Vertex Resource Group Ltd.
Management's Discussion and Analysis

Three and twelve months ended December 31, 2017 and 2016

The following Management's Discussion and Analysis ("MD&A") is dated March 15, 2018, and is a discussion of the consolidated financial position and results of Vertex Resource Group Ltd. ("Vertex" or the "Company") for the years ended December 31, 2017 and 2016, and should be read together with Vertex's annual audited consolidated financial statements and accompanying notes (the "Annual Financial Statements"), and Annual Information Form ("AIF") for the same years. All dollar amounts in this MD&A are in thousands of Canadian dollars, except per share amounts or unless otherwise stated.

This MD&A, the Annual Financial Statements and 2016 comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 8.0 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, 2017, the Company completed a qualifying transaction ("Transaction") as outlined in Section 6.11 Capital Restructuring Transaction and became a publicly 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 environmentally focused 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 vehicles and other heavy equipment, thereby reducing activity levels. This results in April and May typically being the slowest months of the year for Vertex.

The Company conducts business in two operating segments:

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, hydrovac, pressure testing and 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.

2.0 Fourth Quarter Operational and Financial Highlights

The results for the fourth quarter were in line with management's expectations, reflecting a strong company performance with an increase in economic activity in Western Canada. The positive trends from the third quarter continued into the fourth quarter of 2017. In addition, Vertex's efforts to shift and expand its service offerings have yielded positive increases in utilization rates in both equipment and consulting personnel. Revenue, gross profit and EBITDA all improved and net loss decreased from 2016, as highlighted below:

- Revenue increased to $35.8 million or 43% in the fourth quarter 2017 from $25.0 million for the same quarter in 2016. This growth is attributable to a modest rebound in customer spending, the Company's 2017 capital expenditure program, industry diversification and acquisitions. Vertex's Environmental Services segment has improved utilization of equipment and consultants for its customers both in the oil and gas industry as well as other industries. Revenue increased by securing additional environmental industrial cleaning turnarounds and maintenance contracts as Vertex continues to build this segment of its business.

- EBITDA for the fourth quarter of $3.9 million increased 198% compared to same quarter in 2016. This increase was driven by demand for its services which continued to increase the utilization of assets and consultants. Vertex also made improvements in its operating cost structure from prior years that continue to benefit the Company. Finally, the fourth quarter of 2016 had nonrecurring restructuring costs of $1.3 million.

- Vertex completed the acquisition of an environmental services company with pressure trucks, fluid hauling, chemical sales and KCL blending facilities, based out of two locations in Saskatchewan and one in Alberta, on December 23, 2017. The acquisition provides Vertex with additional service areas in Saskatchewan and an underutilized equipment fleet for growth.

- Vertex also completed the acquisition of a land consulting business on December 31, 2017. This acquisition brought on long-term contracts with midstream and utility customers across Canada.

- During the fourth quarter of 2017, capital expenditures were $2.6 million with $1.0 million of proceeds from asset disposals. These expenditures were primarily for environmental services equipment to support additional secured work in the second quarter of 2018.

	Three months ended December 31,	
	2017	2016
Revenue	**35,772**	25,011
Direct costs	**27,244**	18,153
Gross profit	**8,528**	6,858
General and administrative expenses	**4,595**	4,100
Share-based compensation	**5**	-
Restructuring costs	**-**	1,442
Amortization	**3,513**	3,583
Finance costs	**2,356**	1,145
Loss before income taxes	**(1,941)**	(3,412)
Income tax recovery	**(238)**	(973)
Net loss and comprehensive loss for the period	**(1,703)**	(2,439)

	Three months ended December 31, 2017	2016
Net loss and comprehensive loss for the period	**(1,703)**	(2,439)
Add:		
Income tax recovery	**(238)**	(973)
Finance costs	**2,356**	1,145
Amortization	**3,513**	3,583
EBITDA (1)	**3,928**	1,316
Environmental Services	**3,022**	2,184
Industrial Services	**1,878**	1,221
Corporate Services	**(972)**	(2,089)
	3,928	1,316

(1) See Non-IFRS measure definition Section 3.2.

Further highlights for the fourth quarter include the following:

- Revenue in the fourth quarter of 2017 increased by 43% or $10.8 million from the fourth quarter of 2016. In the Environmental Services segment, revenue increased by 49% or $6.7 million, from $13.5 million in 2016 to $20.2 million in 2017, due to improved asset and personnel utilization, capital expenditure program and more consistent customer spending. Growth in revenue includes acquisition revenue of approximately $4.1 million, as Vertex integrates previous acquisitions into operations and implements cross-selling strategies between its business segments. Revenue in the Industrial Services segment increased by 36% or $4.1 million, from $11.5 million in the fourth quarter of 2016 to $15.6 million in the fourth quarter of 2017. This was the result of a large project that began in the second quarter of 2017 and will continue into 2018.

