TERVITA

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Nine Months Ended September 30, 2017

ABOUT THIS MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") was prepared by management and is a summary of the financial position and results of operations of Tervita Corporation ("Tervita", "the Company", "we", "our", "us" and similar expressions) for the three and nine months ended September 30, 2017 and as compared to the three and nine months ended September 30, 2016. Tervita's Board of Directors carries out its responsibility for review of the MD&A through its Audit Committee, which approved this disclosure on November 9, 2017.

The MD&A is a review of the financial results of Tervita, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with our Interim Condensed Consolidated Financial Statements and accompanying notes (the "Financial Statements") for the three and nine months ended September 30, 2017, and our Annual MD&A and audited Consolidated Financial Statements for the year ended December 31, 2016.

All financial information reflected herein is expressed in millions of Canadian dollars ("$" or "C$") unless otherwise stated. Certain comparative information has been reclassified to conform to the MD&A presentation adopted for the current year.

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

COMPANY AND MARKET OVERVIEW

COMPANY OVERVIEW

Tervita is one of the largest environmentally focused energy, environmental and waste management service providers in Canada. The Company primarily serves the oil and gas industry, as well as the industrial and natural resource sectors, predominantly in Western Canada. Our network of fixed facilities consists of more than 70 active waste processing, disposal and industrial facilities, including 25 treating, recovery and disposal facilities ("TRDs"), seven stand-alone disposal wells, two cavern disposal facilities, 19 engineered landfills, six transfer stations, 10 bioremediation facilities and four metals recycling facilities.

OPERATING SEGMENTS

In 2017, Tervita reorganized its reporting structure into the following two operating segments:

- **Energy Services** provides a number of services to the oil and gas sector, including the treating, recovering and disposal of fluids and the processing, recovery and disposal of solid materials used in, and generated by, natural resource and industrial production, and the disposal of oilfield waste. In conjunction with the operation of its waste processing facilities, the segment also engages in energy marketing activities.
- **Industrial Services** provides comprehensive environmental solutions, including site remediation, facility decommissioning, environmental construction and technologies, hazardous and non-hazardous waste management, emergency response, and recycling services to oil and gas and other industrial companies. Our recycling services include the purchase and processing of ferrous and non-ferrous metals recovered from demolition sites and other locations. Other offerings include waste transportation, classification, and tracking services.

In addition to our two operating segments, Tervita's other expenses within operating profit relate to corporate and shared services activities. These include: general and administrative expenses for executive leadership, human resources, information technology, finance, accounting, and legal and regulatory; depreciation and amortization for corporate and shared services assets; and intersegment profit eliminations including those related to the construction and transfer of long-lived assets between operating segments.

Prior to 2017, Tervita had three operating segments: Midstream Services, Environmental Services, and Production Services. During 2016, we disposed of the Production Services operating segment and comparative results of that segment have been presented in Discontinued Operations. Comparative results for continuing operations have been reclassified to reflect the change in operating segments.

MARKET OVERVIEW

Average West Texas Intermediate ("WTI") benchmark prices of US$48.21/bbl were 7% higher for the three months ended September 30, 2017 compared to the same period in 2016 amid persistently high crude inventories. Rig activity in the Western Canadian Sedimentary Basin in the third quarter was more robust compared to the prior year, up 59%. Metres drilled in the third quarter were 4.3 million compared to 3.1 million in the same period of the prior year, representing an increase of 39%. For the nine months ended September 30, 2017, reduced third quarter activity for active rigs and metres drilled in comparison to the first half of the year contributed to a moderated year over year increase of 90% and 85%, respectively. It is cautiously anticipated that winter activity levels will be consistent with 2017's activity, reflecting oil and gas prices at recent average levels.

NON-GAAP MEASURES AND DEFINITIONS

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

NON-GAAP MEASURES

EBITDA and EBITDA Margin

We believe that investors, analysts and ratings agencies consider EBITDA to be useful in measuring Tervita's operating performance. The presentation of EBITDA should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items. EBITDA should not be considered a measure of discretionary cash available for the return of capital to debt and equity stakeholders and to invest in the business.

