly or indirectly compete with Tervita or do business with any potential or actual suppliers or customers of Tervita.

***Conflict of Interest***

Certain of the directors of Tervita are also directors and officers of oil and natural gas exploration and/or production entities and oil and natural gas service companies, and conflicts of interest may arise between their duties as officers and directors of Tervita and as officers and directors of such other companies.

## DIVIDENDS AND DISTRIBUTIONS

Tervita has not established a formal dividend policy and does not currently anticipate paying any dividends on Tervita Shares. Tervita currently intends to use its future earnings, if any, and other cash resources for the operation and development of its business but may declare and pay dividends in the future as circumstances permit. Any future determination to pay dividends on the Tervita Shares will be at the sole discretion of the Tervita Board after considering a variety of factors and conditions existing from time to time, including income and cash flow generated by Tervita, financial requirements for Tervita's operations and the execution of its growth strategy, capital investment requirements, debt service requirements, debt covenants, the satisfaction of solvency tests imposed by the ABCA for the declaration and payment of dividends, compliance with the terms and conditions of the Tervita Credit Agreement and the Tervita Note Indenture, and other business considerations as the Tervita Board considers relevant. Further, Tervita's ability to pay dividends to holders of Tervita Shares will be subject to applicable laws and to any prior right to dividend, interest or other distribution payments in favour of any other securityholders.

## DESCRIPTION OF CAPITAL STRUCTURE

**Share Capital**

The authorized capital of Tervita consists of an unlimited number of Tervita Common Shares and an unlimited number of Tervita Preferred Shares issuable in series of which, as at the date hereof, 117,557,112 Tervita Common Shares and no Tervita Preferred shares are issued and outstanding.

Holders of Tervita Common Shares are entitled to one vote per share at meeting of shareholders of Tervita, to receive dividends if, as and when declared by the Tervita Board, and to receive *pro rata* the remaining property and assets of Tervita upon its dissolution or winding up.

No Tervita Preferred Shares may be issued at any time if, as a result of, and at the time of, such issuance:

- the aggregate number of Tervita Preferred Shares that would then be outstanding would exceed 50% of the aggregate number of Tervita Shares then outstanding; or

- the maximum aggregate number of Tervita Shares into which all of the Tervita Preferred Shares then outstanding could be converted in accordance with their terms (regardless of any restrictions on the time of conversion and regardless of any conditions to the conversion) would exceed 20% of the aggregate number of Tervita Shares then outstanding; or

- the aggregate number of votes which the holders of all of the Tervita Preferred Shares then outstanding would be entitled to cast (regardless of any conditions) at any meeting of the shareholders of Tervita (other than a meeting at which only holders of the Tervita Preferred Shares or any series are entitled to vote) would exceed 20% of the aggregate number of votes which the holders of all of the Tervita Shares then outstanding would be entitled to cast at any such meeting.

Subject to the foregoing restrictions and to filing articles of amendment, the Tervita Board may issue Tervita Preferred Shares in one or more series without par value and may, before such issuance, fix the designation, rights privileges, restrictions and conditions attaching to each such series, including but not limited to: the amount, if any, specified as being payable preferentially to such series in the event of a winding-up of Tervita; the extent, if any, of further participation in the event of a winding-up of Tervita; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any. Tervita Preferred Shares would be entitled to preference of the Tervita Shares (and any other shares ranking junior to the Tervita Preferred Shares) with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of Tervita (whether voluntary or involuntary).

The Corporation also has, as of the date hereof, 2,702,649 Tervita Warrants outstanding. Each Tervita Warrant is exercisable by the holder thereof for a period of two years from the July 19, 2018 at an exercise price of $18.75 per Tervita Warrant.

Except as otherwise provided in the ABCA, holders of Tervita Warrants are not entitled to receive notice of or to attend meetings of Tervita's shareholders or to vote on any matter at meetings of holders of Tervita Shares. The holders of Tervita Warrants are also not entitled to receive dividends or to receive the pro rata of the remaining property and assets of Tervita upon its dissolution or winding up.

**Debt**

Tervita currently has US$610 million aggregate principal amount of senior secured notes outstanding, US$360 million aggregate principal amount of which were issued December 2016 and US$250 million aggregate principal amount of which were issued July 19, 2018 (collectively, the **Notes**).

The 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, and are governed by the terms of the Tervita Note Indenture.

**Ratings**

The following table outlines the current credit ratings for Tervita and its Notes:

| | **Standard & Poor's Ratings Services (S&P)** | **Moody's Investors Services (Moody's)** |
|---|---|---|
| Tervita Corporation | B+ | B1 |
| 7.625% Notes | B+ | B2 |

A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments.

S&P's long-term credit ratings are on a scale that ranges from "AAA" to "D", which represents the range from highest to lowest opinions of creditworthiness. According to the S&P rating system, obligations rated "BB", "B", "CCC", "CC" and "C" are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. An obligation rated "BB" is considered less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or a minus (–) sign to show relative standing within the major rating categories. In addition, S&P may add a rating outlook of "positive", "negative", "stable" or "developing" which assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years).

