Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three months ended March 31, 2021 and 2020

The following Management's Discussion and Analysis ("MD&A") is dated May 12, 2021, and is a discussion of the consolidated financial position and results of Vertex Resource Group Ltd. ("Vertex" or the "Company") for the three months ended March 31, 2021 and 2020, and should be read together with Vertex's unaudited condensed consolidated interim financial statements and accompanying notes (the "Interim Financial Statements") for the three months ended March 31, 2021, the annual audited consolidated financial statements and accompanying notes (the "Annual Financial Statements") for the year ended December 31, 2020 and the Company's Annual Information Form ("AIF") for the same year filed on the Company's SEDAR profile at www.sedar.com. All dollar amounts contained in tables in this MD&A are in thousands of Canadian dollars, except per share amounts or unless otherwise stated.

This MD&A and the Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"), 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 7.0 Forward-Looking Information.

1.0 Executive Overview

Vertex is a TSX Venture Exchange publicly traded environmental services company providing industry leading solutions to a diverse range of clients across Canada and within select regions of the United States. Vertex helps its clients achieve their developmental and operational goals through a versatile suite of integrated 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 operating in numerous industries, and Vertex trades under the symbol "VTX".

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 as 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.

The Company has two reportable segments:

Environmental Consulting

Through Vertex's Environmental Consulting 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 energy, mining, utilities, forestry, private development, public infrastructure, telecommunications, and government. More specifically, these services 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.

Environmental Services

Through Vertex's Environmental Services segment, the Company provides a variety of services related to transportation, removal, storage, disposal of materials, and maintenance of facilities in an environmentally safe manner. Services include fluid management and logistics, waste and recycling, industrial cleaning and maintenance, hydro-excavating, and site services for various industries including energy, telecommunications, public sector, utilities, mining, and agriculture.

2.0 First Quarter Operational and Financial Highlights

In the last six months, the global economy began to recover due to the easing of the government-imposed lockdowns. However, Canada saw a second wave of COVID-19 restrictions imposed halfway through the fourth quarter of 2020 which dampened activity well into the first quarter of 2021. Canada has since seen a third wave of COVID-19 restrictions imposed near the end of Q1 2021 which continues to negatively impact activity. Continued global immunization efforts have caused increases in commodity prices, while the presence of OPEC+ supply agreements have also positively impacted oil prices. Certain regions of Western Canada experienced periods of extreme cold weather which negatively impacted the demand for Vertex's services. In the U.S. Midwest they experienced a prolonged period of mild weather which has reduced propane demand in that region.

Vertex has begun to execute abandonment and reclamation ("A&R") projects from major government programs which were delayed in 2020 and Vertex continues to expect significant revenue opportunities in this area through 2022, as there is still considerable unallocated funding.

First quarter highlights:

The Company generated $32.9 million in revenues compared to $38.4 million in Q1 2020, while gross margin increased to 24.4% from 23.6%.

Adjusted EBITDA during the first quarter amounted to $4.7 million compared to $5.3 million in Q1 2020, with adjusted EBITDA as a percentage of revenue increasing to 14.1% from 13.9% in Q1 2020.

Net loss amounted to $0.6 million compared to $5.6 million the prior year due to the decrease in G&A and amortization costs, while the first quarter 2020 contained an impairment charge of $3.7 million.

Free cash flow amounted to $4.0 million compared to $4.8 million in Q1 2020 (See Non-IFRS Financial Measures – Section 7.0).

On February 26, 2021, Vertex completed the acquisition of MAD Oilfield Services Inc. ("MAD") for fair value consideration of $8.5 million and the assumption of $8.3 million in equipment loans and leases. This acquisition is increased Q1 revenue and adjusted EBITDA by $1.1 million and $0.2 million respectively.

