Vertex Resource Group Ltd.
Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") is dated November 6, 2017 and is a discussion of the consolidated financial position and results of Vertex Resource Group Ltd. ("Vertex" or the "Company") for the three and nine months ended September 30, 2017 and 2016 and should be read together with Vertex's unaudited condensed consolidated interim financial statements and accompanying notes for the same periods and the audited consolidated financial statements for the years ended December 31, 2016 and 2015. All dollar amounts in this MD&A are in thousands of Canadian dollars, except per share amounts or unless otherwise stated.

This MD&A and the unaudited condensed consolidated interim financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of the interim financial statements, including International Accounting Standard ("IAS") 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), which are also Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises in Canada. This MD&A contains forward-looking information and reference should be made to Section 8 – Forward-Looking Information.

1.0 Executive Overview

Prior to October 16, 2017, Vertex was a private company incorporated under the Business Corporations Act (Alberta). On October 16, the company has completed a qualifying transaction as outlined in section 5.11 Reverse Takeover of this MD&A and became a public listed company on the TSX Venture Exchange (TSXV) on October 18, 2017. The company now trades on the TSXV under the symbol VTX.

Vertex provides environmental and industrial services to a diverse clientele across western Canada and maintains a presence in select locations in the United States. Vertex helps its clients achieve their developmental and operational goals through a versatile suite of services. From initial site selection, consultation and regulatory approval, through the construction, operation and maintenance phases, to conclusion and environmental cleanup, Vertex offers services throughout the life cycle of its clients' projects. The Company services a wide array of high quality customers in many different industries noted below.

The Company provides services in western Canada where the level of operating activity is influenced by seasonal weather patterns. Certain project sites are located in areas that are inaccessible other than during the winter months because the ground surrounding the project sites in these areas is swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in the demand for the services of the Company. Wet weather and the spring thaw can make the ground unstable. Consequently, municipalities and provincial transportation authorities enforce road bans that restrict movement of transportation and other heavy equipment, thereby reducing activity levels. This results in April and May typically being the slowest months of the year for Vertex.

As at September 30, 2017, the Company operated two operating segments: Environmental Services and Industrial Services.

Environmental Services

Through Vertex's Environmental Services segment, the Company provides a variety of services related to assisting its clients to meet internal environmental standards, environmental legislation and related environmental compliance requirements. These services span multiple industries, including: oil and gas, mining, utilities, forestry, private development, public infrastructure, telecommunications and government. More specifically, these services include environmental planning and regulatory approvals, reclamation, remediation, groundwater monitoring; abandonment, drilling and completion engineering; emergency spill response; vacuum, hydro-vac, pressure testing, industrial cleaning; fluid management and logistic solutions; waste management bins and disposals; wellsite accommodations; and engineered chemistry products and solutions.

Industrial Services

Through Vertex's Industrial Services segment, the Company offers services related to infrastructure and facility construction, as well as the maintenance of those assets. These services span a range of industries, including: agriculture, forestry, government, public infrastructure, oil and gas production, mining and utilities. These services include industrial insulation, glycol tracing and utilidor products; the manufacturing and installation of custom insulation blankets; the creation and repair of self-frame and rigid-frame metal buildings; safety and rescue services, breathing air services and safety and industrial consumables.

2.0 Financial Highlights

2.1 Selected Financial Information

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Revenue	**34,989**	20,519	**82,647**	61,142
Cost of goods sold	**25,814**	14,967	**59,107**	43,819
Gross profit	**9,175**	5,552	**23,540**	17,323
General and administrative expenses	**4,245**	4,054	**12,176**	10,578
Other expenses (income)	**260**	1,991	**(493)**	2,482
Income before taxes, finance costs, amortization	**4,670**	(493)	**11,857**	4,263
Amortization	**3,378**	3,384	**10,128**	9,632
Finance costs	**1,555**	1,021	**3,473**	2,847
Loss before income taxes	**(263)**	(4,898)	**(1,744)**	(8,216)
Income tax recovery	**(65)**	(1,357)	**(499)**	(2,488)
Net loss and comprehensive loss for the period	**(198)**	(3,541)	**(1,245)**	(5,728)
Net loss and comprehensive loss for the period per share				
Basic and diluted	**(0.01)**	(0.28)	**(0.06)**	(0.45)
Weighted average number of shares outstanding for the purpose of calculating earnings per share				
Basic and diluted	**21,766,692**	12,675,739	**19,373,713**	12,633,626

	September 30, 2017	December 31, 2016
Total assets	**138,217**	118,689
Total loans and borrowings	**60,245**	57,676

2.2 ADJUSTED EBITDA

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Net loss and comprehensive loss for the period	**(198)**	(3,541)	**(1,245)**	(5,728)
Add:				
Income tax recovery	**(65)**	(1,357)	**(499)**	(2,488)
Finance costs	**1,555**	1,021	**3,473**	2,847
Amortization	**3,378**	3,384	**10,128**	9,632
Other expenses (income)	**260**	1,991	**(493)**	2,482
Adjusted EBITDA (1)	**4,930**	1,498	**11,364**	6,745
Environmental Services	**4,145**	1,298	**11,529**	3,914
Industrial Services	**2,060**	1,187	**3,497**	4,442
Corporate Services	**(1,275)**	(987)	**(3,662)**	(1,611)
	4,930	1,498	**11,364**	6,745

(1) Adjusted earnings before interest, income taxes, depreciation and amortization ("EBITDA") is a non-IFRS measure, calculated by adding back to net income (loss) the sum of income taxes, finance costs, amortization of property and equipment and intangible assets, impairment of property and equipment, impairment of intangible assets and other expenses (income). The Company uses adjusted EBITDA as an indicator of its principal business activities prior to consideration of how its activities are financed and the impact of taxation and non-cash depreciation and amortization. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures provided by other companies. Adjusted EBITDA is used by many analysts as one of several important analytical tools and management of Vertex believes it is useful for providing readers with additional clarity on Vertex's operational performance prior to consideration of how its activities are financed, taxed, amortized or depreciated. This measure is also considered important by lenders to the Company. Adjusted EBITDA should not be considered in isolation or used as an alternative to net income (loss) or any of the other measures of performance prepared in accordance with IFRS.

3.0 Business Developments

3.1 Operational Highlights

The results for the third quarter and nine months of 2017 trended positively as revenue, gross profit, Adjusted EBITDA and net loss all improved from the same periods last year.