Moody's issuer credit rating is an opinion of the ability of the issuer to honour senior unsecured financial obligations and contracts. Moody's issuer credit rating is a forward-looking opinion about an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. Long-term credit ratings are intended to provide an independent measure of the credit quality of long-term debt.

Moody's credit ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. The addition of a 1, 2 or 3 modifier after a rating indicates the relative standing within a particular rating category. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category.

The credit ratings accorded by S&P and Moody's are not recommendations to purchase, hold or sell securities and such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future, if in its judgment, circumstances so warrant.

A credit rating or stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization.

# MARKET FOR SECURITIES

## Trading Price and Volume

### *Tervita Common Shares*

The outstanding Tervita Common Shares are traded on the TSX under the trading symbol "TEV" and began trading on July 24, 2018. The following table sets forth the market price ranges and the aggregate volume of trading of the Tervita Common Shares on the TSX for the period beginning July 24, 2018 to the close of the financial year ended December 31, 2018.

| Date | High ($) | Low ($) | Close ($) | Volume (Common Shares) |
|---|---|---|---|---|
| July 2018 (1) | 10.50 | 8.67 | 9.15 | 63,576 |
| August 2018 | 9.90 | 8.75 | 9.00 | 305,150 |
| September 2018 | 9.49 | 8.50 | 8.91 | 133,708 |
| October 2018 | 9.02 | 6.97 | 7.49 | 672,799 |
| November 2018 | 9.94 | 6.34 | 8.43 | 9,285,091 |
| December 2018 | 8.50 | 6.22 | 6.28 | 3,475,773 |

**Notes:**

(1) For the period beginning July 24, 2018 and ending July 31, 2018.

### *Tervita Warrants*

The outstanding Tervita Warrants are traded on the TSX under the trading symbol "TEV.WT" and began trading on July 24, 2018. The following table sets forth the market price ranges and the aggregate volume of trading of the Tervita Warrants on the TSX for the period beginning July 24, 2018 to the close of the financial year ended December 31, 2018.

| Date | High ($) | Low ($) | Close ($) | Volume (Warrants) |
|---|---|---|---|---|
| July 2018 (1) | 0.50 | 0.07 | 0.45 | 36,776 |
| August 2018 | 1.95 | 0.45 | 0.92 | 102,180 |
| September 2018 | 0.83 | 0.25 | 0.25 | 13,138 |
| October 2018 | 0.36 | 0.28 | 0.30 | 15,942 |
| November 2018 | 0.40 | 0.29 | 0.35 | 13,657 |
| December 2018 | 0.41 | 0.30 | 0.41 | 18,096 |

**Notes:**

(1) For the period beginning July 24, 2018 and ending July 31, 2018.

**Prior Sales**

The following table summarizes issuances of securities that are not listed or quoted on a marketplace during the financial year ended December 31, 2018.

| Date Issued | Securities | Number of Common Shares Issued/Issuable | Price/Deemed Price/Exercise Price of Security |
|---|---|---|---|
| April 5, 2018 | stock options(1) | 1,220,000 | $9.35 (exercise price) |
| April 5, 2018 | restricted stock units (1) | 590,000 | $9.35 (deemed price) |
| July 19, 2018 | 7.625% senior secured notes due 2021 | aggregate principal amount of US$250 million | N/A |
| December 31, 2018 | integration incentive units | 251,147 | $6.54 (deemed price) |
| December 31, 2018 | stock options | 57,288 | $6.54 (exercise price) |

**Note**:

(1) These stock options and restricted stock units were issued by Legacy Tervita but continue to be exercisable for Tervita Common Shares after completion of the Arrangement.

## DIRECTORS AND OFFICERS

The following table sets forth the name of all directors and officers of the Corporation, their municipalities of residence, their current positions with the Corporation, and their principal occupations during the past five years. The term of office for each of the Directors expires at the Corporation's next annual general meeting.

| Name and Place of Residence | Position(s)/Title | Officer and/or Director Since | Principal Occupation(s) for the Past Five Years |
|---|---|---|---|
| **Grant Billing**(1) Alberta, Canada | Director and Chairman of the Board | December 2016 | Independent businessman since January 2012; prior thereto, Chairman and Chief Executive Officer of Superior Plus Corp. from June 2006 until December 2011; prior thereto, Executive Chairman of Superior Plus Corp. from May 1998 to June 2006. |
| **Michael Colodner**(4)(5) New York, USA | Director | July 2018 | Managing Director, Solus. |
| **John Cooper** Alberta, Canada | President, Chief Executive Officer and Director | July 2017 | CEO since July 2017; prior thereto, Chief Executive Officer of ClearStream Energy Services Inc. from April 2015 to June 2017; prior thereto, Executive Vice-President and Chief Operating Officer of Savanna Energy Services Corp. from August 2011 to June 2015; prior thereto, President and Chief Executive Officer of Enermax Services Inc. from January 2008 to July 2011. |
| **Robert Dawson** Alberta, Canada | Chief Financial Officer | March 2017 | CFO since March 2017; prior thereto, Chief Financial Officer for Canadian Oil Sands Limited from January 2014 to February 2016; prior thereto, Vice-President, Finance for Canadian Oil Sand Limited from May 2007 to December 2013. |