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2.1 Selected Financial Information

	Three months ended March 31, 2021	2020
Revenue	**32,948**	38,426
Direct costs	**24,914**	29,342
Gross profit	**8,034**	9,084
General and administrative expenses	**3,379**	3,761
Depreciation and amortization	**4,114**	6,040
Finance costs	**1,296**	1,359
Impairment	**-**	3,665
Restructuring costs	**-**	629
Share-based compensation	**-**	43
Loss before income taxes	**(755)**	(6,413)
Income tax recovery	**(184)**	(814)
Net loss and comprehensive loss for the period	**(571)**	(5,599)
Net loss per share		
Basic and diluted	**(0.01)**	(0.06)
Weighted average number of shares outstanding for the purpose of calculating earnings per share		
Basic and diluted	**91,253,115**	91,253,115

ADJUSTED EBITDA [(1)]		
Environmental Consulting	**1,741**	1,856
Environmental Services	**4,063**	4,446
Other	**(1,149)**	(979)
	4,655	5,323

(1) See Non-IFRS Financials Measures - Section 7.0

3.0 Outlook

The economic uncertainty and contraction which commenced with the advent of COVID-19 in late Q1 2020 has continued into Q1 2021, evidenced by delays in construction projects, shifts in scheduled maintenance outages, government-imposed restrictions limiting access to work sites, significantly reduced demand and volume for energy products, ongoing price competition, and reductions in capital spending. Increased commodity pricing and the rollout of the COVID-19 vaccine strategy generated cautious optimism during Q1 2021 throughout North America. While activity levels remained lower than the prior year, the negative impact on our revenue was substantively mitigated through our focus on business optimization, cost savings initiatives.

Vertex's growing reputation, strong presence in various geographic areas, relationships with clients, and diversified complement of services have allowed it to withstand the economic pressures better than other service providers offering a single service or those that have operations in only one geographic region. Strong client relationships, effective safety programs, robust quality control, a reputation for meeting commitments, and various government support and stimulus programs mitigated the potential for material reductions in gross margins. Vertex demonstrated the strength and resiliency of our business model in 2020 and we are in an enviable position to facilitate growth as the economy continues to recover.

Demand for Vertex's services is expected to improve throughout 2021 due to various government programs for reclamation and abandonment of environmental liabilities, improved capital spending across multiple industries, unfettered access to work sites, recovery of energy production, increased oil and gas development due to strengthened commodity prices, reinstatement of major customer maintenance programs, and continued diversification. Federal, provincial, and state governments across North America have identified investment in infrastructure as a key component of their economic recovery plans. Additionally, new opportunities in the telecommunications, utilities and renewable energy sectors are expected to grow based on increased capital investment plans by several of our key customers.

A strong resurgence in commodity prices coupled with increasing in energy demand should result in customers in the energy industry continuing to increase activity levels throughout the year. Consolidation of customers in the oil and gas sector started in 2020 and is expected to continue through 2021. Conservative capital deployment and continued focus on debt reductions will likely delay the return to pre-COVID activity until 2022, but activity in 2021 is expected to rebound from 2020. Additionally, we are anticipating competitor consolidations and business failures will provide further opportunities for Vertex to grow our market share. The new administration in the United States has pledged to enhance environmental and air quality regulations which should create further opportunities for our services.

These expectations may change from period to period if economic activity is further dampened, new government safety measures are enacted, existing government mandated restrictions are prolonged, or supply/demand conditions remain unsettled. However, global economic recovery from this Pandemic will continue to strengthen throughout 2021 and into 2022. The Canadian Emergency Wage Subsidy (CEWS) program has been extended until September 2021 and Vertex will continue to participate in all periods for which we meet the eligibility requirements.

Vertex resumed its acquisition activity in early 2021, acquiring an environmental services business providing industrial cleaning, waste management and hydro-excavating. This business is very complementary, strengthens Vertex's industrial cleaning asset base and has a strong backlog of contracted maintenance work for the next three to five years. The structure of this acquisition allows Vertex to grow its revenues and earnings while also strengthening our balance sheet. Vertex will continue to pursue other acquisitions throughout 2021 should they meet our strict financial and strategic requirements.