The three and nine months ending September 30, 2017, were very active, as the Company continued to experience positive effects from the completion and integration of four complimentary and synergistic acquisitions, all of which were effective in the second quarter. In addition, the Company restructured its credit facilities in the second quarter to provide greater financial flexibility as Vertex continues to be active in delivering acquisition and organic growth opportunities.

On October 16, 2017, the Company completed the reverse takeover of Vier Capital Corp., a public listed company on the TSX Venture Exchange (the Transaction). Full details of the Transaction are available on SEDAR at www.sedar.com.

Heading into the last quarter of 2017, Vertex continues to be optimistic for its results for the remainder of the year. Commodity pricing has improved and stabilized from a year ago. Vertex has experienced customer spending rebound from 2016; not to historical levels or margins, but to a level where the Company has seen positive growth in overall revenue and gross profits.

Vertex's prudent cost controls should continue to benefit the Company into the last quarter of fiscal 2017. Vertex is diligently working to reduce the costs of the business and diversify its services, product offerings and customer base. These efforts will continue to improve performance and the financial position of the Company in order to capitalize on strategic growth opportunities. Through this economic and commodity trough, Vertex has been able to invest in the Company, diversify the business and generate positive operational results.

Revenue for the three and nine months ended September 30, 2017, has increased by 71% and 35%, respectively, from the same periods in 2016. This is attributable to increased work flow in Vertex's environmental services segment with improving utilization of equipment both within the oil and gas industry as well as other industries. In addition, several current and past acquisitions continue to be additive to the Company's results.

While Vertex continues to see improvement in revenue, gross profit as a percentage of revenue was slightly down in the quarter, given competition for projects and resources have slightly increased. Vertex's gross profit as a percentage of revenue for the quarter was 26% as compared to 27% in the same quarter of 2016 and 28% for both nine-month periods. Overall, Vertex's gross profit is up 65% or $3.6 million from the same quarter last year and 36% or $6.2 million from the same nine-month period last year.

Adjusted EBITDA (see "Non-IFRS Measure" definition Section 2.2) for the quarter was $4.9 million, up 229% or $3.4 million from the comparative quarter in 2016. The first nine months of 2017 saw adjusted EBITDA increase 68% relative to the first nine months of 2016. Vertex had a strong third quarter of 2017 as demand for its services continues to increase utilization in all segments of the business.

Vertex's net loss and comprehensive loss also improved significantly as compared to the same period last year. Net loss for the quarter was $0.2 million in 2017 as compared to $3.5 million in the same quarter last year. For the nine months, the net loss was $1.2 million in 2017 as compared to $5.7 million for the same period in 2016.

3.2 Acquisitions

Hurricane Industries Corporation

On May 31, 2017, the Company reached an agreement to purchase 100% of the outstanding shares of Hurricane Industries Corporation ("Hurricane"), an environmental services company specializing in vacuum, pressure and stable foam operations based in Lloydminster, Alberta. Vertex paid total consideration of $1.4 million for Hurricane, in the form of 401,115 class A common shares in the capital of the Company ("Class A Shares").

Hurricane's vacuum, pressure and foam operations added complimentary services to Vertex's chemical cleaning services. Hurricane's assets were underutilized. The acquisition allowed for Vertex to improve utilization through leveraging existing Vertex customers and geographical locations, while realizing operational cost savings that broadened Vertex's service offering.

The Barlon Engineering Group Ltd.

On May 31, 2017, the Company reached an agreement to purchase 100% of the outstanding shares of The Barlon Engineering Group Ltd. ("Barlon"), an abandonment, completion and drilling engineering company based in Calgary, Alberta. Vertex paid total consideration of $2.7 million for Barlon, in the form of 771,429 Class A Shares.

Barlon complimented Vertex's remediation and abandonment environmental service offerings by bringing high-end engineering services to Vertex. The Company believes that this acquisition will bring additional cross-selling opportunities as Barlon's operations are integrated into Vertex.

Excel Engineering Services Ltd.

On June 30, 2017, the Company reached an agreement to purchase 100% of the outstanding shares of Excel Engineering Services Ltd. ("Excel"), an estimating and project management company based in Sherwood Park, Alberta. Vertex paid total consideration of $2.4 million for Excel, in the form of 631,580 Class A Shares.

The acquisition of Excel was completed in order to enhance Vertex's senior estimating capabilities. The Company anticipates that the acquisition of Excel will help Vertex improve project management processes, from the bid and estimate phases through to project completion.

Kinetichem Corp.

On June 30, 2017, the Company reached an agreement to purchase 100% of the outstanding shares of Kinetichem Corp. ("Kinetichem"), an engineered chemical solutions provider based in Calgary, Alberta. Vertex paid total consideration of $4.6 million for Kinetichem, in the form of 1,200,000 Class A Shares.

Of the $4.6 million consideration paid to acquire Kinetichem, $3.1 million is contingent on Kinetichem's cumulative EBITDA over the next three years exceeding $4.2 million. Accordingly, 805,263 of the Class A Shares issued for the acquisition will be held in escrow for three years.

Kinetichem brought a new solution to Vertex that was immediately marketable to Vertex's current customer base. Vertex feels its business development team, current customer base and broad geographic reach will accelerate Kinetichem's market share growth.

4.0 Results from Operations

4.1 Revenue

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Environmental Services	**19,464**	10,148	**52,528**	32,665
Industrial Services	**15,491**	10,197	**30,044**	28,224
Corporate Services	**34**	174	**75**	253
Consolidated revenue	**34,989**	20,519	**82,647**	61,142

Third Quarter 2017 versus Third Quarter 2016

Consolidated revenue increased 70.5% or $14.5 million, from $20.5 million during the third quarter of 2016 to $35.0 million during the third quarter of 2017. This was the result of an increase of $9.3 million in the Environmental Services segment and an increase of $5.3 million in the Industrial Services segment.

Revenue in the third quarter increased 91.8% or $9.3 million in the Environmental Services segment, from $10.1 million in 2016 to $19.5 million in 2017, due to increased billing rates for select lines and more consistent customer spending. The growth is a result of both organic and acquisition growth of approximately $3.6 million, as we integrate our previous acquisitions into operations and implement our cross-selling strategies between the segments. The rest of the increase is related directly to improved customer spending activities.