- Gross profit for the fourth quarter of 2017 increased by 24% or $1.6 million, from the fourth quarter of 2016 from $6.9 million to $8.5 million, due to the corresponding increase in revenue. As a percentage of revenue, gross margin decreased from the fourth quarter in 2016, from 27.4% to 23.8% in 2017 fourth quarter, due to the mix of service lines generating the revenue increase. Lower margin service lines had a bigger impact on revenue increases in the fourth quarter rather than high margin service lines.

- EBITDA for the fourth quarter increased by 198% or $2.6 million, from $1.3 million in 2016 to $3.9 million in 2017. EBITDA for the Environmental Services segment in the fourth quarter increased 38% or $0.8 million, from $2.2 million in 2016 to $3.0 million in 2017, due to continued customer spending and positive contributions from acquisitions. EBITDA for the Industrial Services segment in the fourth quarter of 2017 increased by 54% or $0.7 million from 2016 due to higher overall project volume in the quarter. The Corporate Services segment had negative EBITDA and improved by 54% or $1.1 million due to the absence of restructuring costs, which were $1.4 million in the same quarter ended 2016.

- Consolidated general and administrative costs (“G&A”) increased by 12.1% or $0.5 million, from $4.1 million during the fourth quarter of 2016 to $4.6 million in the fourth quarter of 2017. This was the result of additional general and administrative costs related to ongoing operations of the four acquisitions completed in the second quarter of 2017. Vertex has also added some additional general and administrative costs to support being a public company. However, Vertex has continued to streamline general and administrative costs over the past couple of years and has improved our cost structure so that the Company can grow revenues without adding additional general and administrative costs at the same level of growth. In the fourth quarter of 2017 general and administrative costs were 12.8% of the quarter’s revenue where as in the fourth quarter of 2016 it was 16.4% of revenue.

- Amortization expense was consistent quarter over quarter. Finance costs increased by $1.2 million, from $1.2 million in 2016 to $2.4 million for the fourth quarter of 2017, due to an interest rate differential on Vertex’s senior debt, combined with non-cash charge of $0.6 million related to VIER Transaction.

- Net loss for the fourth quarter decreased by 30% or $0.7 million, from a loss of $2.4 million in 2016 to a loss of $1.7 million in 2017, due to revenue increases and the absence of nonrecurring restructuring costs that were incurred in 2016.

3.0 Annual Operational and Financial Highlights

Vertex finished the year on a positive note, with the results for 2017 being in line with management's expectations. The positive trends from the third quarter continued into the fourth quarter of 2017 reflecting an increase in economic activity in Western Canada. In addition, Vertex's efforts to shift and expand its service offerings have yielded positive increases in utilization rates in both equipment and consulting personnel. Vertex also successfully completed six complimentary and opportunistic acquisitions during 2017, which, along with Vertex's capital program have contributed to the results. Vertex continues to integrate and realize the full potential of its acquisitions in 2017 through cross-selling opportunities across business lines, as well as reducing redundant costs. Vertex is making a concerted effort 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. As commodity prices have stabilized in 2017, Vertex has been able to invest in the Company, diversify the business and generate positive operational results.

Revenue, gross profit, and EBITDA all improved and net loss decreased from 2016, as highlighted below:

- Revenue increased to $118.4 million, up 38% or $32.3 million from 2016. This growth is attributable to a modest rebound in customer spending, the Company's 2017 capital expenditure program, and industry diversification and acquisitions. Vertex's Environmental Services segment had improved utilization of equipment and consultants for its customers both in the oil and gas industry as well as other industries. Revenue increased by securing additional environmental industrial cleaning turnarounds and maintenance contracts as Vertex continues to build this segment of its business.

- Vertex's 2017 gross profit of $32.3 million increased by 30% or $7.5 million from last year. Gross profit, as a percentage of revenue, was slightly down in the year, given competition for projects and resources have slightly increased. Vertex's gross profit as a percentage of revenue for 2017 was 27.3% as compared to 28.8% in 2016.

- EBITDA (see "Non-IFRS Measure" definition in Section 3.2 – EBITDA) was $15.5 million in 2017, up 239% or $10.9 million from the previous year. Vertex had a strong last half of 2017 as demand for its services continued to increase utilization of assets and personnel in all segments. Vertex also made improvements in its operating cost structure from prior years that continue to benefit the Company. EBITDA per share was $0.20 compared to $0.09 in 2016. Pro-forma EBITDA of the Company would be $18.7 million when including the trailing twelve-month EBITDA of the acquired companies.

