

**VERTEX RESOURCE GROUP LTD.**

**ANNUAL INFORMATION FORM  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Dated: March 22, 2021**

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## CURRENCY

All dollar amounts in this Annual Information Form (“AIF”) are in Canadian dollars, except where otherwise indicated.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute “forward-looking information”. When used in this document or by management of the Company (as defined below), 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. In particular, this AIF contains or implies forward-looking statements pertaining to general market conditions; future market access; the oil and natural gas industry; demand for the Company’s services and the factors contributing thereto; corporate strategy; expansion strategy; future capital needs; access to capital; expectations with respect to future opportunities and stability; and acquisition strategy.

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; future sources of funding for the Company’s capital program; the Company’s future debt levels; the impact of competition on the Company; the Company’s ability to obtain financing on acceptable terms; 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: volatility of the oil and natural gas industry; dependence on customer contracts; market acceptance of the Company; availability of additional capital; failure to achieve anticipated results of the Company’s growth strategy; potential litigation claims; adverse litigation judgments, settlements and exposure to liability; government and regulatory approvals; ability to realize anticipated benefits of future acquisitions; Vertex’s indebtedness; competition in the industries in which the Company operates; downturns in general economic and market conditions and reduced demand for Vertex’s products and services; adequate insurance coverage; restrictive covenants in the Company’s borrowing arrangements; positive covenants in Vertex’s material contracts; third party credit risk; demand for hydrocarbons; loss of information and computer systems or cyber-attacks; director and officer conflicts of interest; a reassessment by tax authorities of Vertex’s income calculations; the presence of an active trading market for Vertex’s shares; volatility of the Company’s share price; reliance on industry partners; attracting and retaining skilled personnel; and other factors discussed under “*Risk Factors*”. 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 this AIF, which risk factors are specifically incorporated by reference herein. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive.

**The forward-looking statements contained in this AIF are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this AIF are made as of the date of this AIF. 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.**

**CORPORATE STRUCTURE**

**Name** The name of the corporation is: Vertex Resource Group Ltd.

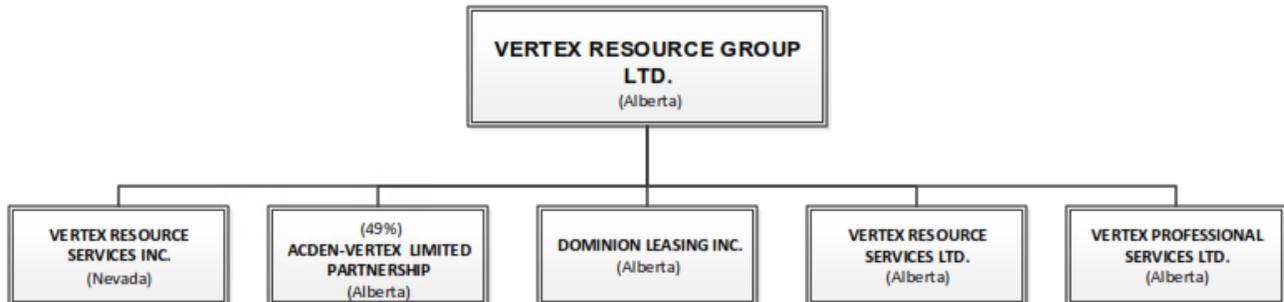
**Address** Head office: 161, 2055 Premier Way, Sherwood Park, Alberta, T8H 0G  
Registered office: 2200, 10235 – 101 Street N.W., Edmonton, Alberta, T5J 3G1

**Incorporation**

Vertex Resource Group Ltd. (“Vertex” or the “Company”) was amalgamated on May 26, 2005 pursuant to the *Business Corporations Act* (Alberta) (the “ABCA”) under the name “TWT Vegetation Management Ltd.”. On June 26, 2012, Vertex changed its name to “Vertex Resource Group Ltd.” and on July 1, 2015, Vertex amalgamated with Blackjack Investments Ltd. On October 16, 2017, the Company completed a qualifying transaction (the “Transaction”) with VIER Capital Corp. (“VIER”), a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual. On October 18, 2017, following the issuance by the Exchange of its final bulletin in respect of the Transaction, the Company began trading on the Exchange under the symbol “VTX”.

**Intercorporate Relationships**

The following table sets forth the material direct subsidiaries of Vertex as at December 31, 2020 and their related jurisdiction of incorporation:



Unless otherwise stated, the above legal organization chart reflects 100% of voting securities owned directly by Vertex.

**GENERAL DEVELOPMENT OF THE BUSINESS**

**THREE YEAR HISTORY**

*Recent Developments*

On January 14, 2021 Sherry Bielopotocky was appointed as Chief Financial Officer and Corporate Secretary.

On February 26, 2021 the Company acquired 100% of the outstanding shares of an industrial cleaning, waste management and hydro-excavating company serving the oil sands area of Alberta. The total consideration of \$7.2 million was comprised of cash of \$3.6 million, unsecured, non-interest bearing promissory notes with a face value of \$3.6 million and the assumption of \$9.1 million in equipment loans and leases.

**2020**

On January 1, 2020 Vertex Oilfield Services Ltd, Three Star Trucking Ltd. and Vertex Resource Services Ltd. were amalgamated, and the successor company operates as Vertex Resource Services Ltd.

On January 31, 2020, a total of 2,160,009 Class A common shares (“Common Shares”) held in escrow were cancelled with a resulting reduction of outstanding Common Shares from 93,413,124 to 91,253,115. The Common Shares were cancelled as conditions pursuant to the related escrow agreement were not met. This is described further in the section entitled “Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer”.

On June 5, 2020, the Company received notification of approval from its syndicate lenders of amendments to its Credit Facilities (as defined below). Salient features are as follows: a) the maturity date has been extended to November 11, 2021; b) the Net Syndicated Funded Debt to EBITDA ratio was increased to 4.25:1 for the fiscal quarter ending March 31, 2020, increased to 5.00:1 for the fiscal quarters ending June 30, 2020 through March 31, 2021, and stepped down to 4.25:1 for each fiscal quarter thereafter; c) the Fixed Charge Coverage Ratio was reduced to 1.10:1.

The Company also received notification of approval of working capital term loans of \$6.25 million from HSBC Bank Canada (“HSBC”) on June 5, 2020 and of \$2 million from the Business Development Bank of Canada on May 7, 2020.

On December 18, 2020, the Company received notification of approval from its syndicate lenders to extend the maturity date of the Credit Facilities to May 31, 2022.

**2019**

On March 22, 2019, the step down of the Net Senior Funded Debt to EBITDA ratio under the Company’s Credit Facilities with its lenders was deferred by the lenders. The amendment specified that the ratio would remain as not to exceed 3.75 to 1.00 for all quarters ending in fiscal 2019.

On September 9, 2019, Imran Ally was appointed as Chief Financial Officer and Corporate Secretary.

On September 27, 2019, the Company’s Credit Facilities with its lenders were amended as follows: a) the term loan (as defined below) was increased by \$5 million. The proceeds were used to reduce the amount drawn on the revolving loan (as defined below) component of the credit facility; b) the step down of the Net Senior Funded Debt to EBITDA ratio was further deferred. The amendment specified that the ratio would remain as not to exceed 3.75 to 1.00 for the remaining quarters in fiscal 2019 and all quarters in fiscal 2020.

**2018**

On January 10, 2018, Vertex settled one promissory note issued to a shareholder of Vertex with an aggregate value of \$1.8 million for 1,924,320 Common Shares of the Company, which was treated as a non-cash transaction for the purposes of the consolidated statement of cash flows.

On May 11, 2018 (as amended on July 12, 2018), the Company refinanced its operating loan, senior debt and subordinated debt with a secured credit facility (the “Credit Facilities”) involving a syndicate of financial institutions lead by HSBC. The total Credit Facilities of \$85.0 million are broken into three committed facilities: a \$30.0 million syndicated facility (“revolving loan”), a \$50.0 million term loan facility (“term loan”), and a \$5.0 million operating facility (“operating loan”). The Credit Facilities also include an additional \$20.0 million accordion facility. The Credit Facilities were for a three-year committed term maturing on May 10, 2021.