Revenue in the third quarter increased 51.9% or $5.3 million in the Industrial Services segment, from $10.2 million in 2016 to $15.5 million in the third quarter of 2017. This was the result of client project schedules being delayed from the second quarter of 2017 to the third quarter of 2017.

Nine Months Ended September 30, 2017 versus Nine Months Ended September 30, 2016

Consolidated revenue increased 35.2% or $21.5 million, from $61.1 million for the nine-month period ended September 30, 2016 to $82.6 million for the nine month period ended September 30, 2017, was due to an increase of $19.8 million in the Environmental Services segment and an increase of $1.8 million in the Industrial Services segment.

Revenue in the nine months increased 60.8% or $19.8 million in the Environmental Services segment, from $32.7 million in 2016 to $52.5 million in 2017. This was due in part to the Fort McMurray fires, major consolidation amongst oil and gas customers causing delays in programs and low commodity pricing in the nine months of 2016. In addition, 2017 figures include nine months of operating results from the Red Giant Energy Services Ltd. acquisition which was made on September 30, 2016. In select service lines, Vertex has been able to work with its customers to improve billing rates reflective of ongoing market conditions. All acquisitions completed in the last twelve months have had a positive impact on revenue of approximately $7.2 million for the period ended September 30, 2017. The rest of the increase is related directly to improved customer spending activities. Vertex has seen a modest resumption of operating programs more reflective of normal spending patterns in the industries Vertex services.

Revenue in the nine months increased 6.4% or $1.8 million in the Industrial Services segment, from $28.2 million in 2016 to $30.0 million in 2017, due to timing shifts of projects into this quarter. The Industrial segment had a slow start to the year as it began the year with low backlog, but has been able to make up ground from the first six months of the year, particularly in the current quarter, that has revenue ahead of the same period in 2016.

4.2 Gross Profit

	Three Months Ended		**2017**	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Gross profit	**9,175**	5,552	**23,540**	17,323
Gross profit as a % of revenue	**26.2%**	27.1%	**28.5%**	28.3%

Gross profit for the third quarter increased 65.3% or $3.6 million, from $5.6 million in 2016 to $9.1 million in 2017, due to the corresponding increase in revenue. As a percentage of revenue, gross margin held constant quarter over quarter, 26.2% for 2017 compared to 27.1% for 2016.

Gross profit for the nine months increased 35.9% or $6.2 million, from $17.3 million in 2016 to $23.5 million in 2017, due to the corresponding increase in revenue. As a percentage of revenue, gross margin held constant period over period, 28.3% for 2017 compared to 28.5% for 2016.

4.3 Adjusted EBITDA

	Three Months Ended		**Nine Months Ended**	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Environmental services	**4,145**	1,298	**11,529**	3,914
Industrial services	**2,060**	1,187	**3,497**	4,442
Corporate Services	**(1,275)**	(987)	**(3,662)**	(1,611)
Adjusted EBITDA [(1)]	**4,930**	1,498	**11,364**	6,745
Adjusted EBITDA as a % of revenue	**14.1%**	7.3%	**13.8%**	11.0%

(1) See Non-IFRS measure definition Section 2.2.

Third Quarter 2017 versus Third Quarter 2016

Overall adjusted EBITDA for the third quarter increased 229.1% or $3.4 million, from $1.5 million in 2016 to $4.9 million in 2017, due to an increase of $2.8 million in the Environmental Services segment, an increase of $0.9 million in the Industrial Services segment offset by a decrease of $0.3 million in the Corporate Services segment.

Adjusted EBITDA for the third quarter increased 219.3% or $2.8 million in the Environmental Services segment, from $1.3 million in 2016 to $4.1 million in 2017. This was the result of increased customer spending over 2016 and Vertex securing new customers in the oil and gas industry as well as other industries. The increase has also been attributed to a combination of organic and acquisition growth.

Adjusted EBITDA for the third quarter increased 73.5% or $0.9 million in the Industrial Services segment, from $1.2 million in 2016 to $2.1 million in 2017, due to an overall increase in activity in the quarter ended September 30, 2017 relative to activity in the quarter ended September 30 2016. Results in this segment can fluctuate depending on project sizes as well as start and end dates.

Adjusted EBITDA for the third quarter decreased 29.2% or $0.3 million in the Corporate Services segment, from a loss of $1.0 million in 2016 to a loss of $1.3 million in 2017, due to additional G&A required to support increased operating activity.

Adjusted EBITDA for the third quarter, as a percentage of revenue, has improved to 14.1% in 2017 versus 7.3% in 2016, given increases in revenue noted above coupled with our cost controls which remain a focal point for the Company.

Nine Months Ended September 30, 2017 versus Nine Months Ended September 30, 2016

Overall adjusted EBITDA for the nine months increased 68.5% or $4.6 million, from $6.7 million in 2016 to $11.4 million in 2017, due to an increase of $7.6 million in the Environmental Services segment, offset by a decrease of $0.9 million in the Industrial Services segment and a decrease of $2.0 million in the Corporate Services segment.

Adjusted EBITDA for the nine months increased 194.6% or $7.6 million in the Environmental Services segment, from $3.9 million in 2016 to $11.5 million in 2017, due to increased earnings in 2017 resulting from Vertex's customers improved spending programs. The increase has been from a combination of organic growth and acquisition growth.

Adjusted EBITDA for the nine months decreased 21.3% or $0.9 million in the Industrial Services segment, from $4.4 million in 2016 to $3.5 million in 2017, due to the amount of secured work at the beginning of 2017 being less than at the beginning of 2016. Multi-year projects were completed in 2016 and the Company's insulation services are usually one of the final services to be performed.

Adjusted EBITDA for the nine months, decrease of 127.3% or $2.1 million in the Corporate Services segment, from a loss of $1.6 million in 2016 to a loss of $3.7 million in 2017 due to costs related to acquisitions, and in 2017 more corporate costs were not able to be recovered from the operating segments.

Adjusted EBITDA for the nine months, as a percentage of revenue, has improved to 13.8% in 2017 versus 11.0% in 2016, consistent with improvements in revenue noted above and prudent cost controls.

4.4 General and Administrative Expenses ("G&A")

	Three Months Ended		**Nine Months Ended**	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
G&A	**4,245**	4,054	**12,176**	10,578
G&A as a % of revenue	**12.1%**	19.8%	**14.7%**	17.3%

Third Quarter 2017 versus Third Quarter 2016

Consolidated G&A increased 4.7% or $0.2 million, from $4.0 million during the third quarter of 2016 to $4.2 million during the third quarter of 2017. This was the result of additional G&A related to the five acquisitions. None of the acquisitions impacted the results for the quarter ended September 30, 2016, while all of them impacted the quarter ended September 30, 2017.