| Name and Place of Residence | Position(s)/Title | Officer and/or Director Since | Principal Occupation(s) for the Past Five Years |
|---|---|---|---|
| **Brad Dlouhy**<br>Alberta, Canada | Chief Operating Officer | June 2017 | Chief Operating Officer of Tervita since June 2017; prior thereto, President, Waste Management and Energy Services of Tervita from May 2014 to May 2017; prior thereto, Vice-President, Waste Management Operations of Tervita from September 2000 to May 2014. |
| **Allen Hagerman**(1)(2)(4)<br>Alberta, Canada | Director | December 2016 | Independent businessman since January 2015; prior thereto, Executive Vice-President of Canadian Oil Sands Limited from May 2007 to December 2014. |
| **Cameron Kramer**(1)(2)(3)<br>Alberta, Canada | Director | December 2016 | Independent businessman since January 2014; prior thereto, Chief Operations Officer and Senior Vice President of ARC Resources Ltd., from September 2011 to December 2013. |
| **Gordon Pridham**(1)(2)<br>Ontario, Canada | Director | July 2018 | Independent businessman. Most recently, Chair of Scorpio Mining (a mining company, formerly U.S. Silver & Gold Inc.) from September 2011 to 2014. |
| **Doug Ramsay**(1)(3)(5)<br>Alberta, Canada | Director | January 2017 | Independent businessman since January 2014; prior thereto; President and Chief Executive Officer of Calfrac Well Services Ltd. from October 1999 to December 2013. |
| **Susan Riddell Rose**(1)(5)<br>Alberta, Canada | Director | July 2018 | President and Chief Executive Officer of Perpetual Energy Inc. (public oil and gas exploration and development company) since 2002. |
| **Jay Thornton**(1)(4)<br>Alberta, Canada | Director | December 2016 | Independent businessman since August 2012; prior thereto, various operating and corporate executive positions with Shell Canada Limited and Suncor Energy Inc. from August 2000 to July 2012. |
| **Kevin Walbridge**(1)(3)<br>Indiana, USA | Director | June 2017 | Independent businessman since February 2016; prior thereto, Chief Operating Officer and Executive Vice President of Progressive Waste Solutions Ltd. from April 2012 to January 2016; prior thereto, Executive Vice President, Operations at Republic Services, Inc. from June 1996 to November 2011. |

**Notes**:

(1) Independent.
(2) Member of the Audit Committee.
(3) Member of the HSE Committee.
(4) Member of the HRC Committee.
(5) Member of the Governance Committee.

The directors and executive officers (as a group) beneficially own, or exercise control or direction over, a total of 214,087 Tervita Common Shares, representing less than 1% of the total outstanding Tervita Common Shares on the date hereof.

**Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as disclosed below, no director or executive officer of the Corporation is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Thornton is a director of Obsidian Energy Ltd. (formerly Penn West Petroleum Ltd. (**Penn West**)). On July 29, 2014, Penn West announced that the audit committee of the board of directors of Penn West was conducting a voluntary, internal review of certain of Penn West's accounting practices and that certain of Penn West's historical financial statements and related management's discussion and analysis must be restated, which might result in the release of its second quarter 2014 financial results being delayed (which ultimately proved to be the case). Furthermore, Penn West advised that its historical financial statements and related audit reports and management's discussion and analysis should not be relied on. As a result, the Alberta Securities Commission issued a management cease trade order on August 5, 2014 against certain directors of Penn West, including Mr. Thornton. On September 18, 2014, Penn West filed restated audited annual financial statements for the years ended December 31, 2013 and 2012, restated unaudited interim financial statements for the three months ended March 31, 2014 and 2013, restated management's discussion and analysis for the year ended December 31, 2013 and the quarter ended March 31, 2014, and related amended documents. Penn West also filed its unaudited interim financial statements for the three and six-month periods ended June 30, 2014 and 2013 and the related management's discussion and analysis and management certifications. The management cease trade order imposed by the Alberta Securities Commission was revoked on September 23, 2014.

Mr. Pridham is a director of CHC Student Housing Corp., which was subject to a management cease trade order commencing on May 5, 2017 for the failure to file its annual financial statements and related documentation, which management cease trade order subsequently lapsed/expired on July 4, 2017.

No director or executive officer of neither the Corporation, nor a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

(a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### Conflicts of Interest

There are no existing material conflicts of interest between Tervita or any subsidiaries of Tervita and any directors or officers of Tervita. However, certain directors and officers of Tervita are engaged and will continue to be engaged in the environmental management and oil and gas businesses on their own behalf and on behalf of others, and situations may arise where the directors and officers will be in direct or indirect competition with Tervita. For example, these directors or officers could pursue acquisition opportunities that may be complementary to Tervita's business and, as a result, those acquisition opportunities may not be available to Tervita. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided in the ABCA.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Tervita, as of the date of this AIF, there are no legal proceedings material to Tervita or to which Tervita is or was a party to, or of which any of its properties are the subject matter, nor are any such proceedings known to Tervita to be contemplated except as set forth below.