EBITDA is defined as profit or loss from continuing operations before tax, other income (expense), finance costs, impairment expense and depreciation and amortization, and any other items that are considered non-recurring in nature. For this MD&A, we have deducted the gain (loss) on debt restructuring, if any.

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

For the three months ended September 30, Tervita's profit (loss) before taxes has been reconciled to EBITDA as follows:

	2017	2016
Profit (loss) from continuing operations before tax	(2)	(227)
Adjustments:		
Depreciation and amortization	22	34
Impairment expense	1	73
Finance costs	13	101
Other expense (income)	8	35
(Gain) loss on debt restructuring	-	8
EBITDA	42	24

For the nine months ended September 30, Tervita's profit (loss) before taxes has been reconciled to EBITDA as follows:

	2017	2016
Profit (loss) from continuing operations before tax	(17)	(412)
Adjustments:		
Depreciation and amortization	61	90
Impairment expense	2	202
Finance costs	38	239
Other expense (income)	24	(76)
(Gain) loss on debt restructuring	-	16
EBITDA	108	59

Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA adjusted for significant one-time items, including costs associated with organizational restructuring.

For the three months ended September 30, Adjusted EBITDA was as follows:

	2017	2016
EBITDA	42	24
Adjustments:		
Severance costs	-	2
Adjusted EBITDA	42	26

For the nine months ended September 30, Adjusted EBITDA was as follows:

	2017	2016
EBITDA	108	59
Adjustments:		
Severance costs	8	7
Adjusted EBITDA	116	66

Working capital

Working capital is defined as trade and other receivables, inventories and other current assets less trade and other payables.

DEFINITIONS

Recapitalization Transaction

In 2016, Tervita completed the recapitalization of its debt and share capital. Refer to the ***Liquidity and Capital Resources*** section for further discussion.

Average WTI price

Average WTI prices referred to in the MD&A are a key driver of the Company's business. Tervita uses published monthly average WTI prices (US$).

RESULTS OF OPERATIONS

Operating Results For the Three Months Ended September 30

	Energy Services		Industrial Services		Corporate		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Energy marketing revenue	**302**	389	**-**	-	**-**	-	**302**	389
Revenue (excluding energy marketing)	**74**	63	**64**	64	**(3)**	(4)	**135**	123
	376	452	**64**	64	**(3)**	(4)	**437**	512
Energy marketing direct expenses	**(302)**	(389)	**-**	-	**-**	-	**(302)**	(389)
Direct expenses (excluding energy marketing)	**(31)**	(30)	**(54)**	(56)	**3**	4	**(82)**	(82)
General and administrative expenses	**-**	-	**-**	-	**(11)**	(17)	**(11)**	(17)
	(333)	(419)	**(54)**	(56)	**(8)**	(13)	**(395)**	(488)
EBITDA	**43**	33	**10**	8	**(11)**	(17)	**42**	24
EBITDA Margin	***58%***	*52%*	***16%***	*13%*	**-**	-	***31%***	*20%*
Adjusted EBITDA							***42***	*26*
Depreciation and amortization	**(20)**	(26)	**(1)**	(3)	**(1)**	(5)	**(22)**	(34)
Operating profit (loss)	**23**	7	**9**	5	**(12)**	(22)	**20**	(10)
Impairment expense	**(1)**	(68)	**-**	-	**-**	(5)	**(1)**	(73)
Finance costs	**-**	-	**-**	-	**(13)**	(101)	**(13)**	(101)
Other income (expense)	**-**	-	**-**	-	**(8)**	(35)	**(8)**	(35)
Gain (loss) on debt restructuring	**-**	-	**-**	-	**-**	(8)	**-**	(8)
Profit (loss) from continuing operations	**22**	(61)	**9**	5	**(33)**	(171)	**(2)**	(227)
Profit (loss) from discontinued operations, net of tax	**-**	-	**-**	-	**-**	(20)	**-**	(20)
Net profit (loss)	**22**	(61)	**9**	5	**(33)**	(191)	**(2)**	(247)

Energy Services

Revenue

Energy marketing revenue decreased 22% from the prior year primarily due to lower marketed volumes as a result of the Pembina Peace Phase III pipeline expansion.