On May 31, 2018, the Company acquired 100% of the outstanding shares of an environmental services company providing vacuum, hydrovac, fluid hauling, hot oiler and pressure truck services for a purchase price of \$3.3 million paid with an unsecured, non-interest bearing seller's note with a face value of \$2.5 million (fair value of \$2.4 million) and approximately \$0.8 million in cash. Based on the final allocation of fair values, the Company identified a gain on bargain purchase of \$0.2 million. The bargain purchase gain was the result of net assets acquired exceeding the consideration paid.

On June 27, 2018, the Company acquired 100% of the outstanding shares of a private company providing hydrovac services to the Edmonton, Alberta region for \$4.3 million. The total consideration of \$4.3 million was paid with an unsecured, non-interest-bearing seller's note with a face value of \$1.2 million (fair value of \$1.1 million) and the Company entered into a \$3.1 million capital lease as discussed in the notes to the annual financial statements.

On July 12, 2018, the Company acquired 100% of the outstanding shares of an environmental services company providing fluid hauling, pressure truck, hot oiler and combo-vac services. For total consideration of \$7.8 million, the Company paid \$4.2 million in cash, agreed to an unsecured, non-interest bearing seller's note with a face value of \$1.9 million (fair value of \$1.8 million) and issued 2,600,000 Common Shares at a fair value of \$0.64 per share for an aggregate value of \$1.7 million, which has been recorded as an increase to share capital. The Company retired debt of the environmental services company of \$9.1 million using proceeds from an increase to its revolving and term loan during 2018. The intangibles acquired relates to non-compete agreements, backlog and customer relationships. Based on the final allocation of fair values the Company identified gain on bargain purchase on acquisition of \$7.7 million as net assets acquired exceeded consideration paid.

On December 21, 2018, the Company granted 750,000 stock options ("Options") to its employees. The Options have an exercise price of \$1.00, vest over a period of three years and are exercisable until December 21, 2023.

### **Significant Acquisitions**

The Company did not complete any significant acquisitions during the year ended December 31, 2020 for which disclosure is required under Part 8 of NI 51-102.

## **DESCRIPTION OF THE BUSINESS**

### **General**

Vertex's history dates back to 1962 with the founding of Three Star Trucking Ltd. and later with Farmstead Buildings Ltd. and Pioneer Land Services Ltd., all of which subsequently formed part of Vertex's business.

Vertex has grown to become a leading provider of environmental, consulting and engineering services through acquisitions and organic growth, including advisory services for new capital expenditure and asset development, environmental consulting and monitoring on existing assets, emission management solutions, sub-surface engineering, facility engineering, asset retirement and land reclamation services, fluid management and logistics, waste and recycling, industrial cleaning and maintenance, hydro-excavating, site services, and manufacturing solutions.

Vertex is headquartered near Edmonton in Sherwood Park, Alberta. The Company serves a diverse customer base operating in industries including energy, mining, utilities, private development, public infrastructure, telecommunications, forestry, agriculture, and government. The Company operates principally in Canada (Alberta, British Columbia, Saskatchewan, Manitoba, Ontario) and has operations in select United States markets (Minnesota, Montana, North Dakota, New Mexico, and Texas).

Vertex helps its clients achieve their developmental and operational goals through a versatile suite of integrated environmental consulting and services. From initial site selection, consultation, regulatory approval, estimating and design, 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 Canada where the level of operating activity is influenced by seasonal weather patterns. Certain project sites are located in remote areas that are inaccessible other than during the winter months because the ground surrounding the project sites makes the area inaccessible during warmer seasons. 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.

Vertex has two reportable segments: environmental services (the "Environmental Services Segment") and engineering and environmental consulting services (the "Environmental Consulting Segment"). Vertex's financial statements also include information on non-reportable operating segments which are included on a combined basis as "Other".

#### *Environmental Services*

The Environmental Services Segment of Vertex accounted for approximately 65% of the total 2020 revenue generated by Vertex (approximately 68% in 2019) by providing a variety of services related to transportation, removal, storage, waste management and recycling, site services and industrial cleaning and maintenance of facilities in an environmentally safe manner. Environmental Services are provided to customers spanning various industries including energy, telecommunications, public sector, utilities, mining, and agriculture.

Specific Services provided by the Environmental Services Segment include:

- high-pressure fluid hauling trailers, trucks and related equipment to handle, haul, and manage fluids including drilling, completion, and production fluids for oil and NGL, petrochemical, condensate, butane, propane and other industrial customers;
- fluid storage and management;
- hydro-excavating and vacuum services for a diverse range of infrastructure and maintenance related to energy, mining, utilities, forestry, private development, public infrastructure, telecommunications and government;
- pressure and steam truck services for customers in production and operations;
- industrial cleaning, high-pressure water blasting, and chemical cleaning services for routine maintenance, turnaround and shutdowns;
- waste management and recycling;
- site services including surface rentals;
- manufacturing and installation of metal buildings;

The Environmental Services Segment uses Vertex employees, lease operators, and equipment to manage and provide services. Vertex also utilizes rented or leased equipment, subcontractors, or consultants, as necessary. The Environmental Services segment operates and carefully maintains a modern fleet of specialized equipment with 250 power units and 392 trailers with access to an additional 109 power units and 75 trailers under contract with owner operators, 1,418 pieces of equipment in its rental fleet and a fleet of light trucks and equipment. The operational facilities include leased shops and yards that are used to maintain and repair equipment in addition to being used for storage.

This segment employed approximately 350 of Vertex's 650 staff complement at December 31, 2020.

#### *Environmental Consulting*

The Environmental Consulting Segment of Vertex accounted for approximately 32% of the 2020 total revenue generated by Vertex (approximately 27% in 2019). This segment consists of 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 energy, mining, utilities, forestry, private development, public infrastructure, telecommunications, and government.

Through Vertex's Environmental Consulting Segment, the Company provides a variety of services that include advisory services related to new capital expenditure and asset development, environmental consulting and monitoring on existing assets, emission management solutions, sub surface engineering, facility engineering, asset retirement and land reclamation services.

Specific Services provided include:

- environmental consulting, including planning and regulatory approvals, site assessments and monitoring, geotechnical and civil engineering, wildlife management, reclamation, remediation, groundwater monitoring, drilling waste, gas migration, emissions testing and reporting and sub-surface engineering;
- advisory services including estimating, project controls and facility engineering;
- land and regulatory services consisting of stakeholder consultation on mineral and surface rights, permitting, right of ways, access and use rights and other land use consulting for oil and natural gas, midstream, wind, solar, power, utility, and telecommunications customers;
- emergency spill response to assist customers in efficient and effective spill cleanup to ensure safety, environmental remediation, and regulatory compliance;
- abandonment, completion and drilling engineering; and
- geographical information services, mapping and drone services, with provision of such services to governments, industry and commercial clients including construction and real estate clients.

The Environmental Consulting Segment uses Vertex employees, consultants, vehicles, and equipment to manage and carry out projects. Vertex also utilizes rented or leased equipment as necessary. Leased office space is also utilized to house professional staff.

This segment employed approximately 300 of Vertex's 650 staff complement at December 31, 2020.

#### *Specialized Skill and Knowledge*

Vertex's team is carefully selected for its technical and professional experience and education. Vertex's highly skilled and experienced professionals and equipment operators have enabled technological and operational advancements and efficiencies. Vertex places particular emphasis on, and continued investment in, the human capital of the organization.

Professionals and equipment operators are required to complete numerous safety certifications and training courses in order to ensure Vertex's representatives have the necessary training, skill and experience to meet the needs of Vertex's customers in an efficient manner that is safe to themselves, the community and the environment.