- Vertex's net loss and comprehensive loss also improved significantly as compared to 2016. Net loss for the year was $2.9 million in 2017 as compared to $8.2 million in 2016. Loss per share was $0.04 compared to $0.16 in 2016.

- Vertex completed acquisition of three engineering and consulting companies during the year. The acquisitions provide additional expertise to Vertex in the form of drilling, completions and abandonment engineering, midstream and utilities estimating and consulting with long term contracts across Canada.

- Vertex acquired an engineered chemical solutions provider. This acquisition brought a new high margin solution to Vertex that was immediately marketable to Vertex's current customer base. Vertex through its business development team, current customer base and broad geographic operational footprint will accelerate the acquisition's market share growth.

- Acquired two environmental services companies that specialize in vacuum, pressure, fluid hauling, stable foam, chemical sales and KCL (Potassium chloride) blending operations. These acquisitions expanded and enhanced Vertex's geographic footprint in Saskatchewan. Vertex believes both fleets were underutilized and the acquisitions will allow Vertex to improve utilization through redeployment and cross-selling while realizing operational cost savings and broadening the Company's service offerings.

- The Company restructured its credit facilities in the second quarter of 2017 to provide greater financial flexibility as Vertex continued to pursue acquisition and organic growth opportunities.

- On October 16, 2017, the Company completed a capital restructuring of Vier Capital Corp., a publicly listed company on the TSX Venture Exchange to benefit from access to capital markets. Full details of the Transaction are outlined in Section 6.11 Capital Restructuring Transaction below.

3.1 Annual Select Financial Information

	December 31,		
	2017	2016	2015 (1)
Revenue	**118,419**	86,153	124,217
Direct costs	**86,116**	61,348	87,480
Gross profit	**32,303**	24,805	36,737
General and administrative expenses	**16,771**	14,678	18,572
Share-based compensation	**5**	-	-
Restructuring costs	**-**	5,548	12,787
Amortization	**13,641**	13,215	13,075
Finance costs	**5,571**	2,992	7,496
Loss before income taxes	**(3,685)**	(11,628)	(15,194)
Income tax recovery	**(737)**	(3,461)	(3,478)
Net loss and comprehensive loss for the year	**(2,948)**	(8,167)	(11,716)
Net loss and comprehensive loss for the year per share			
Basic and diluted	**(0.04)**	(0.16)	(0.46)
Weighted average number of shares outstanding for the purpose of calculating earnings per share			
Basic and diluted	**76,501,608**	52,093,019	25,651,068

	December 31,		
	2017	2016	2015
Total assets	**144,156**	122,371	124,404
Total loans and borrowings	**62,160**	57,676	64,388

(1) 2015 figures presented are for a fourteen month period from November 1, 2014 to December 31, 2015.

3.2 EBITDA

	Years ended December 31, 2017	2016
Net loss and comprehensive loss for the year	**(2,948)**	(8,167)
Add:		
Income tax recovery	**(737)**	(3,461)
Finance costs	**5,571**	2,992
Amortization	**13,641**	13,215
EBITDA (1)	**15,527**	4,579
Environmental Services	**14,749**	7,903
Industrial Services	**5,410**	5,288
Corporate Services	**(4,632)**	(8,612)
	15,527	4,579

(1) Net loss 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. The Company uses 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. EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures provided by other companies. 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 the Company's lenders and is adjusted in determining compliance by the Company with the financial covenants under its lending arrangements.

4.0 Outlook

Heading into 2018, Vertex anticipates continued positive momentum in operating activities consistent with 2017, along with positive contributions from acquisitions to further improve its overall asset utilization. With the current cost structure and controls in place, increases in revenue are expected to have positive impacts on gross margins, EBITDA and net income as the Company focuses on profitability.

Vertex is encouraged by growth opportunities in its Environmental Services segment through abandonments, water solutions and environmental liability management for its customers both in western Canada and the United States in 2018. Vertex continues to focus on diversifying its customer base and increasing its exposure directly to operating and maintenance budgets of its customers. The Company also continues to cultivate and pursue opportunities to provide its services to customers outside of the oil and gas industry. Vertex anticipates the pricing and margin of its services to improve slightly in 2018 as demand for its services increase. 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, between segments.