Vertex is very well positioned to work closely with our Indigenous partners, customers and the provincial governments of Alberta, Saskatchewan, and British Columbia as well as the Canadian federal government to participate in the various environmental liability clean up programs in 2021 and 2022. In addition, Vertex is a prime contractor for the Alberta Orphan Well Association, the Saskatchewan Orphan Well Association and the BC Oil & Gas Commission. Vertex anticipates an increased level of activity from all these programs in 2021 and 2022 as the various government agencies and departments have now been able to develop and refine the funding mechanisms, the absence of which greatly impeded activity in 2020. The Company also plans to continue expanding its services to municipalities, utilities, renewables and the telecommunications sector and will continue its geographic diversification efforts in British Columbia, Ontario, and the U.S.

Vertex's vision of being a world leading environmental services company has not changed. As an Environmental Service business, we believe we are uniquely positioned for ESG performance. We understand that we have a responsibility to maximize our Internal ESG performance and have made a corporate commitment to do so. More substantially, we understand that our Supply Chain opportunity to support the ESG initiatives of our customers has a significantly broader global impact. As such our ESG system design includes both an internal and supply chain focus. As our ESG journey evolves so too will our measurement and reporting, holding ourselves accountable to internal and supply chain metrics. Ultimately, our intent is to create business resiliency by becoming a primary source of executable ESG supply chain solutions for our customers.

4.0 Results from Operations

4.1 Revenue

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

	Three Months Ended		**Variance**	
	March	March		
	2021	2020	**$**	%
Environmental Consulting	**11,066**	11,207	**(141)**	-1.3%
Environmental Services	**21,087**	26,133	**(5,046)**	-19.3%
Other	**795**	1,086	**(291)**	-26.8%
Revenue	**32,948**	38,426	**(5,478)**	-14.3%

Revenues in the quarter were down by $5.5M or 14.3% from prior year quarter due to the lingering effects of COVID-19 in the first quarter of 2021 in comparison to the pre-pandemic first quarter in 2020.

The Environmental Services segment revenue decreased by 19.3% to $21.1 million. Lower revenues were attributable to ongoing impact of COVID-19, exploration and development activity levels were down from prior year, competitive pricing and weather impacts during the quarter.

4.2 Gross Profit

	Three Months Ended		**Variance**	
	March	March		
	2021	2020	**$**	%
Gross profit	**8,034**	9,084	**(1,050)**	-11.6%
Gross profit as a % of revenue	**24.4%**	23.6%		

The decrease in gross profit is due to the reduction in revenue from $38.4 million to $32.3 million. The impact of COVID-19, commodity prices and weather was partially offset by aggressive cost management and process efficiencies, as gross margin % increased to 24.4%. Reported gross margin for the quarter ended March 31, 2021 reflects CEWS of $0.9 million (quarter ended March 31, 2020 - $0.5 million).

4.3 General and Administrative Expenses (G&A)

	Three Months Ended		Variance	
	March	March		
	2021	2020	$	%
General and administrative expenses	**3,379**	3,761	**(382)**	-10.2%
G&A as a % of revenue	**10.3%**	9.8%		

G&A decreased by $0.4 million resulting from reduced salaries, continuous efficiency improvements and active management of costs over the last several quarters. Reported G&A for the quarter reflects CEWS of $0.2 million (quarter ended March 31, 2020 - $0.2 million).

4.4 Adjusted EBITDA

	Three Months Ended		Variance	
	March	March		
	2021	2020	$	%
Environmental Consulting	**1,741**	1,856	**(115)**	-6.2%
Environmental Services	**4,063**	4,446	**(383)**	-8.6%
Other	**(1,149)**	(979)	**(170)**	-17.4%
	4,655	5,323	**(668)**	-12.6%
Adjusted EBITDA as a % of revenue	**14.1%**	13.9%	**0.3%**	2.0%

(1) See Non-IFRS measure definition Section 7.0.

Adjusted EBITDA finished the quarter at $4.7 million. Adjusted EBITDA decrease resulted from a combination of the revenue impact of COVID-19 pressures offset with proactive management. Environmental Consulting segment's Adjusted EBITDA decreased by $0.1 million during the period, while Environmental Services segment's Adjusted EBITDA decreased by $0.4 million over the same period.