#### *Components*

Vertex has agreements with a number of its suppliers for both the Environmental Services Segment and the Environmental Consulting Segment capable of providing any equipment and materials needed at competitive rates. Wherever possible, Vertex has negotiated these rates to be in line with industry conditions.

### *Competitive Conditions*

The markets and geographic areas in which Vertex operates are highly competitive. The principal competitive factors in both the Environmental Services Segment and the Environmental Consulting Segment include knowledge, skill, experience, breadth and integration of service offerings, capacity to perform, geographical coverage, price and efficiency. Although Vertex does have some competitors who offer specialized services in these segments, Vertex believes that its combination of breadth of services, expertise, experience and ability to provide integrated solutions are the keys to its competitive positioning.

Vertex requires significant resources, capital, knowledge and expertise in order for the Environmental Services Segment to remain competitive. For select services, the capital required to obtain the necessary equipment to provide the services required by customers of this segment is very significant. This creates a significant barrier to entry as many operations do not possess the capability to develop the financial capital required, nor the mobilization capabilities to operate in remote locations and develop trusted relationships. Vertex's primary competitors in the Environmental Services segment are currently Clean Harbors Inc., Mullen Trucking Corp. and GFL Environmental Inc. This segment operates from locations which are strategically located within its customers' geographic spheres of operation, with significant equipment available to service those markets. This offers a significant competitive advantage in terms of geographic market coverage. In addition, staff and operators have intimate knowledge of the regions in which they operate and the clientele therein.

Within the Environmental Consulting Segment, Vertex requires significant human resources, financial capital, specified knowledge and expertise to remain competitive. Significant investment is required to attract, develop and retain employees with the required education, experience and knowledge to effectively serve its customers. This creates a significant barrier to entry as many operations do not possess the ability to develop the required human capital and the specialized knowledge of jurisdictional regulatory requirements. Vertex's primary competitors in this segment are currently Stantec Inc., Golder Associates Ltd. and WSP Global Inc.

In the estimate of Vertex's management, few, if any, of Vertex's competitors provide the breadth and integration of services that Vertex does, which results in fragmented competition. In such an environment, Vertex's management believes that it is uniquely positioned with its large pool of equipment, skilled labour and professional staff, cost-effective products and services, top-tier project management expertise, geographical spread, industry knowledge, and ability to integrate multiple service offerings. In management's opinion, Vertex's solid reputation, strong safety culture, and high-performance levels also provide strong differentiators from its competitors.

### *Cycles / Trends and Seasonality*

Activity levels in both the Environmental Services Segment and the Environmental Consulting Segment are affected by seasonality as well as trends in the industries in which customers operate. In Canada, the level of activity in the environmental and oilfield services sectors are influenced by seasonal weather patterns. Activity can vary greatly from quarter to quarter. In typical years, the first calendar quarter is the most active in the energy services industry, the second quarter is the least active, and the third and fourth quarters typically reflect increasing activity over the preceding quarter. Environmental consulting and services are typically the busiest during the third and fourth quarters, with lower activity levels in the first and second quarters. In particular during the second quarter, commonly referred to as the "spring break-up", the frost leaves the ground making certain roads incapable of supporting the weight of heavy equipment resulting in restrictions in the level of industrial and energy service activity across Canada.

Vertex's activity in the United States is generally not as influenced by seasonal weather conditions as it is in Canada.

### *Changes to Contracts*

Vertex's business operations depend on customer contracts and Vertex has 136 master service agreements with a number of customers. The business operations of Vertex depend, in part, on certain agreements with its customer base that may be

cancelled at any time by either Vertex or its customers. The key factors which will determine whether a client continues to use Vertex are service quality and availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, reputation for safety, and competitive pricing. There can be no assurance that Vertex's relationships with its customers will continue and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Vertex's business, financial condition, results of operations and cash flows.

#### *Employee Engagement and Health & Safety*

We recognize that we are only as successful as the people we have on our team. Our hard-working, diverse, talented and innovative employees have underpinned our success. Our employees' hard work, dedication and the pride they show in our business are why we are able to deliver on our promise to meet our customers' environmental solutions needs safely and efficiently.

Employee health and safety and the protection of the general public and the environment in which it operates are integral components of Vertex's approach to doing business. Vertex is committed to the protection of its employees, contractors, customers, and the general public and to minimizing the impact of its activities on the environment. Vertex has a simple philosophy to safety; ensure everyone goes home at the end of the day in the same condition in which we receive them. With safety as one of our core values, it is integrated in everything that we do within all operations and in all levels at Vertex. This integration allows everyone to play an equal part in the development and continuous improvement of our Health and Safety Management System. Through team work and superior execution Vertex has fostered a culture in which health, safety and the environment is taken into consideration in all decision making activities.

Everyone working with, or for Vertex, is responsible for adherence to all policies, standards and rules while performing their tasks. This approach makes everyone accountable for taking measures to ensure their own safety, the safety of others and the protection of the environment.

#### *Indigenous Engagement*

Vertex recognizes and appreciates the unique qualities, abilities and diversities of Indigenous People and their relationship with their lands and environment. Through open communication, we develop positive relationships with Indigenous People that are based on trust, honesty and integrity. This builds a synergy that will help us all to realize our goals and accomplish mutually beneficial business objectives.

Vertex commits to creating relationships with Indigenous and First Nation's Peoples in areas where, traditional lands and or communities are close to, or are affected by projects and or operations. We respect the Indigenous and First Nation's Peoples traditional values and ways of life, heritage sites, and the relationship with their lands and the environment. The Company engages in open, honest, two-way communication with Indigenous and First Nation's peoples in regard to Vertex's projects and operations. The Company is committed to working with Indigenous and First Nation's Peoples by assisting them in achieving continual benefits resulting from Vertex's projects and/or operations, including opportunities to build capacity in training to employment, and business development.

Vertex upholds a shared commitment to corporate social responsibility, including ourselves, our subsidiaries, employees, and contractors. We always conduct our projects, operations and general business in a manner that reflects the above principles. Vertex offers equal opportunities to Indigenous and First Nation's Peoples to become a part of our permanent workforce, which encompasses a wide spectrum of career opportunities and levels. The Company will enter into agreements with Indigenous and First Nation's peoples, when and where appropriate, to initiate and support training for employment opportunities, apprenticeships and other initiatives that will help build and sustain Indigenous and First Nation's individuals and communities.

## **RISK FACTORS**

Due to the nature of Vertex's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, Vertex is subject to significant risks. Vertex's future development and actual operating results may be very different from those expected as at the date of this AIF. The following describes the risks that are most material to Vertex, which readers should consider carefully. However, this is not a complete list of potential risks that Vertex faces. There may be other risks that Vertex is not aware of, or risks that are not material today but could become material in the future.

The following is a summary of certain risk factors relating to the business of Vertex and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing in this AIF.

### Volatility of the energy industry may adversely affect Vertex's business.

Vertex's business is directly affected by fluctuations in the levels of exploration, energy development and production activity carried on by some of its customers, which in turn is dictated by numerous factors, including world energy prices and government policies. The demand, pricing and terms for services provided by Vertex depend, in part, upon the level of industry activity for Canadian and U.S. oil and natural gas exploration and development. Industry conditions are influenced by numerous factors over which Vertex has no control, including: the level of oil and gas prices; expectations about future oil and natural gas prices; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas reserves; available pipeline and other oil and natural gas transportation capacity; worldwide weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and natural gas companies to raise equity capital or debt financing.