The Company understands the need to focus on enhancing its capital structure to facilitate and invest in these growth initiatives. To this point, Vertex continues to focus on reducing debt, managing working capital and adhering to a prudent capital expenditure plan. Accretive, complementary acquisitions remain an essential component of Vertex’s long-term growth plans. Vertex is committed to further improving its operational and financial performance while ensuring that it is creating shareholder value for the longer term.

5.0 Results from Operations

5.1 Revenue

The following table sets forth revenue by reportable operating segment for the following periods:

	December 31,		Variance	
	2017	2016	$	%
Environmental Services	**72,693**	46,173	**26,520**	57.4%
Industrial Services	**45,625**	39,704	**5,921**	14.9%
Corporate Services	**101**	276	**(175)**	-63.4%
	118,419	86,153	**32,266**	37.5%

Revenue increased by 38% or $32.3 million, from $86.1 million during the year ended December 31, 2016, to $118.4 million during year ended December 31, 2017, due to an increase in revenues of $26.5 million in the Environmental Services segment and $5.9 million in the Industrial Services segment.

Revenue increased by 57% or $26.5 million in the Environmental Services segment, from $46.2 million in 2016 to $72.7 million in 2017. The increase was due to both organic and acquisition growth as Vertex integrated its previous acquisitions into operations and implemented its cross-selling strategies between the segments. The Environmental Services segment has improved utilization of equipment for its customers both in the oil and gas industry as well as other industries. Vertex has experienced improved customer spending on recurring operating and maintenance budgets, which were more reflective of normal spending patterns of its customers as compared to 2016. Lastly, revenue increased by securing additional environmental industrial cleaning turnarounds and maintenance contracts as Vertex continues to build this part of its business. This segment has secured backlog of 58% of 2018's planned revenue.

Revenue increased by 15% or $5.9 million in the Industrial Services segment, from $39.7 million in 2016 to $45.6 million in 2017, due to the Company securing a large insulation contract in 2017, which is continuing into 2018. This contract amounts to $22.6 million of the increase for the year and is offset by fewer projects and lower activity in other geographical areas of the business. The Industrial Services segment's activity and revenue are heavily impacted by capital budgets and projects of Vertex's customers, and Vertex expects 2018 revenue to be lower than in 2017. This segment does have some long-term maintenance contracts and hopes to secure addition maintenance opportunities in 2018. This segment has secured backlog of 40% of 2018's planned revenue.

5.2 Gross Profit

	December 31,		Variance	
	2017	2016	$	%
Gross profit	**32,303**	24,805	**7,498**	30.2%
Gross profit as a % of revenue	**27.3%**	28.8%	**-1.5%**	-5.3%

Gross profit for the year increased by 30% or $7.5 million, from $24.8 million in 2016 to $32.3 million in 2017, due to improved revenue. As a percentage of revenue, gross profit as a percentage of revenue (gross profit margins) was slightly down to 27.3% for 2017 compared to 28.8% for 2016. Gross profit margins have recovered, but not to historical levels in certain segments. Vertex experienced slight improvements in gross profit margins for 2017 in its Environmental Services segment compared to 2016. The Industrial Services segment experienced a slight drop in gross profit margins due to the revenue mix in 2017, as larger projects carried lower margins.

5.3 EBITDA

	December 31,		Variance	
	2017	2016	$	%
Environmental services	**14,749**	7,903	**6,846**	86.6%
Industrial services	**5,410**	5,288	**122**	2.3%
Corporate Services	**(4,632)**	(8,612)	**3,980**	-46.2%
EBITDA [(1)]	**15,527**	4,579	**10,948**	239.1%
EBITDA as a % of revenue	**13.1%**	5.3%	**7.8%**	146.7%

(1) See Non-IFRS measure definition Section 3.2.

EBITDA increased by 239% or $10.9 million, from $4.6 million in 2016 to $15.5 million in 2017. EBITDA increased by $6.8 million in the Environmental Services segment, $0.1 million in the Industrial Services segment, and $4.0 million in the Corporate Services segment. There were one-time restructuring costs of $5.5 million in 2016 that negatively impacted EBITDA. 2016 EBITDA without restructuring costs would have been $10.1 million or 11.8% of revenue.

EBITDA increased by 87% or $6.8 million in the Environmental Services segment, up from $7.9 million in 2016 to $14.7 million in 2017. As Vertex's customers increased spending programs during the year, this segment's overall activities improved. Vertex also focused on cost management and increasing utilization of people and equipment where possible to improve EBITDA. In 2016, the Environmental Services segment incurred $1.4 million in restructuring costs, which did not reoccur in 2017. The remaining increase has been from a combination of organic growth and acquisition growth.