G&A expenses for the third quarter, as a percentage of revenue, have improved to 12.1% in 2017 versus 19.8% in 2016, given increases in revenue noted above combined with cost controls measures.

Nine Months Ended September 30, 2017 versus Nine Months Ended September 30, 2016

Consolidated G&A increased 15.1% or $1.6 million, from $10.6 million for the nine month period ended September 30, 2016 to $12.2 million for the nine month period ended September 30, 2017. This was the result of additional G&A expenditures related to the acquisitions, severance costs for redundant positions, as well as Vertex hiring additional personnel in 2017. In the nine months ended June 30, 2016, Vertex had undergone downsizing and positions were left vacant and unfilled. Based on Vertex's expectations for the 2017 fiscal year and the results of operations to September 30, 2017, Vertex has filled some of the positions that were vacant in 2016 in order to meet customer needs.

G&A as a percentage of revenue has improved in both the three month and nine month period as revenue has increased as noted above but Vertex has been able to maintain the costs structure it put in place in 2016.

G&A expenses for the nine months, as a percentage of revenue, has improved to 14.7% in 2017 versus 17.3% in 2016, consistent with improvements in revenue noted above, incremental costs related to the acquisitions and prudent cost controls.

4.5 Other Expenses (Income), Amortization and Finance Costs

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Other expenses (income)	**260**	1,991	**(493)**	2,482
Amortization	**3,378**	3,384	**10,128**	9,632
Finance costs	**1,555**	1,021	**3,473**	2,847
Other items total	**5,193**	6,396	**13,108**	14,961

Consolidated other expenses for the third quarter decreased 86.9% or $1.7 million, from $2.0 million for 2016 to $0.3 million for 2017, due to $2.0 million of restructuring costs.

Consolidated other expenses for the nine month period ending September 30, 2017 decreased 119.9% or $3.0 million, from $2.5 million for 2016 to income of $0.5 million for 2017. This was the result of $4.1 million of restructing costs, which were offset by a gain on the acquisition obligation of $1.0 million in the nine month period September 30, 2016. There were no comparable transactions in the nine month period ended September 30, 2017. Other expenses in the nine month period ended September 30, 2017 included a gain on acquisiton of $0.6 million from the purchase of Hurricane.

Consolidated amortization remained consistent in the three month period ended September 30, 2016 compared to the three month period ended September 30, 2017.

Consolidated amortization increased 5.1% or $0.5 million, from $9.6 million in the nine month period ended September 30, 2016 to $10.1 million for the nine month period ended September 30, 2017. This was the result of additional property and equipment and amortizable intangible assets acquired in the five acquisitions in the past twelve months.

Consolidated finance costs in the third quarter of 2017 increased 52.3% or $0.5 million, from $1.0 million in 2016 to $1.6 million in 2017, due to finance costs of $0.2 million incurred to secure new senior debt along with a higher interest expense of $0.4 million related to the interest rate differential of the new senior debt facilities compared to the cost of the senior debt facilities in 2016.

Consolidated finance costs in the nine month period increased 12.4% or $0.6 million, from $2.8 million in 2016 to $3.5 million in 2017, due to the same reasons noted for the quarter.

4.6 Net Loss and Comprehensive Loss for the Period

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	**September 30, 2017**	September 30, 2016
Environmental services	**1,062**	(910)	**2,472**	(3,550)
Industrial services	**1,027**	261	**1,234**	1,120
Corporate Services	**(2,287)**	(2,892)	**(4,951)**	(3,298)
Net loss and comprehensive loss for the period	**(198)**	(3,541)	**(1,245)**	(5,728)

Net loss and comprehensive loss for the third quarter increased 94.4% or $3.3 million, from a loss of $3.5 million for 2016 to a loss of $0.2 million for 2017. This was due to significant increases in revenue and the absence of non-recurring restructuring costs in 2016.

Net loss and comprehensive loss for the nine month period increased 78.3% or $4.5 million, from a loss of $5.7 million for 2016 to a loss of $1.2 million for 2017, also due to significant increases in revenue, improved operating activity in the period and the absence of non-recurring restructuring costs in 2016.

Net income and comprehensive income for the third quarter increased $2.0 million or 216.7%, from a loss of $0.9 million for 2016 to net income of $1.1 million for 2017 in the Environmental Services segment. Net income and comprehensive income for the nine month period increased 169.6% or $6.0 million, from a loss of $3.5 million for 2016 to net income of $2.5 million for 2017. The improvement is due to higher revenue in 2017 and the absence of non-recurring restructuring costs in 2016.

Net income for 2017 in the Environmental Services segment included adjusted EBITDA less finance costs, depreciation, (gain) loss on sale of assets and income tax expense (recovery) totaling $3.0 million and $9.0 million for the three and nine month periods respectively, compared to net loss for 2016 which included adjusted EBITDA less finance costs, depreciation, (gain) loss on sale of assets, restructuring costs and income tax expense (recovery) totaling $2.2 million and $7.5 million for the three and nine month periods.

Net income and comprehensive income for the third quarter increased $0.8 million or 293.5%, from a net income of $0.3 million for 2016 to net income of $1.0 million for 2017 in the Industrial Services segment. Net income and comprehensive income for the nine month period increased 10.2% or $0.1 million, from net income of $1.1 million for 2016 to net income of $1.2 million for 2017. The improvement is due to this timing and size of projects executed during the periods.

Net income for 2017 in the Industrial Services segment included adjusted EBITDA less finance costs, depreciation, (gain) loss on sale of assets and income tax expense (recovery) totaling $1.1 million and $2.3 million for the three and nine month periods respectively, compared to net income in 2016 which included adjusted EBITDA less finance costs, depreciation, (gain) loss on sale of assets, restructuring costs, and income tax expense (recovery) totaling $0.9 million and $3.3 million for the three and nine month periods.

Net loss and comprehensive income for the third quarter decreased $0.6 million or 20.9%, from a loss of $2.9 million for 2016 to loss of $2.3 million for 2017 in the Corporate Services segment. Net loss and comprehensive loss for the nine month period increased 50.1% or $1.7 million, from a loss of $3.3 million for 2016 to loss of $5.0 million for 2017. The increase in net loss is due to costs related to acquisitions and fewer corporate costs being recovered from the operating segments in 2017.