On December 21, 2007, Tervita commenced an action in the Court of Queen’s Bench of Alberta (the **Court**) seeking alleged damages against Secure Energy Services Inc. (**Secure**), and several of its personnel (former Tervita employees) in their individual capacities. Pembina Pipeline Corporation (**Pembina**) and Triumph EPCM Ltd. (**Triumph**) were also named as defendants. The claim alleges that, among other things, the former employees breached their employment contracts and fiduciary duties, and engaged in other unlawful conduct by improperly taking confidential Tervita information and using it to enable Secure, Pembina and Triumph to continue Secure's business in direct competition with Tervita's business. Secure filed a defence and counterclaim in November 2008 claiming damages for alleged conduct in contravention of the Competition Act.

Tervita and Triumph have partially settled the claims against Triumph. The Court summarily dismissed portions of Tervita's claims against Pembina, and the balance of the claims were discontinued. As a result, Pembina no longer has any involvement in the lawsuit.

As at the date of this AIF there have not been any penalties or sanctions imposed against Tervita by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against Tervita, and Tervita has not entered into any settlement agreement before a court relating to federal or state securities legislation or with any securities regulatory authority.

## AUDIT COMMITTEE INFORMATION

The Audit Committee is currently comprised of Allen Hagerman (Chair), Gordon Pridham and Cameron Kramer, each of whom are “independent” and “financially literate” within the meaning of NI 52-110. Each member of the Audit Committee has an understanding of the accounting principles used to prepare Tervita's financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For more information about the relevant education and experience of each member of the Audit Committee, see "Directors and Officers".

The role of the Audit Committee is to assist the Tervita Board in fulfilling its financial oversight obligations, including the responsibility: (i) to assist the Tervita Board in fulfilling its responsibility to oversee the Corporation's accounting and financial reporting processes and audits of the Corporation's financial statements; (ii) to review the Corporation's financial reports and other financial information, disclosure controls and procedures and internal accounting and financial controls; (iii) to oversee the work of the external auditor in preparing or issuing an audit report or related work, monitor the independence of the external auditor and pre-approve all auditing services and permitted non-audit services provided by the external auditor; and (iv) to serve as an independent and objective party to monitor the Corporation's financial reporting processes and internal control systems. A copy of the charter of the Audit Committee is attached as Appendix "A" to this AIF.

**Pre-Approval Policies and Procedures**

On an annual basis, the Audit Committee reviews the scope and terms of the external auditor's engagement, including engagement terms, its annual audit plan and proposed fees. The Audit Committee is responsible for the appointment, termination, compensation, retention and oversight of the work of the external auditor engaged by Tervita.

The Audit Committee is also responsible for the pre-approval of all non-audit services to be provided by the external auditor to Tervita or any of its subsidiaries provided that such services are not prohibited under the Rules of Professional Conduct governing the external auditor. If desired, the Audit Committee may adopt specific pre-approval policies and procedures for the engagement of non-audit services. The Audit Committee may delegate this responsibility to one or more members of the Audit Committee to the extent permitted by applicable law, provided that such member or members present any non-audit services so approved to the Audit Committee at its first scheduled meeting following such approval.

**External Auditor Service Fees**

Ernst & Young LLP, Chartered Professional Accountants, are Tervita's external auditors. Fees paid to Tervita's auditors for the years ended December 31, 2018 and 2017 are detailed below:

| Item | 2018 ($) | 2017 ($) |
|---|---|---|
| Audit Fees(1) | 573,000 | 838,000 |
| Audit-Related Fees(2) | 103,000 | - |
| Tax Fees | - | - |
| All Other Fees(3) | 110,000 | 5,500 |
| **Total** | 786,000 | 843,500 |

**Notes:**

(1) "Audit Fees" include the aggregate fees billed by Ernst & Young LLP for audit services in respect of the applicable financial year.

(2) "Audit-Related Fees" in 2018 include the aggregate fees related to the implementation of IFRS 15 - Revenue Recognition, the application of IFRS 3 – Business Combinations, and the audit procedures on the purchase price allocation for the acquisition of Newalta via the Arrangement.

(3) "All Other Fees" include fees for advisory and audit services related to the acquisition of Newalta via the Arrangement (2018) and the subscription to Ernst & Young's client portal (2017).

# INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the directors and officers of Tervita, none of the directors or executive officers of Tervita, nor any person or company that beneficially owns, controls or directs, directly or indirectly, more than 10 percent of the voting rights attached to all outstanding Tervita Shares, nor any of their respective associates or affiliates, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year of Tervita or in any proposed transaction which has materially affected or is reasonably expected to materially affect Tervita.

# TRANSFER AGENT AND REGISTRAR

The independent auditor of Tervita is Ernst & Young LLP, Suite 2200, 215 - 2nd Street SW, Calgary, Alberta, Canada, T2P 1M4.

Odyssey Trust Company at its offices in Calgary, Alberta and Toronto, Ontario is the transfer agent, warrant agent, and registrar for the Tervita Common Shares, Tervita Preferred Shares, and the Tervita Warrants.