The Industrial Services segment had a slight increase in EBITDA of 2% or $0.1 million, from $5.3 million during 2016 to $5.4 million in 2017. The Industrial Services segment's higher revenue was offset by lower margins on larger projects and some services lines.

The Corporate Services segment's EBITDA increased by 46% or $4.0 million, from a loss of $8.6 million in 2016, to a loss of $4.6 million in 2017, due to the Company incurring $3.8 million of restructuring costs. Without restructuring costs in 2016, the increase would have been $0.2 million.

EBITDA for the year, as a percentage of revenue, has improved to 13.1% in 2017 compared to 5.3% in 2016, consistent with improvements in revenue and prudent cost controls.

5.4 General and Administrative Expenses and Other Costs

	December 31,		Variance	
	2017	2016	$	%
G&A	**16,771**	14,678	**2,093**	14.3%
Share-based compensation	**5**	-	**5**	100%
Restructuring costs	**-**	5,548	**(5,548)**	-100%
Total	**16,776**	20,226	**(3,450)**	-17.1%
G&A as a % of revenue	**14.2%**	17.0%	**-2.9%**	-16.9%

G&A increased by 14% or $2.1 million, from $14.7 million in 2016 to $16.8 million in 2017. The increase was a result of new costs for facilities and administrative personnel related to the six complementary acquisitions completed in the year. In 2016 Vertex underwent significant rightsizing of its operations, as illustrated by the $5.5 million restructuring charge. These restructuring costs allowed the Company to permanently reduce direct costs and G&A in 2017, including severances ($1.8 million), recognizing two facility leases as onerous leases ($3.3 million) and incurring early termination costs for several other leases ($0.4 million).

With Vertex's existing cost structure and staffing levels, limited personnel additions will be required in the future to support revenue growth.

G&A expenses for the year, as a percentage of revenue, improved to 14.2% in 2017 versus 17.0% in 2016, consistent with improvements in revenue noted above and management's focus on reducing its fixed G&A cost structure.

Vertex implemented a stock option plan on December 22, 2017 and incurred a nominal cost in 2017 related to the plan. The Company expects to incur stock-based compensation expenses of $0.2 million per year going forward.

5.5 Amortization and Finance Costs

	December 31,		Variance	
	2017	2016	$	%
Amortization	**13,641**	13,215	**426**	3.2%
Finance costs	**5,571**	2,992	**2,579**	86.2%
	19,212	16,207	**3,005**	18.5%

Amortization increased by 3% or $0.4 million, from $13.2 million in 2016 to $13.6 million for 2017. This was the result of additional capital and intangible assets from the six acquisitions and from $3.3 million in net capital expenditures incurred in the year.

Finance costs increased by $2.6 million in 2017 due to higher interest expense, finance costs related to new credit facilities and public listing on the VIER Transaction and 2016 had a $1.0 million gain on revaluation of contingent consideration that did not reoccur in 2017.

5.6 Net Loss and Comprehensive Loss for the Year ("Net Loss")

	December 31,		Variance	
	2017	2016	$	%
Environmental services	**2,119**	(4,144)	**6,263**	-151.1%
Industrial services	**2,117**	1,559	**558**	35.8%
Corporate Services	**(7,184)**	(5,582)	**(1,602)**	28.7%
Net loss and comprehensive loss for the year	**(2,948)**	(8,167)	**5,219**	63.9%

Net loss for the year improved by 64% or $5.2 million, from $8.2 million in 2016 to $2.9 million in 2017. The improvement was due to significant increases in revenue from improved operating activity in 2017 and the absence of nonrecurring restructuring costs that were incurred in 2016. Taking into account the tax affected restructuring costs, net loss has improved relative to 2016 by $1.3 million even though the company incurred additional costs on the Transaction. Net loss for the year included one-time expenses related to the Transaction of $0.5 million net of tax. Any incremental improvements in EBITDA will result in earnings in the future.

In the Environmental Services segment, net income for 2017 improved by $6.3 million, to $2.1 million compared to a loss in 2016 of $4.1 million, due to improved revenue, gross profit and EBITDA and decreased net loss. Adding back $1.0 million in restructuring costs net of tax in 2016, the annual improvement is $5.3 million.

In the Industrial Services segment, net income for the year increased by $0.6 million or 36%, from a net income of $1.6 million for 2016 to $2.1 million for 2017. Adding back $0.3 million restructuring costs net of tax in 2016, the annual improvement year is $0.3 million. The improvement is due to prudent cost controls even though the segment had increased revenue in 2017.