The "Other" segment is comprised of corporate costs and other minor operations. Adjusted EBITDA in this segment decreased due to reduced revenues in those minor operations combined with the impact of CEWS discussed above.

4.5 Other items

	Three Months Ended		Variance	
	March	March		
	2021	2020	$	%
Depreciation and amortization	**4,114**	6,040	**(1,926)**	-31.9%
Finance costs	**1,296**	1,359	**(63)**	-4.6%
Impairment	**-**	3,665	**(3,665)**	-
Restructuring costs	**-**	629	**(629)**	-
Share-based compensation	**-**	43	**(43)**	-
Total	5,410	11,736	**(6,326)**	-53.9%

Other items during the three months ended March 31, 2021 decreased by $6.3 million due to a reduction of depreciation resulting from the slower replacement of fully depreciated fixed assets. Other items for the period ended March 31, 2020 included an impairment charge of $3.7 million and restructuring costs of $0.6 million that were not recurring.

4.6 Net Loss and Comprehensive Loss for the Period

	Three Months Ended		Variance	
	March	March		
	2021	2020	**$**	%
Net loss and comprehensive loss for the period	**(571)**	(5,599)	**5,028**	89.8%

Net loss for the quarter ended March 31, 2021 improved from the comparative quarter as the period ended March 31, 2020 included non-recurring restructuring costs and impairment charges as noted above.

4.7 Summary of Quarterly Results

($000 except per share amounts)	**2021**	2020				2019		
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
Revenue	**32,948**	37,331	32,067	28,301	38,426	40,664	43,655	41,123
Net (loss) income	**(571)**	(859)	1,471	(711)	(5,599)	(8,871)	(552)	(1,266)
Basic and diluted (loss) income per share	**(0.01)**	(0.01)	0.02	(0.01)	(0.06)	(0.10)	0.00	(0.01)
Adjusted EBITDA[(1)]	**4,655**	5,617	6,822	6,702	5,323	4,472	6,475	5,333

(1) See Adjusted EBITDA definition Section 7.0.

Vertex continues to demonstrate the resiliency and stability of our diverse service offerings across diverse industries. The Company continues to cross sell services for our people and equipment to drive utilization and revenues to maintain successful operations in a challenging economic environment.

Vertex's operating and financial performance improved in the fourth quarter of 2020 but these improvements were met with increased government restrictions as Canada entered the third wave of COVID-19, which negatively impacted activity levels. In addition, a mild winter in the U.S. Midwest negatively impacted propane demand, and extreme cold weather in Saskatchewan restricted operations in the first quarter of 2021. Overall, lower revenue was experienced in Q1 2021 due to client deferral of expenditures and planned maintenance and the lagging impact that low commodity prices had on development and exploration activity.

A lower revenue level was experienced in the final three quarters of 2020 due to volatility of commodity prices, COVID-19, continued uncertainty for oil demand and unwinding delay in reclamation activities caused by new government funding programs. Second quarter 2020 bore the full impact of COVID-19 due to full economic shutdowns in many jurisdictions and very high uncertainty surrounding energy demand and production which impacted all Company business lines. Third quarter 2020 reflects the beginning of a recovery which was further realized in fourth quarter 2020 as activity levels reached nearer to pre-COVID-19 levels.

Revenue and Adjusted EBITDA remained stable for 2019, and much of first quarter 2020, due to Vertex's service offerings deriving revenues from on-going, repetitive streams in our clients' operations, maintenance and reclamation activities. The fourth quarter of 2019 faced challenges from an opportunity perspective that negatively impacted operating results. In addition, $6.7 million in impairment charges were recognized during that quarter, with an additional $3.7 million in impairment charges during the first quarter of 2020. Adjusted EBITDA has remained at a high level for second and third quarter 2020 because of CEWS and the Company's actions to mitigate the potential drop from severe economic contractions. EBITDA in the fourth quarter of 2020 remained high as the tapering of CEWS was replaced by increased activity and utilization while the Company continued to focus on cost controls to drive higher margins.