# MATERIAL CONTRACTS

Other than the arrangement agreement entered into between Legacy Tervita and Newalta on February 28, 2018, as amended March 20, 2018 (the **Arrangement Agreement**), Tervita has not entered into any contracts, nor are there any contracts still in effect, that are material to our business, other than contracts entered into in the ordinary course of business. A full summary of the particulars of the Arrangement Agreement was included in the Joint Information and Proxy Circular of Tervita Corporation and Newalta Corporation dated March 23, 2018 (the **Information Circular**), as filed under Tervita's profile on SEDAR at www.sedar.com, described under the heading "The Arrangement – The Arrangement Agreement" on pages 61 – 73 of the Information Circular, which section of the Information Circular is incorporated by reference into this AIF.

# INTEREST OF EXPERTS

There is no person or company who is named as having prepared or certified a statement, report or valuation in respect of Tervita in this AIF and whose profession or business gives authority to the statement, report or valuation made by the person or company other than Ernst & Young LLP, Tervita's auditor.

Ernst & Young LLP, the independent auditor of Tervita, has confirmed it is independent with respect to Tervita within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Alberta.

# ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, will be contained in the Corporation's management information circular in connection with its next annual meeting of shareholders at which directors are to be elected.

Additional financial information is also provided in the Corporation's financial statements and related management's discussion and analysis for the financial year ended December 31, 2018.

# SCHEDULE "A"

## MANDATE OF THE AUDIT COMMITTEE

# MANDATE OF THE AUDIT COMMITTEE OF TERVITA CORPORATION

# MANDATE OF THE AUDIT COMMITTEE

## 1. PURPOSE

The audit committee (the "**Committee**") of Tervita Corporation (the "**Corporation**") is appointed by the board of directors of the Corporation (the "**Board**") to assist the Board in fulfilling its oversight responsibilities with respect to:

(a) the quality and integrity of the Corporation’s financial statements, financial reporting procedures and disclosures, and systems of internal controls regarding financial matters;

(b) the Corporation's compliance with certain finance, accounting, legal and regulatory requirements;

(c) the qualifications, performance and independence of the Corporation's external auditors and the qualifications and performance of the Corporation's senior finance employees;

(d) the review of principal financial risks of the Corporation's business and the implementation of appropriate risk management systems;

(e) the preparation of Committee reports, if any, to be included in the Corporation’s disclosure documents; and

(f) the performance of the Corporation's audit function and independent auditor.

## 2. COMPOSITION AND MEMBERSHIP

### 2.1 Number, Appointment and Removal of Members

The Committee shall consist of at least three (3) directors or such greater number as the Board may from time to time determine. The members of the Committee shall be appointed by the Board. At least 25% of the members of the Committee shall be resident Canadians in accordance with the *Business Corporations Act* (Alberta).

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Any member of the Committee may be removed or replaced by the Board of Directors. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board as it may see fit.

### 2.2 Independence of Members

Subject to any exemptions in applicable securities laws, each member of the Committee shall be "independent" as such term is defined in National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

**2.3** Financial Literacy

All members of the Committee shall be "financially literate" as such term is defined in NI 52-110 and as interpreted by the Board in its discretion, at the time of appointment or within a reasonable time thereafter if the Board has determined that this will not materially adversely affect the ability of the Committee to satisfy the requirements of NI 52-110.

**2.4** Committee Chair

The chair (the "**Chair**") of the Committee shall be appointed by the Board from among the members of the Committee. The Chair shall preside at each Committee meeting, lead Committee discussions on meeting agenda items and report to the Board, on behalf of the Committee, with respect to the proceedings of each Committee meeting. The Chair shall continue as Chair until his or her successor is appointed.

If the Chair is unavailable or unable to attend a meeting of the Committee, the Chair shall ask another member to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen, by a majority of the Committee present at such meeting, to preside over the meeting.

The Chair is responsible for the management and performance of the Committee in fulfilling this mandate (this "**Mandate**") and any other responsibilities delegated to it by the Board. The duties and responsibilities of the Chair shall include:

(a) ensuring the co-ordination of the agenda, information packages and related events for Committee meetings in conjunction with the chairman of the Board (the "**Chairman of the Board**"), the chief financial officer (the "**CFO**") of the Corporation and the Corporate Secretary of the Corporation;

(b) working with the CFO to facilitate the flow of information as between the Committee, such officers of the Corporation as the Chair determines appropriate, and the Corporation's external auditors and internal audit department, if any;

(c) liaising with Committee members, other directors and the Chairman of the Board to co-ordinate input from Committee members and directors, and fostering an environment in which Committee members may ask questions and express their viewpoints;

(d) reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;

(e) in collaboration with the Board and the Chairman of the Board, reviewing and assessing Committee organization, attendance, performance and compensation and the size and composition of the Committee;

(f) in collaboration with the human resources and compensation committee (the "**Human Resources and Compensation Committee**") of the Board, leading the Committee in assessing the performance of the Corporation's financial management team; and

(g) taking such other steps as are reasonably required to ensure that the Committee fulfils this Mandate.