Higher market activity in 2017 positively impacted waste processing's volumes, resulting in a 17% increase in revenue over the prior year.

Direct expenses

Energy marketing direct expenses decreased 22% compared to 2016, consistent with the decline in revenue.

Waste processing direct expenses remained consistent with 2016 due to the largely fixed nature of our facility-based costs within a certain range of activity. In addition, increases in utilities and repairs and maintenance resulting from increased activity levels were offset by a decrease in landfill leachate costs due to drier conditions across B.C. and Alberta.

Depreciation and amortization

Depreciation and amortization decreased by 23% compared to 2016 due to a change in depreciation method for certain assets during the fourth quarter of 2016 and the reduction in decommissioning assets which resulted from changes in provision estimates in December 2016.

Impairment expense

In 2016, due to the slowdown in the oil and gas sector and general economic uncertainty, we recognized $64 million of goodwill impairment and $4 million of asset impairment.

Industrial Services

Revenue

Revenue remained consistent with 2016 as increased revenue from higher ferrous metal prices ($289.04/NT in 2017 compared to $237.10/NT in 2016) and an increase in the number of rail services projects were offset by reduced market activity in field services.

Direct expenses

Direct expenses decreased 4% compared to 2016, primarily due to lower project-related trucking and disposal fees.

Corporate

General and administrative expenses

The 35% decrease in general and administrative expenses was due to cost savings from staff reductions in 2016 and 2017 and office cost savings from a reduction in rent at the Calgary head office. Additionally, some vacated office space was reclassified to onerous contracts in late 2016 and in the second and third quarters of 2017.

Finance costs

	2017	2016
Interest expense	10	73
Amortization of debt issue costs	1	27
Accretion of decommissioning liabilities	2	1
Finance costs	13	101

The decrease in interest expense was due to lower average long-term debt outstanding in 2017 as a result of the Recapitalization Transaction, which was completed in December 2016.

Other income (expense)

	2017	2016
Onerous contract provision	(4)	-
Realized foreign exchange gain (loss)	(1)	-
Unrealized foreign exchange gain (loss)	(1)	(34)
Other	(2)	(1)
Other income (expense)	(8)	(35)

The onerous contract provision was the result of vacated office space in 2017.

In December 2016, we entered several cross currency swap agreements to hedge the foreign exchange fluctuations related to payments of interest and principal, as well as the revaluation of our US$ denominated senior secured notes. We have applied hedge accounting treatment such that any foreign exchange fluctuations related to payments and revaluation of debt are fully offset by the reclassification of other comprehensive profit (loss) associated with the revaluation of swap agreements into net profit (loss).

Prior to the Recapitalization Transaction, we had not applied hedge accounting treatment to any debt or swaps, therefore, associated unrealized foreign exchange on revaluation and realized foreign exchange on payment of debt in the third quarter of 2016 were recorded to other income (expense).

Gain (loss) on debt restructuring

In 2016, we incurred expenses related to the Recapitalization Transaction.

OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30

	Energy Services		Industrial Services		Corporate		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Energy marketing revenue	**1,349**	1,128	**-**	-	**-**	-	**1,349**	1,128
Revenue (excluding energy marketing)	**220**	181	**161**	160	**(7)**	(6)	**374**	335
	1,569	1,309	**161**	160	**(7)**	(6)	**1,723**	1,463
Energy marketing direct expenses	**(1,349)**	(1,128)	**-**	-	**-**	-	**(1,349)**	(1,128)
Direct expenses (excluding energy marketing)	**(92)**	(84)	**(136)**	(144)	**7**	6	**(221)**	(222)
General and administrative expenses	**-**	-	**-**	-	**(45)**	(54)	**(45)**	(54)
	(1,441)	(1,212)	**(136)**	(144)	**(38)**	(48)	**(1,615)**	(1,404)
EBITDA	**128**	97	**25**	16	**(45)**	(54)	**108**	59
EBITDA Margin	***58%***	*54%*	***16%***	*10%*	**-**	-	***29%***	*18%*
Adjusted EBITDA							***116***	*66*
Depreciation and amortization	**(53)**	(74)	**(5)**	(8)	**(3)**	(8)	**(61)**	(90)
Operating profit (loss)	**75**	23	**20**	8	**(48)**	(62)	**47**	(31)
Impairment expense	**(2)**	(196)	**-**	(1)	**-**	(5)	**(2)**	(202)
Finance costs	**-**	-	**-**	-	**(38)**	(239)	**(38)**	(239)
Other income (expense)	**-**	-	**-**	-	**(24)**	76	**(24)**	76
Gain (loss) on debt restructuring	**-**	-	**-**	-	**-**	(16)	**-**	(16)
Income taxes recovery (expense)	**-**	-	**-**	-	**-**	8	**-**	8
Profit (loss) from continuing operations	**73**	(173)	**20**	7	**(110)**	(238)	**(17)**	(404)
Profit (loss) from discontinued operations, net of tax	**-**	-	**-**	-	**1**	(21)	**1**	(21)
Net profit (loss)	**73**	(173)	**20**	7	**(109)**	(259)	**(16)**	(425)

Energy Services

Revenue

Energy marketing revenue increased 20% primarily due to higher average realized WTI prices in 2017, from an average of US$41.33/bbl in the first nine months of 2016 to US$49.47/bbl in the first nine months of 2017. This increase in revenue was partially offset by lower marketed volumes in the third quarter as a result of the Pembina Peace Phase III pipeline expansion.

Higher market activity in 2017, in part due to the less significant spring breakup, positively impacted waste processing's volumes, resulting in an increase of 22% in revenue over the prior year.

Direct expenses

Energy marketing direct expenses increased 20% compared to 2016, consistent with the increase in revenue.

Waste processing direct expenses increased 10% compared to 2016 reflecting higher variable costs, particularly utilities and repairs and maintenance, due to increased activity levels as well as a higher employee bonus accrual. The overall increase in direct expenses was not as significant as the increase in our revenue due to the fixed nature of the majority our costs as well as the benefit of a full nine month impact of 2016 cost containment initiatives. In addition, leachate costs in the third quarter of 2017 were lower than in the same period in 2016 due to drier conditions across B.C. and Alberta.

Depreciation and amortization

Depreciation and amortization decreased by 28% compared to 2016 due to a change in depreciation method for certain assets during the fourth quarter of 2016 and the reduction in decommissioning assets which resulted from changes in provision estimates

in December 2016.

Impairment expense

In 2017, a fire at a TRD facility resulted in the impairment of certain assets. In 2016, due to the slowdown in the oil and gas sector and general economic uncertainty, we recognized $185 million of goodwill impairment and $11 million of asset impairment.

Industrial Services

Revenue

Revenue remained relatively consistent with 2016, as the effect of increased worldwide demand and price for ferrous metal was offset by reduced market activity in field services and the winding down of several large environmental service projects, which had revenue in 2016 but were not replaced by new projects in 2017.

Direct expenses

The decrease in direct expenses of 6% from 2016 was primarily the result of reduced environmental services and field services activity, as well as lower trucking and disposal fees on soil for projects in the third quarter of 2017, lower repairs and maintenance costs, cost savings from staff reductions in 2016, and a legal settlement as the claimant. These were partially offset by higher cost of sales from increased volumes and price of ferrous metal sales and a higher bonus accrual.

Corporate

General and administrative expenses

The 17% decrease in general and administrative expenses was due to staff reductions in 2016 and 2017, a reduction in rent at the Calgary head office, and reclassification of some vacated office space to onerous contracts in late 2016 and in the second and third quarters of 2017. These decreases were partially offset by severance costs incurred in 2017.

Finance costs

	2017	2016
Interest expense	31	203
Amortization of debt issue costs	3	32
Accretion of decommissioning liabilities	4	4
Finance costs	38	239

The decrease in interest expense was a result of significantly lower average long-term debt outstanding in 2017 as a result of the Recapitalization Transaction, which was completed in December 2016.