Net loss for 2017 in the Corporate Services segment included adjusted EBITDA less finance costs and income tax expense (recovery) totaling $1.0 million and $1.3 million respectively, compared to 2016 which included adjusted EBITDA less finance costs, restructuring costs and income tax expense (recovery) totaling $1.9 million and $1.7 million for the three and nine month periods.

4.7 Summary of Quarterly Results

($000 except per share amounts)	2017			2016				2015
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Revenue	**34,989**	26,020	21,638	25,011	20,519	17,785	22,838	27,482
Impairment charges	**-**	-	-	-	-	-	-	12,918
Net income (loss)	**(198)**	(367)	(680)	(2,440)	(3,541)	(1,775)	(412)	(13,355)
Basic and diluted loss per share	**(0.01)**	(0.02)	(0.05)	(0.18)	(0.28)	(0.14)	(0.03)	(1.08)
Adjusted EBITDA (1)	**4,930**	3,086	3,349	2,861	1,498	938	4,309	3,918

(1) See Non-IFRS measure definition Section 2.2.

Over the quarters in 2015 and 2016, the Company has experienced the western Canadian economy slump as the price of oil dropped to unprecedented lows. The Company has shown a slow recovery in last two quarters. However, in the second quarter ended June 30, 2016 up to and including the first quarter ended March 31, 2017, Vertex experienced lower work volumes as billing rates were compressed by customers and projects were either cancelled or deferred due to economic uncertainty. Other factors impacting results in the second and third quarter of 2016 include the Fort McMurray fires. The second and third quarters of 2017 trended positively and the Company expects the fourth quarter of 2017 to continue positive trends if market factors continue to stabilize.

The impairment charges in 2015 relate to amortizable intangibles and property and equipment that demonstrated impairment indicators during the fiscal period ended December 31, 2015. Management determined that certain amortizable intangible assets and certain property and equipment was being carried at net book value in excess of their recoverable amounts and as such, an impairment was recorded.

Net income (loss) was significantly impacted in the fourth quarter ended December 31, 2015 by impairment charges, which had an after-tax impact of $9.4 million. The fourth quarter 2015 was the first full quarter of consolidated results following the August 2015 acquisition of Ignite Energy Services Ltd. (“Ignite”). Immediately following the acquisition, Ignite was less efficient than it is currently and had redundant costs that Vertex addressed throughout the 2016 calendar year. Through the 2016 calendar year, management incurred $5.5 million of restructuring costs related to both the Ignite acquisition and general economic factors.

Adjusted EBITDA and revenue in the second quarter ended June 30, 2016 up to and including the first quarter ended March 31, 2017, has tracked similar to the downturn in the oil and gas industry. The third quarter ended September 30, 2017 includes adjusted EBITDA from the acquisition of Red Giant and the four acquisitions completed last quarter and are expected to contribute positively to adjusted EBITDA in the fourth quarter of 2017.

5.0 Liquidity and Capital Management

The following table sets forth the Company’s cash flow by activity for the following periods:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Cash generated from (used in) operating activities	**(5,747)**	(1,062)	**(3,836)**	6,708
Cash generated from (used in) investing activities	**(206)**	(286)	**1,085**	2,292
Cash provided by (used in) financing activities	**3,989**	1,137	**3,035**	(7,656)
	(1,964)	(211)	**284**	1,344

The Company expects to generate sufficient cash flows and to have continued access to its credit facilities to meet contractual obligations and planned development and growth initiatives as they are required. The Company expects that working capital investment will be required to support revenue growth consistent with historical working capital measures. The Company typically utilizes its available cash balances and its committed credit facilities to fund working capital requirements.

5.1 Cash Generated from (Used in) Operating Activities

Third Quarter 2017 versus Third Quarter 2016

Cash used in operating activities was $5.7 million in the third quarter of 2017, a net decrease of $4.7 million from the $1.1 million cash used in operating activities in the third quarter of 2016. The decrease in cash provided by operating activities was due to increased activity in both segments in the quarter ended September 30, 2017 and a timing lag between cash disbursed for vendors and employee payroll costs compared to cash received from customers.

Nine Months Ended September 30, 2017 versus Nine Months Ended September 30, 2016

Cash used in operating activities was $3.8 million during the nine month period ended September 30, 2017, a net decrease of $10.5 million from the $6.7 million cash provided from operating activities in the nine month period ended September 30, 2016. The decrease in cash provided by operating activities was due to a higher level of project activity in the second and third quarters of 2017 compared to the same period of 2016 when activity in most service lines was contracting due to the economy.

5.2 Cash Generated from Investing Activities

Third Quarter 2017 versus Third Quarter 2016

Cash generated from investing activities was consistent when comparing the quarters ended September 30, 2016 and September 30, 2017.

Nine Months Ended September 30, 2017 versus Nine Months Ended September 30, 2016

Cash generated for the nine month period from investing activities decreased by $1.2 million, from $2.3 million in 2016 to $1.1 million in 2017. The $1.1 million inflow is the result of net capital expenditure of $1.0 million which was offset by $2.1 million in cash from the second quarter acquisitions. In the nine month period ended September 30, 2016, Vertex had net capital proceeds of $2.3 million, which included a $5.0 million disposition of property. Normalized for this one off disposal, the net capital proceeds of $2.3 million would have been net capital expenditures of $2.7 million for the period ended September 30, 2016 as Vertex invested in chemical cleaning assets to satisfy operational business opportunities.

5.3 Cash Used in Financing Activities

Third Quarter 2017 versus Third Quarter 2016

Cash generated by financing activities was $4.0 million in the third quarter of 2017, a net increase of $2.9 million from the cash generated by financing activities of $1.1 million in the third quarter of 2016. The increase in cash generated by financing activities resulted from the Company drawing on its operating loan to fund working capital requirements from increased operating activities.

Nine Months Ended September 30, 2017 versus Nine Months Ended September 30, 2016

Cash generated by financing activities was $3.0 million during the nine month period ended September 30, 2017, a net increase of $10.7 million from the cash used by financing activities of $7.7 million during the nine month period ended September 30, 2016. The increase is a result of drawing on the operating line to fund working capital requirements and lower principal repayments in 2017 due to the timing of the senior debt refinancing. Finally, in the nine month period ended September 30, 2016 Vertex made a $3.5 million payment on the acquisition obligation compared to the nine month period ended September 30, 2017 where the acquisition obligations were converted to common shares of the company in a non-cash arrangement.