The services provided by Vertex are highly reliant on the levels of capital, operational, and maintenance expenditures made by energy companies in exploration, development, and production. Such companies base their expenditures on several factors, including but not limited to hydrocarbon prices, production levels and access to capital. In recent years, commodity prices and therefore, the level of drilling, production and exploration activity have been volatile. Any prolonged, substantial reduction in commodity prices will likely affect the activity levels of energy companies and the demand for some of Vertex's services. A significant, prolonged decline in commodity prices could have a material adverse effect on Vertex's results of operations and financial condition. The price of fuel, equipment and other input costs, insurance costs, interest rates, fluctuations in customers' business cycles and international, national and regional economic conditions are factors over which Vertex has no control. A prolonged decline in commodity prices and field activity or significant increases in fuel prices, equipment prices, other input prices, interest rates or insurance costs could reduce profitability.

### Pandemic Risk.

The outbreak of epidemics, pandemics and other public health crises in geographic areas in which Vertex has operations, employees, suppliers or customers, including the global outbreak of the COVID-19 pandemic, may increase the Company's exposure to, and magnitude of, each of the risks identified in this Risk Factors section, including those that result from a reduction in demand for crude oil and natural gas consumption and/or lower commodity prices. Vertex's business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity and/or business plans may, in particular, without limitation, be adversely impacted as a result of the pandemic and/or decline in commodity prices as a result of:

- The delay or suspension of work due to workforce disruption or labour shortages caused by workers becoming infected with COVID-19, or government or health authority, shelter in place orders, quarantine orders, mandated restrictions on travel by workers or closure of facilities, workforce camps or worksites;
- Suppliers and third-party vendors experiencing similar workforce disruption or being ordered to suspend operations;

- Reduced cash flows resulting in less funds from operations being available to fund our capital expenditures;
- Counterparties being unable to fulfill their contractual obligations to the Company on a timely basis or at all;
- The capabilities of the Company's information technology systems and the potential heightened threat of a cybersecurity breach arising from the increased number of employees working remotely;
- The Company's ability to obtain additional capital including, but not limited to, debt and equity financing being adversely impacted as a result of unpredictable financial markets, foreign currency exchange rates, commodity prices and/or a change in market fundamentals; and
- An overall slowdown in the global economy, political and economic instability, and civil unrest.

Given the dynamic nature and uncertainty of the events related to the COVID-19 pandemic, including the evolution of new variants of COVID-19 and the pace and impact of vaccine development, procurement and distribution, Vertex cannot reasonably estimate the period of time that the pandemic and related market conditions will persist, the full extent of the impact they will have on the Company's business, financial condition, results of operations or cashflows or the pace or extent of any subsequent recovery.

Vertex's business operations depend on customer contracts.

The business operations of Vertex depend, in part, on certain agreements with its customer base that may be cancelled at any time by either Vertex or its customers. The key factors which will determine whether a client continues to use Vertex are service quality and availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, reputation for safety, and competitive price. There can be no assurance that Vertex's relationships with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Vertex's business, financial condition, results of operations and cash flows.

Vertex is susceptible to seasonal volatility in its operating and financial results due to adverse weather conditions.

In general, the level of activity in Vertex's geographic sphere is, to an extent, influenced by seasonal weather patterns. Wet weather or the spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments may enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Additionally, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months, because the ground surrounding the drilling sites in these areas consists of swampy terrain. Consequently, Vertex's ability to generate revenue and net income in these segments of its business may be limited during certain periods of the year. In addition, seasonal factors and unexpected weather patterns may lead to declines in the activity levels of energy companies and corresponding declines in the demand for Vertex's services.

Vertex is subject to the availability and pricing of inputs.

Vertex sources materials, equipment, parts, and fuel from various sources. Supply disruptions in any of these markets could result in increased costs and/or lack of sufficient quantities to provide its services which may have an adverse effect on revenues and net income. Fluctuation in the pricing of inputs due to economic factors including supply and demand may negatively impact net income.

The industries in which Vertex operates are very competitive.

The industries which Vertex serves are highly competitive and rapidly changing. Vertex may be significantly affected by new product introductions and geographic expansion by existing competition. Barriers to entry into these markets may be relatively low, and Vertex expects that competition will intensify in the future. Specific factors upon which the Company competes include, but are not limited to, functionality of its products, ease of use, timing for implementation, quality of

support and services and price. Vertex's potential competitors include other companies providing environmental and land consulting services, fluid hauling and management services, insulation products and services, industrial cleaning services and equipment rentals. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than Vertex. Many of them also have longer operating histories, greater name recognition and stronger relationships with merchants and consumers. Some of them may place downward pressure on prices for services that Vertex offers if their response to potentially adverse market conditions is to lower their prices for services. Vertex may not be able to compete successfully with these competitors.

Vertex's commercial and financial success depends on market acceptance and, if not achieved, will result in Vertex not being able to generate revenue to support its operations.

The commercial success of Vertex depends, among other things, on market acceptance. The success of Vertex's products and any new services that it may launch is dependent upon its ability to attract and retain a critical mass of merchants in potentially diverse geographic locations. The sales cycle for a new merchant can be lengthy. Competitive pricing and market acceptance also depend on the future pricing and availability of competing products and services and the perceived comparative efficacy of Vertex. If Vertex cannot reach this market, or cannot offer competitive pricing packages, its operating results and revenues will be adversely affected.

Vertex may require additional capital to support its operations or the growth of its business, and it cannot be certain that this capital will be available on reasonable terms when required, or at all.

From time to time, Vertex may need additional financing to operate or grow its business. The ability to continue as a going concern may be dependent upon raising additional capital from time-to-time to fund operations. Vertex's ability to obtain additional financing, if and when required, will depend on investor and lender willingness, its operating performance, the condition of the capital markets and other facts, and Vertex cannot assure anyone that additional financing will be available to it on favorable terms when required, if at all. If Vertex raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its current stock, and its existing shareholders may experience dilution. If Vertex is unable to obtain adequate financing or financing on terms satisfactory when it requires it, its ability to continue to support the operation or growth of its business could be significantly impaired and its operating results may be harmed.

Vertex's growth strategy may not achieve the anticipated results.

Vertex's future success will depend on its ability to grow its business. Growth and innovation strategies require significant commitments of management resources and capital investments, and Vertex may not grow its revenues at the rate it expects or at all. As a result, Vertex may not be able to recover the costs incurred in developing new projects and initiatives or to realize their intended or projected benefits, which could materially adversely affect its business, financial condition or results of operations.

Vertex depends on highly skilled personnel to grow and operate its business. If Vertex is not able to hire, retain, and motivate its key personnel, its business may be adversely affected.

Vertex's success depends, in part, upon a number of key employees, including members of senior management who have extensive experience in the industry. Competition for talented senior management is intense and Vertex's ability to successfully develop and maintain a competitive market position will depend, in part, on its ability to attract and retain highly qualified and experienced management. The loss of the services of key personnel could have a material adverse effect on Vertex's business, operating results and financial condition.

Adverse litigation judgments, settlements, claims and exposure to liability resulting from legal proceedings in the normal course of business could reduce Vertex's profits or limit its ability to operate.

Vertex may be subject to allegations, claims and legal actions arising in the ordinary course of its business, which may include claims by third parties, including employees or regulators. The outcome of many of these proceedings cannot be predicted. If any of these proceedings were to be determined adversely to Vertex, a judgment, fine or settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against Vertex, its business, financial condition and results of operations could be materially adversely affected.

The market for Vertex's products and services is subject to extensive government and regulatory approvals.

Vertex's products, service activities and manufacturing processes are subject to extensive regulation by numerous government agencies. To varying degrees, these agencies monitor and enforce Vertex's compliance with laws and regulations. Vertex also has ongoing responsibilities under local and international regulations. Any adverse regulatory action, depending on its magnitude, may restrict Vertex from effectively manufacturing, marketing and selling its products or services. In addition, negative publicity and product liability claims resulting from any adverse regulatory action could have a material adverse effect on Vertex's business, operating results and financial condition.

Vertex is subject to a number of health, safety and environmental laws and regulations that may require it to make substantial expenditures or cause it to incur substantial liabilities.