## 3. AUTHORITY OF THE AUDIT COMMITTEE

### 3.1 Engaging and Retaining Advisors

The Committee may engage the external auditors, legal counsel, experts and other advisors the Committee determines necessary in order to fulfill this Mandate, and to set and pay the compensation for any advisors engaged by the Committee, such engagement to be at the Corporation's expense.

The Corporation shall be responsible for all other expenses of the Committee that are deemed necessary or appropriate.

### 3.2 Access

The Committee shall have unrestricted and direct access to the Corporation's management, employees, the Corporation's external auditor and to any other consultants and advisors, as well as to the books and records, assets and facilities of the Corporation.

### 3.3 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee, subject to applicable laws and regulations and any restrictions imposed by any applicable regulatory authority or stock exchange requirements. No subcommittees shall consist of fewer than two members.

### 3.4 Investigation

The Committee, at the request of the Board or on its own initiative, shall have the authority to direct and to supervise the investigation into any matter brought to its attention within the scope of its duties.

## 4. REMUNERATION OF COMMITTEE MEMBERS

### 4.1 Remuneration of Committee Members

Members of the Committee and the Chair shall receive such remuneration for their service on the Audit Committee as the Board may determine from time to time.

### 4.2 Directors' Fees

No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than directors' fees, payable in cash or securities. For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation.

## 5. MEETINGS

### 5.1 Committee Meetings

The Committee shall meet at least four (4) times annually in advance of filing quarterly reports, or more frequently if determined necessary to perform its duties. A meeting may be called by the Chair, any member of the Committee, the external auditor, the Chairman of the Board, the chief executive officer (the "**CEO**"), or the CFO at any time by notifying the members of the Committee.

The external auditor shall also receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard at the meeting, and, if so requested by a member of the Committee, shall attend every meeting of the Committee held during the external auditor's tenure as such. The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee. The Committee may request any officer or employee of the Corporation to attend a meeting of the Committee. The Committee shall hold an *in camera* session, without management present, in connection with all Committee meetings.

### 5.2 Notice

A notice of time and place of every meeting of the Committee shall be given in writing to each member of the Committee at least two business days prior to the time fixed for such meeting, unless waived by a member entitled to attend. Attendance of a member of the Committee at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not properly called.

### 5.3 Quorum

Unless otherwise resolved by the Board, a quorum for meetings of the Committee shall be a majority of its members present in person or by telephone or video conference.

### 5.4 Decisions

Unless otherwise resolved by the Board, decisions of the Committee shall be determined by a majority of the votes cast.

Subject to the requirements of any applicable laws, regulations or rules, any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the members of the Committee. Such written consent shall have the same force as a unanimous vote of the Committee. A copy of any such written consent shall be kept with the minutes of the proceedings of the Committee.

### **5.5** Minutes

The Committee shall appoint a member of the Committee, the corporate secretary of the Corporation, or another person acceptable to the Committee to act as secretary at each meeting for the purpose of recording the minutes of each meeting. Minutes of every meeting shall be kept with the Corporation's corporate records.

The minutes of Committee meetings shall be in sufficient detail to convey the substance of all discussions held, and shall accurately record the decisions reached, as well as attendance of members of the Committee at each meeting.

### **5.6** Reporting

The Chair will regularly report the Committee's findings and recommendations to the Board.

## **6. SPECIFIC DUTIES AND RESPONSIBILITIES**

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board, provided that the Board is authorized to make such delegation according to applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time.

The Committee is responsible for overseeing the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation, quality and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The external auditor is responsible for auditing the Corporation's annual consolidated financial statements and for reviewing the Corporation's unaudited interim financial statements.

### **6.1** Procedures for Review

The Committee shall be satisfied that adequate procedures are in place for the review and approval of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements (other than financial statements, MD&A and earnings news releases, which are dealt with elsewhere in this Mandate) and shall periodically assess the adequacy of those procedures.

**6.2** Annual Financial Statements

The Committee shall meet to review and discuss with management and the external auditor, the Corporation's audited annual financial statements and Management's Discussion and Analysis ("**MD&A**") of such financial statements, including the use and presentation of non-international financial reporting standards ("**non-IFRS**") financial measures, together with the report of the external auditor thereon and the associated news release and, if appropriate, recommend to the Board that it approve such audited annual financial statements, MD&A and associated news release.

**6.3** Interim Financial Statements

The Committee shall meet to review and discuss with management and the external auditor, the Corporation's interim unaudited financial statements and MD&A of such financial statements, including the use and presentation of non-IFRS financial measures, together with the associated news release, and, if appropriate, approve such interim unaudited financial statements, interim MD&A and associated news release.

**6.4** Material Public Financial Disclosure

The Committee shall review and discuss with management and the external auditor and, where appropriate or required, approve, or recommend to the Board that it approve:

(i) the types of information to be disclosed and the type of presentation to be made in connection with earnings news releases;

(ii) financial information and earnings guidance (if any) provided to analysts and rating agencies;

(iii) news releases containing financial information (paying particular attention to the use, if any, of non-IFRS financial measures or information); and

(iv) financial information or financial statements in any document required to be disclosed or filed by the Corporation, before its public disclosure or filing.