Other income (expense)

	2017	2016
Onerous contract provision	(12)	(7)
Realized foreign exchange gain (loss)	(1)	290
Unrealized foreign exchange gain (loss)	(2)	(225)
Other	(9)	18
Other income (expense)	(24)	76

The onerous contract provision in 2017 related to vacated office space and reflects extended lease terms negotiated in December 2016. The 2016 provision does not reflect such extended lease terms.

Changes in realized and unrealized foreign exchange gain (loss) were due to the same factors impacting the third quarter of 2017 compared to the third quarter of 2016. Included in Other in 2016 was the revaluation of puttable minority interest, for which there was no comparable instrument in 2017.

Gain (loss) on debt restructuring

In 2016, we incurred expenses related to the Recapitalization Transaction.

Severance costs

There was $8 million of severance cost included in direct expenses and general and administrative expenses (September 30, 2016 - $7 million).

SUMMARY OF QUARTERLY RESULTS

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Revenue	**437**	**607**	**679**	540	512	501	450	556
Revenue-excluding energy marketing	**135**	**114**	**125**	122	123	98	114	128
Direct expenses	**(384)**	**(564)**	**(622)**	(491)	(471)	(473)	(406)	(488)
General and administrative expenses	**(11)**	**(12)**	**(22)**	(16)	(17)	(18)	(19)	(16)
Depreciation and amortization	**(22)**	**(17)**	**(22)**	(19)	(34)	(27)	(29)	(18)
Operating profit (loss)	**20**	**14**	**13**	14	(10)	(17)	(4)	34
Net profit (loss)	**(2)**	**(12)**	**(2)**	1,079	(247)	(114)	(64)	(746)
EBITDA	**42**	**31**	**35**	33	24	10	25	52
Adjusted EBITDA	**42**	**33**	**41**	34	26	12	28	55

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

LIQUIDITY AND CAPITAL RESOURCES

RECAPITALIZATION TRANSACTION

On December 14, 2016, the Company completed a Recapitalization Transaction pursuant to a Court approved plan of arrangement (the "Plan") under the Canada Business Corporations Act. The Plan included a private placement of class A voting preferred shares for proceeds of $404 million (the "Private Placement") and the issuance by the Company of US$360 million of senior secured notes (the "Notes"). The Company's secured debt, unsecured debt and subordinated debt were settled through the utilization of cash on hand and proceeds from the Private Placement and the Notes, along with the issuance of class A voting preferred shares and class A voting common shares. All of Tervita's issued and outstanding share capital existing prior to the completion of the Restructuring Transaction was cancelled in exchange for the right to receive 20% of the net proceeds that may be received by the Company from any full and final determination of the Secure Energy Services Inc. litigation.

The Notes have a coupon rate of 7.625% and were issued on December 13, 2016. The Notes mature on December 1, 2021, with interest payable semi-annually on June 1 and December 1, beginning June 1, 2017.

CREDIT FACILITIES AND RELATED DEBT COVENANTS

Tervita has a $200 million syndicated revolving credit facility expiring December 2019. At September 30, 2017, Tervita had $79 million in letters of credit issued against this facility. The remaining $121 million of capacity, combined with $129 million of cash and cash equivalents, provided $250 million in available liquidity at September 30, 2017. For the nine months ended September 30, 2017, Tervita generated $39 million of cash, net of financing and investing activity, and did not require any additional liquidity to support continuing operations.

Under the terms of Tervita's revolving credit facility, Tervita must comply with certain financial and non-financial covenants, as defined by its lenders. The following definitions are used by Tervita to assess compliance with its covenants and are not considered meaningful for any other purpose:

Covenant EBITDA

Covenant EBITDA is determined by the credit agreement and is defined as EBITDA for the last twelve months ("LTM") adjusted by other extraordinary, non-recurring, or unusual losses, charges or expenses. Covenant EBITDA is used in the determination of compliance with debt covenants and is not a recognized measure under IFRS.

For the twelve months ended September 30, 2017, Tervita's EBITDA has been reconciled to Covenant EBITDA as follows:

	Q3 2017 LTM
EBITDA	141
Eligible adjustments:	
Retention expense	2
Severance costs	9
Covenant EBITDA	152

Total indebtedness Total indebtedness is used in the monitoring of compliance with Tervita's financial covenants. It consists of the principal amount of Notes outstanding, reported in C$ and reflecting the impact of cross currency swaps, and the amount of capital lease obligations less cash balances up to a total of $50 million.