In the Corporate Services segment, net loss for the year increased by $1.6 million or 29%, from a loss of $5.6 million for 2016 to a loss of $7.2 million for 2017. The increased loss was due to costs related to acquisitions, an incremental increase in interest rates on senior debt, fewer corporate costs being recovered from the operating segments in 2017, $1.0 million in costs related to the Transaction and going public, and the absence of a $1.0 million gain on revaluation of contingent consideration.

5.7 Summary of Quarterly Results

($000 except per share amounts)	2017				2016			
	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Revenue	**35,772**	34,989	26,020	21,638	25,011	20,519	17,785	22,838
Net loss	**(1,703)**	(198)	(367)	(680)	(2,439)	(3,541)	(1,775)	(412)
Basic and diluted loss per share	**(0.02)**	(0.00)	(0.01)	(0.01)	(0.05)	(0.07)	(0.04)	(0.01)
Diluted loss per share	**(0.02)**	(0.00)	(0.01)	(0.01)	(0.05)	(0.07)	(0.04)	(0.01)
EBITDA (1)	**3,928**	5,049	3,147	3,403	1,316	(492)	274	3,481

(1) See Non-IFRS measure definition Section 3.2.

The last four quarters have shown that results in 2017 have begun to rebound, with recent results trending positively quarter over quarter. Increased activities in most service lines are being driven by the stabilization of commodity prices along with recovered spending on operating and maintenance budgets of Vertex's customers. The uptick from its customers tends to improve asset and personnel utilization across most business lines. The Company results are positively impacted by increased spending on operating, maintenance and capital budgets of Vertex's customers. Vertex is diversifying its customer base by providing services to other industries. In 2017, 35% of Vertex's revenue came from non-oil and gas industry customers compared to 17% in 2016. The Company expects the positive trends to continue into 2018 if market factors impacting its business continue to stabilize and Vertex further succeeds in diversifying its customer base.

In 2016, the Company was exposed to the Western Canadian economy slump as the price of oil dropped to unprecedented lows, directly impacting all business lines, increased mergers and acquisitions of customers and the fires in Fort McMurray. As illustrated above, the Company experienced historically lower revenues and negative EBITDA along with a higher net loss. More specifically, 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 quarters of 2016 include customer consolidation, the Fort McMurray fires and general downturn in the oil and gas industry operating, maintenance and capital spending, which directly and indirectly reduced revenues by over $6.0 million. Through the 2016 calendar year, management incurred $5.5 million of restructuring costs related to both a 2015 acquisition and general economic factors.

EBITDA and revenue in the second quarter ended June 30, 2016, up to and including the first quarter ended March 31, 2017, reflected the downturn in the oil and gas industry. The third and fourth quarters ended December 31, 2017 include EBITDA from four of the acquisitions completed during the first half of 2017. Two of the acquisitions were completed at the end of the fourth quarter of 2017 and will not contribute to quarterly results until 2018. In the fourth quarter ended December 31, 2017, the net loss increased relative to the other quarters of 2017 as Vertex incurred $0.6 million of non-taxable, non-cash costs related to the Transaction and incurred roughly $0.8 million of going public costs.

6.0 Liquidity and Capital Management

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

	December 31,	
	2017	2016
Cash (used in) provided by operating activities	**(1,024)**	7,506
Cash (used in) provided by investing activities	**(2,855)**	4,322
Cash provided by (used in) financing activities	**4,131**	(10,634)
	252	1,194

The Company expects to generate sufficient cash flows from operations and continues to access its credit facilities to meet contractual obligations, planned expenditures and growth initiatives as they are required. The Company expects working capital investments will be required to support future revenue growth that is consistent with historical requirements. The Company typically utilizes its available committed operating loan to fund working capital requirements and planned expenditures.

6.1 Cash Generated from Operating Activities

Cash provided by operating activities before non-cash working capital items was $10.3 million during 2017, an increase of $6.1 million from $4.2 million during 2016 due to improved economic activity. Cash used in operating activities was $1.0 million during 2017, a decrease of $8.5 million from the cash provided by operating activities of $7.5 million during 2016. The decrease in cash provided by operating activities was due to increases in working capital requirements to support revenue growth in the last half of 2017. Receivables increased by $9.6 million and payables decreased by $2.1 million from the last year, namely due to improved activity in all business lines. These working capital impacts were offset by improvements in the Company's net loss for the year.