**6.5** Other Review Items

The Committee shall review and discuss with management, and, if appropriate, the external auditor:

(i) the quality of, and not just the acceptability of, the accounting principles applied in respect of the financial statements and the clarity of the applicable disclosure in the financial statements;

(ii) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles;

(iii) major issues as to the adequacy of the Corporation's internal controls over financial reporting and any special audit procedures adopted in light of material control deficiencies;

(iv) analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements and the degree of aggressiveness or conservatism of the Corporation's accounting principles and critical accounting estimates;

(v) the effect of the following on the Corporation's financial statements: regulatory and accounting initiatives; off-balance sheet transactions; structures, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons that have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of the Corporation's revenues or expenses;

(vi) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;

(vii) any financial information or financial statements in prospectuses and other offering documents;

(viii) the factors identified by management as factors that may affect future financial results;

(ix) management's assessment of the internal control environment and the adequacy thereof;

(x) the management certifications of the financial statements as required under applicable securities laws in Canada or elsewhere;

(xi) disclosures made by the Corporation's CEO and CFO during their certification process in connection with the Corporation's financial statements about (a) any significant deficiencies or material weaknesses in the design or operation of disclosure controls and procedures and internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data, and (b) any fraud involving management or other employees who have a significant role in the Corporation's internal controls, and shall make appropriate disclosures in the MD&A as to any such deficiencies, weaknesses or fraud, the risks associated therewith and the Corporation's plans to remediate such deficiencies, weaknesses or fraud, if any;

(xii) conclusions from whistleblower complaints or concerns, regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding any potentially questionable accounting or audit related matters in accordance with the Corporation's *Whistleblower Policy*;

(xiii) any litigation, claim or contingency that could have a material effect on the financial statements;

(xiv) any other relevant reports or financial information submitted by the Corporation to any governmental body, or the public; and

(xv) pension plan financial statements, if any.

**6.6** External Auditor

(a) **Authority with Respect to External Auditor**. The Committee shall be responsible for recommending to the Board, the appointment, compensation, retention and oversight of the work of the external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. Each external auditor shall report directly to the Committee. In the discharge of this responsibility, the Committee shall:

(i) have sole responsibility for recommending to the Board, the firm to be proposed for appointment as the external auditor for the above-described purposes and determining at any time whether the Board should recommend to the Board whether the incumbent external auditor should be removed from office;

(ii) review the scope and terms of the external auditor's engagement, discuss the audit fees with the external auditor and be solely responsible for pre-approving such audit services fees; and

(iii) require the external auditor to confirm in its engagement letter each year that the external auditor is accountable to the Board and the Committee as representative of shareholders.

(b) **Audit Plan**. At least annually, the Committee shall review a summary of the external auditors' annual audit plans. The Committee shall consider and review any material changes to the scope of the plan with the external auditor.

(c) **Audit and Review Reports**. The Committee shall review the audit report and review reports prepared by the external auditor in respect of the Corporation's audited financial statements and unaudited financial statements, respectively.

(d) **Relationship with External Auditor**. The Committee shall develop a relationship with the external auditor that allows for fulsome and timely discussion of all material issues.

(e) **Independence**. The Committee shall satisfy itself as to the independence of the external auditor. As part of this process the Committee shall:

(i) assure the regular rotation of the lead audit partner as required by applicable law and regulations and consider whether the Corporation should rotate periodically, the audit firm that serves as external auditor;

(ii) require the external auditor to submit on a periodic basis, at least annually, to the Committee, a formal written statement that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute of chartered professional accountants to which it belongs and delineating all relationships between the external auditor and the Corporation; actively engage in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor; and take appropriate action in response to the external auditor’s written statements to satisfy itself of the external auditor’s independence; and

(iii) review and approve the policy setting out the restrictions on the Corporation hiring partners, employees and former partners and employees of the Corporation’s current or former external auditor.

(f) **Issues Between External Auditor and Management**. The Committee shall:

(i) review and discuss any problems or difficulties experienced by the external auditor in conducting the audit, including any restrictions on the scope of the external auditor’s activities or any access to requested information, and management’s response thereto;

(ii) review any significant disagreements with management and, to the extent possible, resolve any disagreements between management and the external auditor;

(iii) review all material correspondence between the external auditor and management related to audit findings;

(iv) review with the external auditor:

(A) any accounting adjustments that were proposed by the external auditor, but were not made by management;

(B) any communications between the audit team and audit firm's national office regarding auditing or accounting issues arising from the engagement;

(C) any management or internal control letter issued, or proposed to be issued (in draft) by the external auditor to the Corporation and subsequent follow-up of any identified deficiencies; and

(D) any correspondence between the Corporation and any public accounting firm other than the external auditor related to auditing or accounting issues.

(g) **Non-Audit Services.**

(i) The Committee shall, subject to certain *de minimus* exceptions described in NI 52-110:

(A) pre-approve any non-audit services provided by the external auditor to the Corporation or any subsidiary of the Corporation provided that no approval shall be provided for any service that is prohibited under the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute of chartered professional accountants; and

(B) adopt specific pre-approval policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the Committee is informed of each non-audit service and the procedures do not include delegation of the Committee's responsibilities to management.