Secured indebtedness Secured indebtedness is used in the monitoring of compliance with Tervita's financial covenants. It consists of the outstanding letters of credit (which reduce the borrowing availability under the revolving credit facility) less cash balances up to a total of $50 million.

Interest expense For the purposes of Tervita's financial covenants, interest expense is the nine months ended September 30, 2017 interest expense annualized for 2017. Interest expense consists of interest payments on the Notes and interest due on letters of credit and standby fees.

Financial Covenants

Tervita's Total Leverage Ratio is calculated as the ratio of total indebtedness to Covenant EBITDA and cannot exceed 5.50 to 1.00 in 2017, 5.00 to 1.00 in 2018, and 4.50 to 1.00 thereafter. Additionally, as of December 31, 2016, Tervita must also maintain a secured indebtedness to Covenant EBITDA ratio ("Secured Leverage Ratio") of less than 2.50 to 1.00, and an Covenant EBITDA to interest expense ratio ("Interest Coverage Ratio") of greater than 1.50 to 1.00 until December 31, 2017, 1.75 to 1.00 for the year ended December 31, 2018, and 2.00 to 1.00 thereafter.

As at September 30, 2017, the Company was in compliance with all of its covenants, as follows:

	Required	Achieved
Total Leverage Ratio	Less than 5.50	2.81
Secured Leverage Ratio	Less than 2.50	0.19
Interest Coverage Ratio	Greater than 1.50	3.62

Management also monitors Tervita's Net Debt to LTM Adjusted EBITDA against our industry peers as a measure of our overall indebtedness and capital structure. Net Debt is calculated as debt and derivative liability less cash and cash equivalents. As at September 30, 2017, Net Debt to LTM Adjusted EBITDA was 2.26 times.

CHANGES IN CASH

Cash and cash equivalents at September 30, 2017 was $129 million (September 30, 2016 - $355 million).

Cash Provided by Operations

	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	Increase / (Decrease)	2017	2016	Increase / (Decrease)
Cash provided by (used in) operating activities	13	(21)	34	93	49	44

The increase in cash provided by operations reflects higher EBITDA compared to 2016 primarily due to the same factors impacting EBITDA.

Cash Provided by (Used in) Financing Activities

	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	Increase / (Decrease)	2017	2016	Increase / (Decrease)
Repayment of long-term debt	-	-	-	-	(73)	73
Cash on settlement of swaps	-	-	-	-	304	(304)
Debt issue costs	-	-	-	(1)	-	(1)
Cash interest paid	(1)	(2)	1	(20)	(119)	99
Issuance (redemption) of trust units	-	-	-	-	(1)	1
Cash provided by (used in) financing activities	(1)	(2)	1	(21)	111	(132)

The change in cash provided by financing activities was a result of the Recapitalization Transaction. There are no principal repayments required on the Notes until 2021, and interest payments are due in June and December of each year. In 2016, the cash inflow related to the proceeds on the settlement of swap agreements, which was partially offset by interest payments and the repayment of debt principal.

Cash Provided by (Used in) Investing Activities

	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	Increase / (Decrease)	2017	2016	Increase / (Decrease)
Capital expenditures						
Maintenance and sustaining	(7)	(12)	5	(24)	(29)	5
Growth	(10)	(3)	(7)	(12)	(8)	(4)
	(17)	(15)	(2)	(36)	(37)	1
Cash from sale of property, plant and equipment	1	-	1	3	12	(9)
Cash provided by (used in) investing activities	(16)	(15)	(1)	(33)	(25)	(8)

Maintenance and sustaining capital

Maintenance and sustaining capital expenditures are defined as cash spend on capital asset additions, replacements or improvements required to maintain existing levels of service or to replace utilized capacity. For the nine months ended September 30, 2017, $14 million of maintenance and sustaining capital was related to landfills (September 30, 2016 - $17 million).