Vertex is subject to increasingly stringent and complex federal, provincial, state and local laws and regulations relating to the importation, release, transport, handling, storage, disposal, use of and exposure to hazardous and radioactive materials, and the protection of workers and the environment, including laws and regulations governing occupational health and safety standards, air emissions, chemical usage, water discharges, waste management and plant and wildlife protection. Vertex incurs, and expects to continue to incur, significant capital, managerial and operating costs to comply with such health, safety and environmental laws and regulations. Violation of these laws and regulations could lead to loss of accreditation, damage to Vertex's social license to operate, loss of access to markets and substantial fines and penalties which could have a material adverse effect on Vertex's business, financial condition, results of operations and cash flows.

Vertex handles hazardous substances and wastes in its operations. Because Vertex provides services to companies producing oil and natural gas and involved in mining activities, it may also become subject to claims relating to the release of such substances into the environment. Some environmental laws and regulations provide for joint and several strict liabilities related to spills and releases of hazardous substances for damages to the environment and natural resources or threats to public health and safety. Strict liability can render a potentially responsible party liable for damages irrespective of negligence or fault. Accordingly, Vertex could become subject to potentially material liabilities relating to the investigation and cleanup of contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require Vertex to incur costs or become the basis of new or increased liabilities that could reduce its earnings and cash available for operations.

Vertex may fail to realize anticipated benefits of past or future acquisitions.

Vertex has historically completed acquisitions and may complete future acquisitions to strengthen its position in the industries it competes in and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any past, existing or future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Vertex's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process.

The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may have a material adverse effect on Vertex's ability to achieve the anticipated benefits of these and future acquisitions.

In addition to the consolidation and integration risks described above, in connection with acquisitions made by the Company there may be liabilities and contingencies that the Company failed to discover or was unable to quantify in the due diligence conducted prior to closing of an acquisition and which would have a material adverse effect on the Company's business, financial condition or future prospects.

#### Impairment of Goodwill

Vertex records goodwill resulting from acquisitions on its balance sheet. International Financial Reporting Standards require that goodwill be tested annually for impairment. Any impairment recorded will negatively impact the Company's reported net income for the year the impairment is recorded. For the year ended December 31, 2020 the Company recorded goodwill impairment as reported in the consolidated financial statements and the MD&A. It's possible that future economic conditions and business forecasts may result in additional future impairment.

#### Vertex's indebtedness, including any accelerated repayment of such indebtedness, could adversely affect its financial flexibility and its competitive position.

The degree to which Vertex is leveraged could have important consequences on its business, including: (i) Vertex's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) all or part of Vertex's cash flow from operations may be dedicated to the payment of the principal of and interest on Vertex's indebtedness, thereby reducing funds available for future operations or for dividends to shareholders; (iii) Vertex's borrowings are at variable rates of interest, which exposes Vertex to the risk of increased interest rates; (iv) Vertex may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures; (v) Vertex's flexibility in planning for, or reacting to, changes in its business and the industries in which it operates may be limited; and (vi) Vertex may be placed at a disadvantage compared to its competitors that have less debt. These factors could have a material adverse effect on Vertex's business, financial condition, results of operations and cash flows.

The terms and conditions of Vertex's borrowing arrangements permit the lenders to require accelerated or immediate repayment of some or all of the indebtedness in certain circumstances, which may or may not be within Vertex's control. If Vertex is required to make accelerated payments for any reason, Vertex may not have sufficient funds available and may not be able to raise sufficient funds to make such accelerated payments, which could have a material adverse effect on Vertex's business, financial condition and ability to operate as a going concern.

#### Downturns in general economic and market conditions may reduce demand for Vertex products and services and could negatively affect Vertex's revenue, operating results and cash flow.

Recent events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to Vertex or to Vertex's industry could have a material adverse effect on Vertex over the course of time. Volatility in the market could hurt Vertex's ability to raise capital. Potential price inflation caused by an excess of liquidity in countries where Vertex conducts business may increase the costs incurred to manufacture and sell Vertex's products or provide Vertex's services and may reduce Vertex's profit margins. As a result of downturns in general economic and market conditions, potential customers may not be interested in purchasing Vertex's products, or suppliers with which Vertex has relationships may increase the prices at which they supply component parts. Any of these events, or other events caused by turmoil in world financial markets may have a material adverse effect on Vertex's business, operating results and financial conditions.

Vertex's operations are subject to operational hazards and unforeseen interruptions for which Vertex may not be adequately insured.

Vertex's operations are exposed to potential natural disasters, including blizzards, tornadoes, storms, floods, other adverse weather conditions, fires and earthquakes. If any of these events were to occur, Vertex could incur substantial losses because of personal injury or loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental damage resulting in curtailment or suspension of Vertex's operations.

Vertex is not fully insured against all risks incident to its business, including the risk of Vertex's business operations being interrupted due to severe weather and natural disasters. Furthermore, Vertex may be unable to maintain or obtain insurance of the type and amount Vertex desires at reasonable rates. As a result of market conditions, premiums and deductibles for certain of Vertex's insurance policies could increase in the future. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. If Vertex were to incur a significant liability for which Vertex is not fully insured, it could have a material adverse effect on Vertex's business, results of operations and financial condition.

Positive covenants in Vertex's material contracts could limit its ability to operate and failure to perform such positive covenants could adversely affect Vertex.

Vertex is a party to a number of material contracts that impose affirmative duties on Vertex. The requirement of Vertex to comply with such affirmative duties could have an adverse effect on Vertex's operations from time to time, as these requirements may divert labor and capital from other profit generating initiatives. Complying with affirmative covenants could also hinder Vertex's ability to sell or transfer certain property or undertake certain capital expenditures that would otherwise be deemed to be in the best interests of Vertex. Furthermore, if Vertex was unable to meet the requirements of such affirmative duties it could lead to adverse consequences, including, but not limited to, Vertex being noted in default under a material contract. If Vertex was to be noted in default under a material contract and Vertex was unable to remedy such default in a given time, the material contract could be terminated. Therefore, there can be no assurance that the material contracts to which Vertex is a party will not be terminated.

Vertex is exposed to third party credit risk.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Vertex is exposed to credit risk from customers. This risk is elevated in the current year similar to the prior year due to the impact of the current economy on its customers. Vertex's maximum exposure is the value of its accounts receivable. However, to mitigate this risk Vertex regularly reviews customer credit limits. Vertex has accounts receivable from customers in the energy industry, as well as the utilities and infrastructure industries and government agencies. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. Vertex monitors accounts receivable as is necessary to identify any amounts which are past due and considers if they are impaired. This assessment is done on an invoice-by-invoice basis.

Currency exchange rate fluctuations could adversely affect Vertex's operating results.

Vertex is exposed to the effects of fluctuations in currency exchange rates. Since Vertex conducts some of its business in currencies other than Canadian dollars but reports its operating results in Canadian dollars, it faces exposure to fluctuations in currency exchange rates. Consequently, exchange rate fluctuations between the Canadian dollar and other currencies could have a significant impact on Vertex's operating results.

Vertex is exposed to interest rate fluctuations.

Vertex's syndicated credit facility includes operating, revolving, and term loans. These loans are subject to variable interest rates based on the banks' prime lending rate and/or bankers' acceptance rate plus a markup which varies based on Vertex's Net Senior Funded Debt to EBITDA ratio. As the revolving loan and term loan are currently drawn upon, the Company will be exposed to higher interest costs should the prime rate and/or bankers' acceptance rate increase. Vertex also enters into equipment loans which may be at variable rates of interest resulting in the potential for higher interest costs if variable rates increase.

Vertex is exposed to climate change risks.

The subject of energy and the environment has created intense public debate in Canada and globally in recent years and into the foreseeable future, could potentially have a significant impact on all aspects of the economy. There has been an increased focus in the last several years on climate change and the possible role that emissions of greenhouse gases ("GHGs") such as carbon dioxide ("CO<sub>2</sub>") and methane play in the climate change.

The trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, including laws or regulations pertaining to the emission of CO<sub>2</sub> and other GHGs into the atmosphere. Any regulatory changes that impose additional environmental restrictions or requirements on Vertex or its customers could increase the Company's operating costs and potentially lead to lower demand for its products and services.

Although the Vertex is not a large producer of GHGs, the products and services of the Company are primarily related to the productions of hydrocarbons including crude oil and natural gas, the ultimate consumptions of which is generally considered a major source of GHG emissions. Taxes on GHG emissions and mandatory emissions reduction requirements may result in increased cost and capital expenditures for oil and gas producers, thereby decreasing the demand for the Company's products and services. The Alberta carbon levy, mandatory emissions reductions programs and the new industry emissions cap in Alberta, along with equivalent or similar initiatives in the other jurisdictions in which the Company operates, may also impair the Company's ability to provide its services economically and thus reduce the demand for the Company's services. In the United States, the Environmental Protection Agency ("EPA") has begun to regulate certain sources of GHGs, including air emissions associated with oil and natural gas production particularly as they relate to the hydraulic fracturing of natural gas wells. In addition, the EPA has issued regulations requiring the reporting of GHG emissions from certain sources, including petroleum refineries and certain oil and natural gas production facilities on an annual basis.

Vertex is unable to accurately predict the impact of current and pending climate change and emissions reduction legislation and regulatory initiatives, and the cost of complying therewith, on the Company and its equipment or operations, and it is possible that such laws or regulations would have a material adverse effect on the Company's business, financial conditions, results of operations and cash flows.

Conservation Measures and Technological Advances may reduce demand for hydrocarbons.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Loss of Vertex's information and computer systems or cyber-attacks could adversely affect Vertex's business.

Vertex is dependent on its information systems and computer-based programs, including its well operations information, seismic data, electronic data processing and accounting data. If any of such programs or systems were to fail or create erroneous information in Vertex's hardware or software network infrastructure, possible consequences include a loss of

communication links and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on Vertex's business. Vertex is exposed to the risk of cyber-attacks or similar incidents in the normal course of business. Cyber-attacks or similar incidents may result in the theft or dissemination of intellectual property or other sensitive information in a manner adverse to Vertex. Vertex's information technology systems may be vulnerable to interruption due to a variety of events beyond Vertex's control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Technology security initiatives and disaster recovery plans that are put into place to mitigate Vertex's risk to these vulnerabilities may not be sufficient to ensure that Vertex's operations are not disrupted. Potential consequences of a material cyber-attack or similar incident include damage to Vertex's reputation, disruption of operations, diminished value of intellectual property, litigation and increased cyber security protection and remediation costs.

Vertex relies on internal controls and disclosure controls and procedures.

Vertex implements systems of internal controls and disclosure controls and procedures to meet the financial statement objectives of fair presentation in accordance with International Financial Reporting Standards and which are free of material misstatement. However, these systems can only provide reasonable assurance, not absolute assurance, that these objectives are met.

The price of the Company's Common Shares could be volatile.

Factors such as announcements of quarterly variations in operating results or new initiatives, innovations or contracts by competitors or clients of Vertex, changes in financial estimates by securities analysts, market conditions in general as well as other events or factors, many of which will be beyond Vertex's control, may have a significant impact on the market price of the Common Shares. The stock market and the commodities market have, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operations of particular companies. In addition, there can be no assurance that an active public market will develop or be sustained for the Common Shares.

## **DIVIDENDS**

Currently, Vertex does not intend on paying dividends until the underlying business generates sufficient cash flow to fund the Company's growth strategy. Dividends and the dividend policy of the Company will be reviewed by the board of directors of the Company (the "Board of Directors") and adjusted from time to time to reflect the current business conditions. See "Risk Factors" for a discussion of various risks that may impact the ability of the Company to pay dividends.

## **DESCRIPTION OF CAPITAL STRUCTURE**

Vertex is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares ("Preferred Shares"). At December 31, 2020, 91,253,115 Common Shares were issued and outstanding.

The holders of Common Shares are entitled to one vote in respect of each Common Share held at any meetings of the shareholders of Vertex. The holders of Common Shares are entitled to receive, and Vertex shall pay out of funds of Vertex properly applicable to the payment of dividends, only those dividends in such amounts as may be declared in the absolute discretion of the Board of Directors from time to time in respect of the Common Shares. In the event of dissolution of Vertex, each of the holders of the Common Shares shall be entitled to receive the remaining property of the Company in equal rank with the holders of all other Common Shares of the Company. Common Shares do not provide the holders thereof with any special rights, privileges restrictions or conditions other than as set out above or otherwise provided by statute.

The Preferred Shares may be issued from time to time in one or more series, each consisting of a number of Preferred Shares as determined by the board of directors of Vertex which also may fix the designation, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares including, without limitation, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of

redemption, purchase and conversion if any, and any sinking fund or other provisions. The Preferred Shares of each series shall, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of Vertex or any other return of capital or distribution of the assets of Vertex among its shareholders for the purpose of winding-up its affairs, shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares. If any cumulative dividends or amounts payable on return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares shall participate rateably in respect of accumulated dividends and return of capital.

Other than the rights and restrictions noted in this AIF and the applicable provisions of the ABCA, the securities of Vertex do not provide for any conversion or exchange rights; redemption, retraction, purchase for cancellation or surrender provisions; sinking or purchase fund provisions; provisions permitting or restricting the issuance of additional securities or any other material restrictions; nor do they require shareholders to contribute additional capital.

### **MARKET FOR SECURITIES, TRADING PRICE AND VOLUME**

The following table sets forth the reported high and low sales prices and the trading volumes of Vertex's Common Shares, on the Exchange, the primary marketplace, for the periods indicated:

2020	Price Range			Trading Volume
	High (\$)	Low (\$)	End of Month (\$)	
January	0.40	0.285	0.285	156,600
February	0.35	0.26.5	0.27	252,900
March	0.30	0.18	0.21	269,100
April	0.315	0.14	0.29	515,100
May	0.395	0.255	0.27	247900
June	0.29	0.21	0.22	177,500
July	0.25	0.21	0.23	208,600
August	0.35	0.23	0.30	258,000
September	0.30	0.20	0.20	299,200
October	0.29	0.175	0.18	355,000
November	0.27	0.20	0.23	208,300
December	0.28	0.205	0.25	258,300

### **ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

At December 31, 2020, the Company has nil escrowed Common Shares (2019 – 3,625,730). 1,465,721 of the Common Shares held in escrow at the beginning of the year were released on May 31, 2020 when the escrow agreement related to the acquisition of a private engineering company expired. Release of the remaining 2019 escrowed Common Share balance of 2,160,009 Common Shares related to the acquisition of a chemical service company was contingent on meeting specified financial targets for the years ended December 31, 2018 or 2019 which were not met and as a result, 2,160,009 escrowed Common Shares were cancelled on January 31, 2020.