(ii) The Committee may delegate to one or more members of the Committee the authority to pre-approve non-audit services in satisfaction of the requirement in the previous section, provided that such member or members of the Committee must present any non-audit services so approved to the Committee at its first scheduled meeting following such pre-approval.

(iii) The Committee shall instruct management to promptly bring to its attention any services performed by the external auditor which were not recognized by the Corporation at the time of the engagement as being non-audit services.

(h) **Evaluation of External Auditor**. The Committee shall:

(i) review and evaluate the performance of the external auditor;

(ii) obtain the opinions of management with respect to the performance of the external auditor; and

(iii) obtain and review a report by the external auditor describing:

(A) the external auditor's internal quality-control procedures;

(B) any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor's firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the external auditor's firm, and any steps taken to deal with any such issues; and

(C) all relationships between the external auditor and the Corporation (to be set out in the formal written statement described in Section 6.6(e)(ii)).

(i) **Review of the External Auditor's Recommendations**. The Committee shall review the external auditor's recommendations, and review management's response to, and subsequent follow-up on, any reports on accounting systems and internal controls.

**6.7** Risk Management

(a) **Financial Risk Assessment or Review**. The Committee shall:

(i) discuss policies with respect to financial risk assessment and risk management, and receive regular reports from management and receive comments from the external auditor, if any, on:

(A) the principal risks with respect to the Corporation's revenues, expenditures and cash flows;

(B) the systems implemented to monitor those risks; and

(C) the strategies (including hedging strategies) in place to manage those risks; and

(ii) recommend to the Board whether any new material strategies presented by management to manage the Corporation's principal financial risks should be considered appropriate and approved.

(b) **Standards of Business Conduct**. The Committee shall periodically review the Corporation's *Code of Conduct and Conflict of Interest Guidelines* and provide recommendations to the Board concerning its compliance with each of the Corporation's published codes of business conduct, applicable disclosure and legal requirements.

**6.8** Pension Plan

If requested by the Board, the Committee shall review the assets, financial performance, funding status, investment strategy and actuarial reports of the Corporation's pension plan, if any, including the terms of engagement of the plan's actuary and fund manager.

**6.9** Senior Finance Employees

The Committee shall assist the CEO, the Human Resources and Compensation Committee and the Board in their assessments of the performance of the Corporation's CFO.

**6.10** Review of Regulatory Correspondence

Management shall, immediately upon receipt, present to the Committee any correspondence from or with regulators or governmental agencies relating to financial disclosure. The Committee shall discuss with management such correspondence and published reports of regulators or governmental agencies which may have a material effect on the Corporation's financial statements or accounting policies. Members of the Legal and Tax departments should report to the Committee at meetings.

## 7. OTHER DUTIES AND RESPONSIBILITIES

**7.1** Whistle Blowing, Corruption and Bribery

The Committee shall oversee the implementation and administration of the Corporation's *Whistleblower Policy* and the Corporation's *Anti-Corruption & Anti-Bribery Policy* in accordance with the terms of those policies, and shall liaise with management in accordance therewith. The Committee shall make recommendations to the Board with respect to procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, auditing matters, violations of securities or other applicable laws, rules or regulations; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, violations of any laws, rules or regulations, including but not limited to Canadian securities and other applicable laws and violations of the Corporation's *Code of Conduct and Conflict of Interest Guidelines*.

The Committee shall undertake a periodic review and assessment of the adequacy of the Corporation's *Whistleblower Policy* and the Corporation's *Anti-Corruption & Anti-Bribery Policy*.

The Committee shall, on a quarterly basis, report to the Board that, other than as disclosed to the Board, there have been no matters reported to the Audit Committee under the Corporation's *Whistleblower Policy* that would impact the certifications to be provided by the CEO and the CFO under applicable legislation. Furthermore, the Committee shall, on an annual basis, report to the Board with respect to the effectiveness of the Corporation's anti-corruption and anti-bribery compliance programs.

**7.2** Officers' and Director's Expense Accounts

The Committee shall review policies and procedures with respect to officers' and directors' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the external auditor.

**7.3** Other

Perform such other functions as may be necessary or appropriate under law, or as directed by the Board.

## 8. ANNUAL PERFORMANCE EVALUATION

On an annual basis, the Committee shall follow the process established and adopted by the Board for all committees of the Board for assessing the performance and effectiveness of the Committee, including a review of its compliance with this Mandate.

## 9. MANDATE REVIEW

The Committee shall review and assess the adequacy of this Mandate annually and recommend to the Board any changes it deems appropriate, including to account for best practice guidelines recommended by, and to comply with any rules or regulations disseminated by, securities regulators and stock exchanges, to the extent appropriate for the Corporation.

## 10. STANDARD OF LIABILITY

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Corporation. Subject to all applicable laws, regulations and listing requirements, as well as the Corporation's articles and by-laws, this Mandate is not intended to establish any legally binding obligations on the members of the Committee as a result of their financial literacy or otherwise, including, but not limited to the preparation of financial statements or with respect to day-to-day operations or performance.