Growth capital

Growth capital expenditures are defined as cash spend with the intent of expanding existing businesses, entering into new locations or markets, or completing business acquisitions.

Cash from sale of property, plant and equipment

In 2016, we received proceeds from the sales of our dredging and dewatering assets and a transfer station.

FINANCIAL POSITION

	September 30 2017	December 31 2016	Increase / (Decrease)
Assets			
Cash and cash equivalents	**129**	89	40
Accounts receivable	**133**	129	4
Assets held for sale	**3**	6	(3)
Other current assets	**15**	11	4
Property, plant, and equipment	**593**	626	(33)
Intangible assets	**8**	8	-
Goodwill	**376**	376	-
Liabilities			
Trade and other payables	**77**	57	20
Income taxes payable	**13**	13	-
Interest payable	**12**	2	10
Liabilities held for sale	**-**	5	(5)
Debt (current and long-term)	**434**	466	(32)
Provisions (current and long-term)	**283**	283	-
Derivative liabilities	**34**	6	28
Other long-term liabilities	**6**	7	(1)

Accounts receivable	Increase due to higher activity and revenue for the period.
Assets held for sale	Decrease due to the sale of a US facility.
Other current assets	Increase due to additional inventory and prepaid expenses.
Property, plant and equipment	Decrease due to depreciation expense in excess of capital expenditures.
Liabilities held for sale	Decrease due to the sale of a US facility.
Debt	Decrease due to impact of weakening US$ on the revaluation of the Notes.
Derivative liabilities	Increase due to changes in the fair value of our swaps.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In 2017, we reorganized our reporting structure into two operating segments, as described in our Financial Statements. Detailed information regarding our other accounting estimates and judgments is provided in our 2016 Annual Financial Statements.

IMPACT OF NEW ACCOUNTING STANDARDS

The International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee have issued standards and amendments or interpretations to existing standards that were not yet effective and not applied as at September 30, 2017. Tervita does not anticipate early adoption of these standards at this time. Detailed information related to the impact of these standards is provided in our 2016 Annual MD&A.

RISKS

Readers of the Financial Statements and MD&A should carefully consider Tervita's risk factors, as described in our 2016 Annual MD&A. If any of these risks or uncertainties actually occurs, our business, financial position, results of operations and cash flows could be materially adversely affected.

OUTLOOK

WTI is anticipated to remain near US$50 through the remainder of the year. Pembina's Phase III expansion increased capacity in the marketplace, allowing producers to increase throughput directly, resulting in lower expected energy marketing volumes for the remainder of 2017. Overall, current market conditions have translated into better results in 2017 for our Energy Services segment. We anticipate continued steady results from Industrial Services for the remainder of the year.

We anticipate 2017 capital spending of approximately $84 to $89 million. This is comprised of approximately $45 million of maintenance and sustaining capital, of which $22 million pertains to landfills. The balance is directed towards growth capital, including acquisitions, focused on enhancing our energy marketing capability, upgrading/expanding and acquiring facilities in our Energy Services segment, and expanding our metals business into southeastern BC. In addition, we anticipate spending $10 million on decommissioning mainly at several of our landfills.

2017 cash flows from operating activities are expected to be more than sufficient to fully fund our 2017 financing costs, capital, and decommissioning programs.

It is cautiously anticipated that winter activity levels will be consistent with 2017's activity, reflecting oil and gas prices at current pricing levels.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements or forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of 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. This MD&A contains forward-looking statements, pertaining to, among other things, the following:

- Results of operations;
- Business plans and strategy;
- Cost structure rationalization;
- Capital expenditures; and
- Sources of working capital.

The forward-looking statements contained in this MD&A reflect several material factors, expectations and assumptions of Tervita, and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements as described in our 2016 Annual MD&A. No assurances can be given as to future results, levels of activity, and achievements and such statements are not guarantees of future performance. Tervita's actual results may differ materially from those expressed or implied in forward-looking statements and readers should not place undue importance or reliance on the forward-looking statements. Tervita disclaims any intention or obligation to publically update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

Certain information set out herein may be considered as financial outlook within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Tervita's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.