**DIRECTORS AND OFFICERS**

As at March 22, 2021, Vertex's directors and officers are:

<b>Name and Municipality of Residence</b>	<b>Positions and Offices to be Held</b>	<b>Principal Occupation During the Past Five Years <sup>(6)</sup></b>	<b>Common Shares Owned, Beneficially Held or Controlled <sup>(7)(8)</sup></b>	<b>Director or Officer of Vertex Since</b>
Brian Butlin <sup>(4)</sup> <i>Edmonton, Alberta</i>	Director and Chairman	Brian Butlin was Chairman and Chief Executive Officer of Flint Energy Services Ltd. from 1992 to 2001 and Chief Executive Officer from 2001 to 2005, remaining a director until 2007 and has since acted as a director for other private companies.	10,512,879 Shares (11.52%)	February 6, 2007
Terry Freeman <sup>(2)</sup> <i>Edmonton, Alberta</i>	Director	Terry Freeman has been Head of Investments of ATB Private Equity, LP since January 2016, has been Chairman of CASL since 2011, Managing Director of Northern Plains Capital from 2007 to 2012, and was previously director & Chief Financial Officer of Flint Energy Services Ltd.	Nil	June 2, 2013
Trent Baker <sup>(3)(8)</sup> <i>Calgary, Alberta</i>	Director	Trent Baker has been a Managing Partner of 32 Degrees Capital since 2007.	Nil	March 1, 2016
Stuart O'Connor <sup>(1)</sup> <i>Calgary, Alberta</i>	Director	Mr. O'Connor is the President of Timber Ridge Capital, co-founder and Chairman of Fitzroy Developments Ltd., and co-founder and Chairman of Arcurve Inc. Previously he was President and Chief Executive Officer of Merak Projects Ltd, Director and Chairman of Flint Energy Services Ltd., and Partner at Bennett Jones LLP.	Nil	October 16, 2017
Terry Stephenson <sup>(5)</sup> <i>Sherwood Park, Alberta</i>	Director, President and Chief Executive Officer	Terry Stephenson has been the President and CEO of Vertex since 2005.	14,409,909 Shares (15.79%)	April 4, 2005
Sherry Bielopotocky <sup>(9)</sup> <i>Sherwood Park, Alberta</i>	Chief Financial Officer and Corporate Secretary	Sherry Bielopotocky was appointed CFO of Vertex on January 14, 2021. Prior thereto she was the Vice President, Corporate Services of Vertex since 2015, before which Ms. Bielopotocky was a Corporate Controller at Vertex.	106,289 Shares (0.12%)	April 1, 2005
Paul Blenkhorn <i>Calgary, Alberta</i>	Vice President, Consulting Services	Paul Blenkhorn has been the Vice President, Consulting, of Vertex since 2006.	423,644 Shares (0.46%)	June 1, 2006
Derek Ellsworth <i>Sherwood Park, Alberta</i>	Vice President, Energy Services	Derek Ellsworth joined Vertex in mid 2018. In 2007 Mr. Ellsworth was appointed Vice President of Canadian Subsurface Energy Services (predecessor of TechnipFMC), holding positions of increasing responsibility.	264,756 Shares (0.29%)	April 17, 2018
Christopher Challis <sup>(10)</sup> <i>Calgary, Alberta</i>	Vice President, Logistics	Christopher Challis joined Vertex in mid 2021. Prior thereto, Mr. Challis was the President of a private corporation for the previous six years.	Nil	February 16, 2021

Notes:

- (1) Chair of the Governance, HSE and Compensation Committee.
- (2) Chair of the Audit Committee.
- (3) Member of the Audit Committee. Notwithstanding that Mr. Baker is a representative of 32 Degrees Capital, the Vertex Board of Directors has determined he is independent within the meaning of National Instrument 52-110 – Audit Committees and National Instrument 58-201 – Corporate Governance Guidelines.
- (4) Member of the Governance, HSE and Compensation Committee.
- (5) Member of the Audit Committee.
- (6) For a complete description of the directors, officers and other management personnel of the Company, see “Biographies” below.
- (7) All percentages are on a non-diluted basis and include shares held directly and indirectly, or over which control or direction is exercised.
- (8) Mr. Baker is a Managing Partner of 32 Degrees Capital and is a representative of 32 Degrees Capital, which is a principal securityholder that holds an aggregate of 17,014,561 Common Shares (18.65%).
- (9) Ms. Bielopotocky succeeded Imran Ally as Chief Financial Officer and Corporate Secretary of Vertex on January 14, 2021. Mr. Ally acted as Vertex's Chief Financial Officer and Corporate Secretary from September 9, 2019, until his resignation in January 2021.
- (10) Mr. Challis succeeded Deon Walsh on February 16, 2021. Mr. Walsh held the position of Vice President, Environmental Services from February 8, 2016 to January 31, 2021.

Each director will hold office until the next annual meeting of the shareholders at which time any or all of the directors may be elected to hold office for a term expiring no later than the close of the next annual meeting of the shareholders. All of the officers are full time employees of Vertex.

**Share Ownership by Directors and Officers**

As at December 31, 2020, the directors and officers of the Company, as a group, beneficially owned, controlled or directed, directly or indirectly, 42,732,038 Common Shares, representing approximately 47% of the issued and outstanding Common Shares.

**Biographies**

The following are biographies of the directors and officers of Vertex:

*Brian Butlin – Director*

Brian Butlin, age 70, has been Chairman of the Vertex board of directors since February 6, 2007. As Chairman of the Vertex board of directors, Mr. Butlin provides vision, mentorship and leadership to the Vertex management team.

Previously, Mr. Butlin was the Chairman and Chief Executive Officer of Flint Energy Services Ltd. (“Flint”), a publicly traded energy company, until 2007 and 2005, respectively. Under his guidance, Flint grew from a small Canadian oilfield services firm to a public corporation with over 7,500 employees, 49 North American locations and \$1 billion of revenues. During Mr. Butlin’s 25-year tenure at Flint and its predecessor company, HMW Construction Ltd., he led the acquisition of over 29 companies and the listing of Flint on the Toronto Stock Exchange.

Mr. Butlin is currently a Director of The Crossing Company and an advisor to Longbow Capital. Previously, Mr. Butlin was a Director of the Edmonton Eskimo’s Football Club, Graham Construction Ltd., Derrick Golf & Winter Club and past Chairman of the Northern Alberta Institute of Technology.

Mr. Butlin holds a Bachelor of Science degree in Business Administration from the Michigan Technological University.

*Terry Freeman – Director*

Terry Freeman, age 60, is currently Head of Investments for ATB Private Equity, LP, a private equity firm making minority equity investments in Alberta based companies.

In the past, Mr. Freeman has served as Managing Director of Northern Plains Capital, a niche private equity firm specializing in growth-oriented oil field services and energy industrial investments. Founded in 2005, Northern Plains Capital had \$140 million under management in three funds and made 17 investments in various companies. As a Managing Director, Mr. Freeman was responsible for sourcing investments and investors, driving strategy, value creation and eventual exits for investments and corporate governance at a Board of Directors level. Terry also spent fifteen years as Chief Financial Officer of Flint and its predecessors, where he managed the financial and administrative operations of the company including investor and banking relations, risk management, mergers and acquisitions and various other executive responsibilities including acting as Corporate Secretary. He spent five years on the board of Flint after his tenure as Chief Financial Officer until its eventual sale. He currently sits on the boards of a number of private construction, energy services, and private equity and real estate ventures as well as on the board of directors of McCoy Global Inc. and Phoenix Technology Services, which are publicly traded companies.

In addition to these roles, Mr. Freeman has held multiple volunteer positions with the Chartered Professional Accountants of Alberta, Chief Financial Officer Leadership Program, the University of Alberta, and various other community and charitable organizations.

Mr. Freeman graduated from the University of Alberta with a Bachelor of Commerce degree, is a Fellow of the Chartered Professional Accountants of Alberta and holds the ICD.D designation from the Institute of Corporate Directors.

*Trent Baker – Director*

Trent Baker, age 39, is a managing partner for 32 Degrees Capital, a private equity firm focused on investing in Canadian oil and gas opportunities with approximately \$200 million under management. Mr. Baker has been with the firm since 2007, and is responsible for deal sourcing, driving strategy and value creation, investment due diligence, and investor relations.

Prior to joining 32 Degrees Capital, Mr. Baker worked in the audit department of KPMG LLP. He currently serves on the board of directors of CORE Linepipe Inc., Sphere Energy Corp. and Vertex Downhole Inc. and has previously served on the board of directors of a number of companies.

Mr. Baker holds a Bachelor of Commerce degree from Queen's University, is a member of the Chartered Professional Accountants of Alberta and is a CFA charter holder.

*Stuart O'Connor – Director*

Mr. O'Connor, age 60, is currently the President of Timber Ridge Capital Ltd., a private holding and advisory company.