5.4 Working Capital

	September 30, 2017	December 31, 2016
Current assets	**43,669**	27,878
Current liabilities	**20,962**	69,358
Working Capital	**22,707**	(41,480)

Working capital as at September 30, 2017 was $22.7 million, an increase of $64.2 million from ($41.5) million at December 31, 2016. At December 31, 2016, $54.5 million which was comprised of the operating loan, bank loans and subordinated debt was classified as current due to a covenant breach with regards to the operating loan and bank loans. The breach was remedied in the second quarter when the senior debt was refinanced. The remaining increase in working capital of $9.7 million was due to increased operating activity in the second and third quarters of 2017 plus a net working capital increase of $1.0 million from the balance sheets of the four acquisitions completed during the second quarter of 2017.

Accounts receivable increased by $12.8 million from December 31, 2016 to September 30, 2017 which is reflected the Company's increased level of activity. For the nine-month period ended September 30, 2017 the company has two customers that accounted for 25.6% of its consolidated sales.

5.5 Credit Facilities

	September 30, 2017	December 31, 2016
Operating loans:		
Available operating facilities	**20,000**	20,000
Drawn on operating facilities	**15,806**	11,975
Available operating facilities (1)	**4,194**	8,025

(1) Calculated as available operating line less drawn credit facilities

On June 23, 2017, the Company refinanced its operating loan, extendable revolving loan and demand non-revolving loan.

The operating loan remains with HSBC Bank Canada ("HSBC") and the authorized maximum of $20.0 million remains unchanged. The new facility is a three-year committed loan, maturing on June 22, 2020. The operating loan can be drawn by a mix of account overdraft with interest at rates ranging from HSBC's prime rate plus 1.25% to 2.75%, bankers' acceptance rate ("Bankers' Acceptance Rate") plus stamping fees of 2.25% to 3.75% and letters of credit at rates of 2.25% to 3.75%. The Company pays a standby fee for any unutilized portion of the operating loan facility on the last day of each fiscal quarter at rates ranging from 0.45% to 0.75%. The interest rate ranges are based on the funded debt to EBITDA ratio for the preceding quarter.

The new $40.0 million senior debt facility entered into on June 23, 2017 bears interest at the greater of 1.0% or the 30 day Banker's Acceptance Rate quoted from the Bank of Canada plus 8.0%. The senior debt credit facility is repayable in three quarterly principal payments of $1,000, followed by four quarterly principal payments of $1,500, followed by 12 quarterly principal payments of $1,750 with a final payment of $10,000 due on the June 22, 2022 loan maturity date. Interest on the debt facility is payable quarterly. In addition to the scheduled principal payments, the senior debt includes an additional principal payment based on an annual excess cash flow calculation starting December 31, 2017.

The extendable revolving loan and the three demand non-revolving loans were repaid from the proceeds of the new senior debt facility on June 23, 2017.

Debt Covenants

In conjunction with the operating loan and senior debt, Vertex is subject to the following financial covenants:

- The ratio of consolidated senior indebtedness to trailing EBITDA, calculated on a trailing twelve month basis, must not exceed:
  - 4.25 to 1.00 for the quarters ending September 30, 2017 and December 31, 2017;
  - 3.75 to 1.00 for all quarters ending in fiscal 2018;
  - 3.25 to 1.00 for all quarters ending in fiscal 2019;
  - 2.75 to 1.00 thereafter.
- The ratio of net cash flow to fixed charges, the Fixed Charge Coverage ratio, must be more than 1.20 to 1.00 calculated on a rolling four-quarter basis.
- Working capital ratio must be more than 1.25 to 1.00 calculated on a quarterly basis.

The relevant definitions of key ratio terms set forth in operating loan and senior debt facilities are as follows:

- Consolidated senior indebtedness is defined as the outstanding balance of the operating loan, plus the outstanding principal balance of senior debt, plus principal portions of any capital lease obligations.
- EBITDA is defined as net income before interest, taxes, depreciation and amortization, gains and losses on disposal of assets, amortization of capitalized deferred financing costs, goodwill/intangible impairment, stock-based compensation, and other gains and losses not considered reflective of underlying operations. Trailing twelve month EBITDA attributable to businesses acquired in the period are permitted to be added to EBITDA.
- Net cash flow is defined as EBITDA reduced by net capital expenditures and cash taxes.
- Fixed charges is calculated as interest expense plus scheduled principal payments of indebtedness during the twelve month trailing period.
- Current assets for the working capital ratio are calculated as current assets at the balance sheet date less cash and current deferred tax asset balances, if any. Current liabilities are calculated as current liabilities at the balance sheet date less, to the extend they are included in current liabilities, operating loan, current portion of loans and borrowings, current deferred tax liabilities and unearned revenue.

The operating loan, senior debt and subordinated debt agreements contain cross default clauses, such that a breach in one agreement results in all three agreements being in breach. At September 30, 2017 the Company was in compliance with the terms and covenants of its lending agreements which are calculated as follows:

	Target	**September 30, 2017**	December 31, 2016
Operating loan & senior debt			
Funded debt to EBITDA	< 4.25 : 1	**3.82**	-
Fixed charge coverage ratio	> 1.20 : 1	**1.67**	-
Working capital ratio	> 1.25 : 1	**3.21**	-
Revolving & non-revolving loans			
Funded debt to EBITDA	< 3.50 : 1	**-**	4.10
Fixed charge coverage ratio	> 1.25 : 1	**-**	1.44
Working capital ratio	> 1.25 : 1	**-**	3.34

In conjunction with the subordinated debt, Vertex is subject to the following financial covenants that are calculated on an annual basis at December 31, 2017:

- The ratio of adjusted working capital to annual gross sales or the preceding year must be greater than 30%.
- The ratio of term debt to tangible equity must be less than 0.90 to 1.00.

The relevant definitions of key ratio terms set forth in subordinated debt facility is as follows:

- Adjusted working capital is defined as: current assets at the balance sheet date less current deferred tax asset, if any, plus the net book value of capital assets. Current liabilities at the balance sheet date plus the operating loan to the extent it is not included, less current portion of loans and borrowings, plus the total outstanding balance of senior debt.
- Term debt is defined as all loans and borrowing less the operating loan.