6.2 Cash Generated from Investing Activities

Cash used in investing activities was $2.9 million during 2017, a decrease of $7.2 million from the cash provided by in investing activities of $4.3 million during 2016. In 2016, the Company generated cash from a $5.0 million nonrecurring disposition of property. Normalized for this nonrecurring disposal, cash used in investing activities would have been $0.7 million. The increase in net capital expenditures is the result of Vertex continuing to invest in Environmental Services segment assets to address business opportunities.

In 2017, Vertex used $0.5 million in net cash to complete all business acquisitions compared to 2016 when it generated $0.1 million from acquisition activity.

6.3 Cash Used in Financing Activities

Cash provided by financing activities was $4.1 million during 2017, an increase of $14.7 million from the cash used in financing activities of $10.6 million during the 2016. The increase in cash provided by financing activities resulted from the Company drawing on its operating loan to fund working capital requirements from increased operating activities. The Company refinanced its senior debt during the year and it is termed until June of 2022. Vertex is focused on reducing its loans and borrowings through regular repayments in 2018.

6.4 Working Capital

	December 31,	
	2017	2016
Current assets	**41,782**	27,878
Current liabilities	**21,316**	69,358
Working Capital	**20,466**	(41,480)

Working capital at year end 2017 was $20.5 million, an increase of $62.0 million from negative $41.5 million at December 31, 2016. In 2016, $54.5 million of the working capital deficit was comprised of the operating loan, bank loans and subordinated debt that was classified as current due to a covenant breach on Vertex's loans. The breach was remedied in the second quarter of 2017 when the senior debt was refinanced. The remaining increase in working capital of $11.4 million was due to increased operating activities namely in three quarters of 2017, plus a net working capital increase of $1.5 million of acquired working capital requirements on the six acquisitions completed during 2017.

Accounts receivable increased by $13.5 million from 2016 to 2017, which is reflected in the Company's increased level of activity. In 2017, the Company had two customers that accounted for 27.2% of its consolidated sales.

6.5 Credit Facilities

	December 31, 2017	2016
Operating loans:		
Available operating facilities	**23,000**	20,000
Drawn on operating facilities	**18,302**	11,975
Available operating facilities [(1)]	**4,698**	8,025

(1) Calculated as available operating lines 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 has an authorized maximum of $20.0 million, with an additional temporary bulge of $3.0 million in 2017. 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 June 22, 2022, the 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. If the Company elects to make voluntary repayments, the facility includes prepayment penalties equal to 4% of the voluntary repayment prior to the first anniversary of the closing date, 3% after the first anniversary but prior to the second anniversary of the closing date, and 2% after the second anniversary but prior to the third anniversary of closing date.

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 as of December 31, 2017, consisted of the items noted in Section 6.6 Commitment and Contingencies.

Debt Covenants

In conjunction with the operating loan, senior debt and subordinated 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 are 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. As of December 31, 2017, the Company was in compliance with the terms and covenants of its lending agreements, which are calculated as follows:

	Target	**2017**	2016
Operating loan & senior debt			
Funded debt to EBITDA	< 4.25 : 1	**3.18**	-
Fixed charge coverage ratio	> 1.20 : 1	**2.47**	-
Working capital ratio	> 1.25 : 1	**3.16**	-
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

6.6 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 to the Company's contractual obligations:

	Due within one year	Due between one and five years	Total
Accounts payable and accrued liabilities	11,927	-	**11,927**
Operating loan	-	18,302	**18,302**
Bank loans	61	-	**61**
Senior debt	5,000	31,688	**36,688**
Subordinated debt	-	5,500	**5,500**
Lease liabilities	727	882	**1,609**
Onerous leases	1,127	506	**1,633**
Contingent deferred payment	-	1,175	**1,175**
Acquisition obligation	1,773	-	**1,773**
Long-term financial liabilities	8,688	58,053	**66,741**

The Company does not have any future payments that extend past five years.

Share Based Settlement of Obligations

The acquisition obligation with an aggregate face value of $1.8 million was settled for 506,400 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 December 31, 2017 and 2016, the Company did not have any off-balance sheet arrangements.

6.7 Capital Expenditures

Capital expenditures, as discussed in Section 6.2 Cash Generated from Investing Activities, was in line with the Company's approved capital plan for 2017. The Company's gross maintenance capital expenditures were $3.2 million and gross growth capital expenditures were $2.5 million in 2017. The Company undertakes to sell any under- utilized assets that are not able to be redeployed in other geographical locations in order to improve utilization. In 2017, the Company sold $2.4 million worth of capital assets and used proceeds to redeploy capital late in the fourth quarter of 2017 in Vertex's Environmental Services segment.

Gross maintenance capital expenditures for 2018 are planned to be $3.9 million, while gross growth capital expenditures are planned to be $2.6 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.