In the past, Mr. O'Connor has served as a Director and as Chairman of Flint, Director of IROC Energy Services Corp., President and Chief Executive Officer of Merak Projects Ltd., a software company focused on the international oil and gas industry, and as a Partner with Bennett Jones LLP, a national law firm where he practiced corporate and securities law. He currently sits on the boards of a number of private construction, software services, and real estate ventures.

Mr. O'Connor is also active in the community and currently serves with various organizations including on the Board of Directors of the Calgary Stampede and of Hull Services.

Mr. O'Connor holds a Bachelor of Science (Chemical Engineering) degree from University of Calgary and a Bachelor of Laws degree from Queen's University in Kingston, Ontario.

*Terry Stephenson – Director, President and Chief Executive Officer*

Terry Stephenson, age 46, founded and became President and CEO of Vertex in 2005. As President and CEO, Mr. Stephenson is responsible for Vertex's strategic directions, all aspects of business planning and operations, and overall financial success.

Mr. Stephenson began his career with KPMG LLP gaining experience in audit, due diligence, valuations and taxation, where he advanced to Manager with a heavy clientele of construction clients. Mr. Stephenson joined Flint as the Director of Finance, where he was responsible for merger and acquisition transaction structure, support and execution along with public company compliance, tax planning and treasury management. He currently sits on the boards of a number of private construction, retail, and hospitality ventures.

Mr. Stephenson holds a Bachelor of Commerce degree from the University of Alberta and is a Chartered Professional Accountant.

*Sherry Bielopotocky – Chief Financial Officer*

Sherry Bielopotocky, age 41, was appointed Chief Financial Officer, succeeding Imran Ally, on January 14, 2021. Ms. Bielopotocky joined Vertex in 2005 as a Corporate Controller and was appointed Vice President, Corporate Services in 2015, and was responsible for Vertex's financial management, including budgeting, planning, risk management, operational reporting, and human resources.

Prior to joining Vertex, Ms. Bielopotocky was with Flint as a corporate accountant where she was responsible for maintaining all of the financial records of the organization. Ms. Bielopotocky has extensive experience in acquisitions and integrations and has a strong background in construction and the oil and gas industry.

Ms. Bielopotocky holds a Bachelor of Applied Business Administration - Accounting degree from the Northern Alberta Institute of Technology and is a Chartered Professional Accountant.

*Paul Blenkhorn – Vice President, Consulting Services*

Paul Blenkhorn, age 44, has been Vice President, Consulting Services of Vertex since 2006. Mr. Blenkhorn is responsible for the day-to-day operation of the consulting division of Vertex.

Mr. Blenkhorn began his career with Hood Packaging Corporation, a privately held manufacturing company in the paper converting and packing industry. At Hood Packaging Corporation, Mr. Blenkhorn gained experience in process improvement, capital investment, technical sales support, product development in a wide array of business efficiency and improving initiatives. Mr. Blenkhorn joined Pioneer Land Services Ltd. in 2006, as a project engineer but quickly became responsible for the development and growth of their environmental division.

Mr. Blenkhorn holds a Bachelor of Engineering Science degree from the University of Western Ontario and is a Professional Engineer, registered in both Alberta and Saskatchewan. Mr. Blenkhorn came to Calgary in 2000, after being drafted by the Calgary Stampeders. Mr. Blenkhorn remains active in the community, supporting the Stampeders alumni association and the United Way of Calgary.

*Derek Ellsworth – Vice President, Consulting Services*

Derek Ellsworth, age 44, joined the Company in mid-2018 and is responsible for the day-to-day operations of Vertex's rentals and chemical divisions. Mr. Ellsworth started his career in oilfield services in 2001 as a Financial Analyst in Calgary before moving into sales and then operations. Previously, Mr. Ellsworth worked for TechnipFMC and its predecessor companies, Canadian Subsurface, Pure Energy and FMC Technologies, starting with Canadian Subsurface Energy Services as Vice President in 2007. He held numerous positions of increasing responsibility throughout his ten years with the company, relocating to Sherwood Park to oversee the company's northern Canada Operations in 2016. Mr. Ellsworth has extensive strategic planning, operations management, customer acquisitions, sales and employee management experience. Recognized as a highly motivated achiever, he has guided organizations in operational efficiency and has added value through leveraging core business strengths and influencing others to achieve high levels of performance.

Mr. Ellsworth holds a Bachelor of Commerce degree from the University of Alberta and a Master of Business Administration degree from Queen's University.

*Chris Challis – Vice President, Logistics*

Chris Challis, age 49, joined Vertex in February, 2021, as Vice President, Logistics and is responsible for the day-to-day operations and management of the fluids management and logistics operations. With over 20 years of senior executive management experience in energy services, primarily transportation in Canada and the United States, Mr. Challis brings a depth of industry experience and knowledge in all covering all aspects of transportation to the logistics group. For a majority of Mr. Challis career, he has held the position of President and CEO/COO with various public and privately held companies.

Mr. Challis has been successful in developing energy services businesses from start up to public companies involving mergers and acquisitions and has been involved in successful capital restructuring and turnarounds in the transportation industry.

Mr. Challis is a graduate of the University of Lethbridge with a degree in International Management.

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

Except as described below, to the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons) is, as of the date of this AIF, or was within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “Order”), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, to the knowledge of the Company no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as of the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Terry Freeman, a director of the Company, was a director of GLM Industries Ltd., a private company, until April 9, 2015. GLM Industries Ltd. was placed into receivership on July 6, 2015.

**Conflicts of Interest**

There may from time to time be potential conflicts of interest to which some of the directors, officers, insiders and promoters of the Company will be subject in connection with the operations of the Company. Certain of the directors or officers of the Company are also directors, officers, and/or shareholders of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company, notwithstanding that they will be bound by the provisions of the ABCA to act at all times in good faith in the best interests of the Company and to disclose such conflicts to the Company if and when they arise. Conflicts, if any, will be subject to the procedures and remedies provided for under the ABCA.

To the best of its knowledge, Vertex is not aware of the existence of any conflicts of interest between Vertex and any of the directors or officers as of the date of this AIF.

**LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Neither Vertex nor any of its subsidiaries is a party to, nor the subject matter of, any significant legal proceedings or regulatory actions, nor are any such proceedings or actions known to Vertex to be contemplated. In the ordinary course of business activities, Vertex may be contingently liable for litigation and claims with employees, 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.

**INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the knowledge of Vertex, no: (i) director or executive officer of the Corporation; (ii) person that is the beneficial owner of, or who exercises direct or indirect control or direction over, more than 10% of the outstanding Common Shares; or (iii) any associate or affiliate of any person referred to in (i) or (ii) above has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Vertex, other than as disclosed elsewhere in this AIF.

**TRANSFER AGENTS AND REGISTRARS**

The transfer agent and registrar is TSX Trust Company at its principal offices in Calgary, Alberta.

**MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, there are no material contracts that the Company has entered into within the last financial year, or before the last financial year which are still in effect, which can reasonably be regarded as presently material.

**INTERESTS OF EXPERTS**

Pricewaterhouse Coopers LLP (“PwC”) of 10220 – 103 Avenue NW, 22<sup>nd</sup> Floor, Edmonton, Alberta, T5J 0JK4 is the external auditor of Vertex and is independent of Vertex within the meaning of the Code of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

**ADDITIONAL INFORMATION**

Additional information relating to Vertex, including the documents noted below, may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on Vertex’s website at [www.vertex.ca](http://www.vertex.ca). Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans is contained in the Company’s information circular for its most recent annual meeting of securityholders that involved the election of directors. Additional financial information is provided in Vertex’s consolidated financial statements and management’s discussion and analysis for its most recently completed financial year. Information contained in or otherwise accessible through Vertex’s website does not form part of this Annual Information Form, and is not incorporated into this Annual Information Form by reference.