The subordinated debt covenant was in compliance at December 31, 2016.

	Target	**December 31, 2017**	December 31, 2016
Subordinated debt			
Adjusted working capital as a percentage of sales	> 30%	**TBD**	34.3%
Term debt to tangible net worth	< 0.90 : 1	**TBD**	0.78

5.6 Commitments and Contingencies

As part of the Company's normal operations, it often enters into contracts, such as leases and purchase contracts, which obligate the Company to make disbursements in the future. The following table summarizes these future payments required in respect of the Company's contractual obligations:

	Due within one year	Due between one and five years	Due after five years	Total
Accounts payable and accrued liabilities	12,418	-	-	**12,418**
Operating loan	-	15,806	-	**15,806**
Bank loans	85	-	-	**85**
Senior debt	4,500	33,059		**37,559**
Subordinated debt	-	5,500	-	**5,500**
Lease liabilities	564	731	-	**1,295**
Onerous leases	1,046	794	-	**1,840**
Acquisition obligation	1,741	-	-	**1,741**
Long-term financial liabilities	7,936	55,890	-	**63,826**

Share Based Settlement of Obligations

On January 5, 2017, the advance from shareholders was settled in exchange for 746,938 Class A Shares.

On May 31, 2017, the acquisition obligation with an aggregate face value of $6.7 million was settled in exchange for 1,922,070 Class A common shares of the Company. The remaining acquisition obligation with an aggregate face value of $1.7 million will be settled for 506,400 Class A common shares of the Company on January 10, 2018.

Legal Claims

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and other third parties. Management believes that adequate provisions have been made for potential claims in the Company's accounts. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the consolidated financial position of the Company.

Off-Balance Sheet Arrangements

At September 30, 2017 and 2016 the Company did not have any off-balance sheet arrangements.

5.7 Capital Expenditures

Capital expenditures discussed in section 5.2 are in line with the Company's approved capital plan for 2017. Maintenance capital expenditures for the fourth quarter 2017 are planned to be $1.2 million while growth capital expenditures for the same period are planned to be $0.8 million. Vertex's preliminary estimate of maintenance capital expenditures for 2018 is $3.1 million. The maintenance and growth capital expenditures are not committed for or required, if factors related to economics, industrial and customer spending plans change or destabilize.

5.8 Credit Risk

The Company's revenues come from a diverse customer base, which includes the energy, real estate, utilities and mining industries in western Canada. The Company believes that there is no unusual exposure associated with the collection of accounts receivable outside of the normal risk associated with contract audits and normal trade terms common in the oil and gas industry. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. The analysis of accounts receivable is as follows:

	September 30, 2017	December 31, 2016
0 to 30 days	**22,032**	10,036
31 to 60 days	**4,381**	5,724
61 to 90 days	**4,708**	3,559
Over 90 days	**2,545**	1,497
Holdbacks	**82**	212
Trade accounts receivable	**33,748**	21,028
Allowance for doubtful accounts	**(212)**	(198)
Trade receivables, net of allowance	**33,536**	20,830
Other receivables	**681**	612
	34,217	21,442

5.9 Outstanding Share Data

As at September 12, 2017, the Company had 22,571,956 Class A Shares outstanding. As at the same date, the Company had outstanding stock options and warrants to purchase up to 578,212 Class A Shares.

Outstanding shares subsequent to September 30, 2017 were 86,521,354 Common Shares as outlined below in section 5.11 Reverse Takeover.

5.10 Transactions with Related Parties

All related party transactions are provided in the normal course of business materially under the same commercial terms and conditions as transactions with unrelated companies and are recorded at the exchange amount. Related party transactions include transactions with other private companies that are owned or controlled by a director.

	Nature of relationship	**September 30, 2017 (3 months)**	September 30, 2016 (3 months)	**September 30, 2017 (9 months)**	September 30, 2016 (9 months)
Transactions:					
General and administrative expenses - rent	(i)	**225**	225	**675**	475
Repayments of advances from shareholders	(i)	**-**	60	**-**	686
Property and equipment additions	(i)	**-**	-	**489**	-
Proceeds from sale of property and equipment	(i)	**-**	-	**75**	4,973

(i) Related by common director

The share based settlement of advances to shareholders described in Section 5.6 was transacted with a company related by a common director.

5.11 Reverse Takeover

The Company entered into a letter of intent as of July 17, 2017 (the “LOI”) with VIER Capital Corp. (“VIER”), a Capital Pool Corporation as defined in Policy 2.4 on the TSX Venture Exchange (the “Exchange”). Whereby VIER will acquire all of the issued and outstanding securities of the Company by way of an arrangement, share exchange or similar transaction (the “Transaction”), subject to the terms and conditions outlined below. Vertex intends that the Transaction will constitute a Qualifying Transaction, as such term is defined in the policies of the Exchange.

In connection with the Transaction, the Company anticipates that the 7,350,000 currently issued and outstanding shares of VIER will be consolidated (the “Consolidation”) on a 10 to 1 basis. The preliminary fair value of the assets acquired as at October 16, 2017 is summarized as follows:

	Amount
	$
Assets acquired	
Cash	**93**
Prepaids	**7**
Net assets acquired	**100**
Consideration paid:	
735,000 common shares issued and outstanding	**735**
Listing expense	**635**

Pursuant to the Qualifying Transaction: (i) Vier acquired all of the issued and outstanding class A common shares of Vertex Resource Group Ltd. (“Old Vertex”) from the shareholders of Old Vertex in exchange for an aggregate of 85,773,459 Common Shares; and (ii) Vier, Old Vertex and a wholly-owned subsidiary of Old Vertex amalgamated to form the Company. In addition, an aggregate of 2,197,206 warrants to acquire Common Shares (“Warrants”) were issued in exchange for share purchase warrants to acquire class A common shares in the capital of Old Vertex.

Following completion of the Qualifying Transaction and the issuance of an aggregate of 12,895 Common Shares upon the concurrent exercise of options to acquire Common Shares, the Company now has 86,521,354 Common Shares issued and outstanding, on a non-diluted basis. The aggregate 40,154,552 Common Shares and 2,197,206 Warrants held by the directors and officers of the Company, as well as certain Common Shares held by certain other shareholders of the Company are subject to escrow restrictions as described in the Filing Statement.