6.8 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. For the year ended December 31, 2017, the Company had two customers that accounted for 27.2% of the consolidated sales (year ended December 31, 2016 – one customer for 11.7%). The aging analysis of accounts receivable is as follows:

	December 31,	
	2017	2016
0 to 30 days	**15,058**	10,036
31 to 60 days	**9,531**	5,724
61 to 90 days	**6,756**	3,559
Over 90 days	**2,254**	1,497
Holdbacks	**77**	212
Trade accounts receivable	**33,676**	21,028
Allowance for doubtful accounts	**(62)**	(198)
Trade receivables, net of allowance	**33,614**	20,830
Other receivables	**1,286**	612
	34,900	21,442

6.9 Outstanding Share Data

As of March 15, 2018, the Company had 90,813,124 Common Shares outstanding. As of the same date, the Company had outstanding stock options of 4,278,155 and warrants of 2,197,206 to purchase up to 6,475,361 Common Shares.

6.10 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	**2017**	2016
Transactions:			
General and administrative expenses - rent	(i)	**900**	700
Repayments of advances from shareholders	(i)	**-**	(706)
Property and equipment additions	(i)	**709**	-
Proceeds from sale of property and equipment	(i)	**75**	4,973

(i) Related by common director, officer

Share Based Settlement of Obligations

On January 5, 2017, the advance from shareholders of $2.2 million was settled in exchange for 746,938 Class A Shares and was treated as a non-cash transaction.

6.11 Capital Restructuring Transaction

In connection with the Transaction, 7,350,000 issued and outstanding shares of VIER were consolidated on a 10 to 1 basis. The fair value of the assets acquired as on October 16, 2017, is summarized as follows:

	Total
	$
Assets acquired	
Cash	**93**
Prepaids	**6**
Net assets acquired	**99**
Consideration paid:	
735,000 common shares issued and outstanding	**735**
Capital restructuring costs	**636**

Pursuant to the 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 on October 16, 2017, the Company had 86,521,354 Common Shares issued and outstanding, on a non-diluted basis. The aggregate 51,314,475 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 AIF.

The Company completed the Transaction on October 16, 2017. 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”.

7.0 Critical Accounting Judgments, Estimates and Accounting Policy Developments

7.1 Critical Judgments in Applying the Company's Accounting Policies

The 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 at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period, as well as the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from these 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 of Completion

Judgment used to determine percentage of completion for construction contracts, specifically related to estimated costs to complete, include the various construction projects. 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 its property and equipment's useful lives 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.

Provisions and Contingencies

The determination of provisions and contingencies is a complex process that involves judgment about the outcome of future events, estimates of timing and amount of future expenditures, and discount rates. The amount recognized as a provision is management's best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

7.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty at the statement of financial position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

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 their recoverability based on the aging of outstanding balances, historical bad debt experience, and 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 credit worthiness and current economic trends, as well as past experience. If future collections differ from estimates, future earnings would be affected.

Property and Equipment and Goodwill Impairment

The Company tests property and equipment and goodwill annually for impairment. An impairment loss is recognized for the amount by which the carrying amount of the CGU or group of CGUs, to which the property and equipment and goodwill is allocated, exceeds its recoverable amount. The recoverable amount of the CGU, or group of CGUs, is the higher of its fair value less cost of disposal and its value in use. Management estimates expected future cash flows from each CGU, or group of CGUs, in determining the value in use. Management makes assumptions about future operating results and performs sensitivity testing of key assumptions in the process of measuring expected future cash flows which are based on future events and circumstances disclosed in Note 12 to these consolidated financial statements.

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.

7.3 Future Accounting Standard Pronouncements

The following new standards have been issued, but were not effective for the year ended December 31, 2017:

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 introduce 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 a 5-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;
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 and it 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, however, remains largely unchanged and the distinction between operating and financing 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.

Amendments to IFRS 2, Share-Based Payments

In June 2016, the IASB published *Classification and Measurement of Share-based Payment Transactions*, which provides amendments to the accounting for: (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The new standard 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.

7.4 Financial Instruments

The Company considers managing risk as being an integral part of its development and diversification strategies. The Company uses a proactive and rigorous approach for management of the financial risks to which it is exposed.

The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

The Company's most significant financial risk exposure and its financial risk management policies are discussed in Note 26 to the Annual Financial Statements.

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 AIF, 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.

9.0 Additional Information

Additional information, including the AIF of Vertex, is available on SEDAR at www.sedar.com and the Corporation’s website at www.vertex.ca.