The Company completed the qualifying transaction on October 16, 2017 and also received conditional approval on the transaction with trading in the common shares of the Company. On October 18, 2017, following the issuance by the TSX of its final bulletin in respect of the qualifying transaction, the Company began trading on the TSXV under the symbol “VTX”.

6.0 Critical Accounting Judgments, Estimates and Accounting Policy Developments

6.1 Critical Judgments in Applying the Company’s Accounting Policies

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting period, as well as the disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates and judgments. Estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Percentage Completion

Judgment is used to determine the percentage of completion for construction contracts and the estimated costs to completion. Given that the expected period of contract revenue is based on judgment, future results could be affected if management’s current assessment of its estimated costs to complete differ from actual performance.

Property and Equipment

As part of the capitalization process, management must estimate the expected period of benefit over which capitalized costs should be depreciated. The considerations for estimated useful lives include the timing of technological obsolescence and competitive pressures, as well as historical experience and internal business plans for the projected use of related assets. Given that the expected period of benefit is an estimate, future results could be affected if management’s current assessment of the useful life of property and equipment differs from actual performance.

Cash-Generating Units (“CGUs”)

For the purpose of assessing impairment of non-financial assets, the Company must determine its CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. Management has determined that the appropriate CGUs for the Company are the industrial, safety, consulting, fluid management and rentals divisions.

6.2 Key Sources of Estimation Uncertainty

Key assumptions concerning uncertainty surrounding the statement of financial position, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities, are as follows:

Impairment of Non-Financial Assets

All of the Company’s financial assets are reviewed for indicators of impairment. At the end of each reporting period, management reviews the individual balances in accounts receivable and assesses recoverability based on the aging of outstanding balances, historical bad debt experience, indicators of changes in customer credit worthiness and changes in customer payment terms, to identify and determine the extent of impairment, if any. Accordingly, management establishes an allowance for estimated losses arising from non-payment and other sales adjustments, taking into consideration individual customer creditworthiness, current economic trends and past experience. If future collections differ from estimates, future earnings will be affected.

Inventory valuation

Inventories are measured at the lower of cost and net realizable value. In estimating the net realizable value, management considers evidence, such as aging of the inventory, current sales prices, vendor price lists, available at the time in determining the net realizable values of the inventories.

Business combinations

The Company applies the acquisition method of accounting to business combinations which involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair values. The Company uses valuation techniques in determining fair values of the various elements of a business combination, including intangible assets, based on future expected cash flows and a discount rate. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risks and weighted average cost of capital. If future events or results differ significantly from these estimates and assumptions, the Company may be required to record impairment charges in the future.

Deferred tax assets

Management estimates the probability of future taxable income in which deferred tax assets can be utilized based on Company forecasts. The Company also takes into consideration non-taxable income and expenses and the various tax rules in effect or expected to be in effect at a future date. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific circumstances.

6.3 Future Accounting Standard Pronouncements

The following new standards have been issued, but were not effective for the year ended December 31, 2016:

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB on July 24, 2014, and will replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduced a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this standard and amendments on its consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts and Customers (“IFRS 15”) was issued by the IASB on May 24, 2014, and will replace IAS 18 – Revenue, IAS 11 – Construction Contracts and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts and customers, except for contracts that are within the scope of the standard on leases, insurance contracts and financial instruments. IFRS 15 uses a control-based approach to recognize revenue, which is a change from the risk and reward approach under the current standard. Specifically, IFRS 15 introduces the following five-step approach to revenue recognition:

(1) Identify the contract with a customer;
(2) Identify the performance obligation in the contract;
(3) Determine the transaction price;
(4) Allocate the transaction price to the performance obligations in the contract; and
(5) Recognize revenue when (or as) the entity satisfies a performance obligation.

Companies can elect to use either a full or modified retrospective approach when adopting this standard, which is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 16 – Leases

IFRS 16 – Leases ("IFRS 16"), was issued by the IASB on January 13, 2016, and will replace IAS 17 – Leases. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The Company is evaluating the impact of this standard on its consolidated financial statements.

7.0 Outlook

Vertex continues to see improved year over year results in 2017 as compared to 2016, as upstream oil and gas activity has increased with the stabilization of commodity prices. In addition Vertex, has improved customer diversification as it relates to industry focus, from prior years allowing for increased asset utilization. Vertex anticipates continued improvements in activity levels for the last quarter of 2017, subject to any unstable trends in commodity pricing which may lower industry spending. With the current cost structure in place, any increase in revenue is expected to have a positive impact on gross margins as the Company works towards profitability.

Vertex's focus remains on diversifying its customer base, increasing operating, maintenance and reclamation related services. The Company continues to cultivate and pursue opportunities to provide its services to customers outside of the oil and gas industry in order to stabilize earnings and improve margins. Vertex anticipates the pricing and margin of its services to remain flat for its customers in the oil and gas industry. Vertex will continue to focus on achieving efficiencies and cost reductions throughout its operations, including a continued focus on the integration of recent acquisitions and cross selling complementary services, where possibly, between segments.

Vertex continues to focus on reducing debt, managing working capital and adhering to a modest capital spending plan. Accretive, complimentary acquisitions remain an essential component of Vertex's long-term growth plans.

8.0 Forward-Looking Information

Certain statements contained in this document constitute "forward-looking information". When used in this document or by any of the Company's management, the words "may", "would", "will", "intend", "plan", "propose", "anticipate" and "believe" are intended to identify forward-looking information. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on its experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any expected future results, performance or achievement that may be expressed or implied by such forward-looking statements.

The forward-looking information and statements contained in this document reflect several material factors and expectations and assumptions of the Company including, without limitation: that the Company will continue to conduct its operations in a manner consistent with past operations; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing tax, royalty and regulatory regimes; the impact of seasonal weather conditions; and certain cost assumptions.

The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. Such information and statements 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 information or statements including, without limitation: changes in the demand for or supply of the Company's services; unanticipated operating results; changes in tax or environmental laws, or other regulatory matters; changes in the development plans of third parties; increased debt levels or debt service requirements; increased costs; the impact of competitors; reliance on industry partners; and attracting and retaining skilled personnel.

Vertex's business is subject to a number of risks and uncertainties. Readers are encouraged to review and carefully consider the risk factors described in the filing statement regarding the Transaction to which this MD&A is attached, which risk factors are specifically incorporated by reference herein.

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A. The Company does not intend and does not assume any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, unless required by law.