5.0 Liquidity and Capital Management

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

	Three months ended March 31,	
	2021	2020
Cash provided by operating activities	**456**	3,750
Cash used in investing activities	**(5,929)**	(783)
Cash provided by (used in) financing activities	**5,473**	(2,585)
	-	382

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. The Company typically utilizes its available committed operating loans and equipment lease lines. The Company has a healthy liquidity position with access to in excess of $23 million to fund working capital requirements and planned expenditures.

5.1 Cash Generated from Operating Activities

The decrease in cash provided by operating activities was due to increased working capital needs during the quarter as government led environmental and reclamation projects require vendor payments as a prerequisite to project billings.

5.2 Cash Used in Investing Activities

The primary increase in cash used in investing activities was net cash outlay for the acquisition of MAD of $4.4 million in Q1 2021. Capital expenditures were $1.7 million in the first quarter of 2021 up from $0.9 million in the same quarter of 2020. Proceeds from disposal of property and equipment increased to $0.2 million in the first quarter of 2021 from $0.1 million in the first quarter of 2020.

5.3 Cash Used in Financing Activities

Cash provided by financing activities increased by $8.1 million due to the use of the Company's revolving loan to fund the aforementioned acquisition and to augment working capital needs in the quarter. Vertex is focused on reducing its loans and borrowings through scheduled and additional repayments in 2021.

5.4 Working Capital

	March 31, 2021	December 31, 2020
Current assets	**41,451**	38,809
Current liabilities (excluding current portion of loans and borrowings, other liabilities, and lease liabilities)	**21,230**	20,328
Working Capital	**20,221**	18,481

At March 31, 2021 working capital increased slightly as it includes the impact of MAD's working capital position acquired in the quarter.

5.5 Credit Facilities

	March 31, 2021	December 31, 2020
Revolving and operating loans:		
Committed revolving and operating facilities	**35,000**	35,000
Drawn on revolving and operating facilities	**20,007**	7,153
Available revolving and operating facilities	**14,993**	27,847

Debt as of March 31, 2021, consisted of the items noted in Section 5.6 Commitment and Contingencies.

Debt Covenants

As of March 31, 2021, the Company complied with the terms and covenants of its Credit Facilities. Certain adjustments, as approved by the syndicate of lenders, are made to Adjusted EBITDA to derive Bank EBITDA, which amounted to $25.1 million for the trailing twelve months ending March 31, 2021.

5.6 Commitments and Contingencies

As part of the Company's normal operations, it often enters into contracts, such as leases and purchase contracts, which obligate the Company to make disbursements in the future. Contractual maturities for financial liabilities on an undiscounted basis, including interest and principal at March 31, 2021 are as follows:

Due Within	Operating loan [1]	Loans and borrowings	Other liabilities	Lease liabilities	**Total**
One year	20,008	12,702	1,736	7,387	41,833
Two years	-	55,433	1,516	6,718	63,667
Three years	-	4,100	1,201	5,003	10,304
Four years	-	3,029	-	2,959	5,988
Five years	-	1,316	-	1,669	2,985
Thereafter	-	316	-	2,045	2,361
	20,008	**76,896**	**4,453**	**25,781**	**127,138**

(1) Operating loan and accounts payable and accrued liabilities

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 March 31, 2021, the Company did not have any off-balance sheet arrangements.

5.7 Capital Expenditures

The Company's gross capital expenditures were $1.7 million in the first quarter of 2021, up from $0.9 million in the same quarter of 2020. The Company undertakes to sell any under-utilized assets that cannot be redeployed in other geographical locations in order to improve utilization. In the first quarter of 2021, the Company sold $0.2 million worth of capital assets compared to $0.1 million in the first quarter 2020.

The 2021 net capital expenditures are expected to be in the range of $5.0 million to $6.0 million. The maintenance and growth capital expenditures are not committed or required if factors related to economics, industrial and customer spending plans change.

5.8 Credit Risk

The Company's revenues are from a diverse customer base that includes the energy, telecommunications, public sector, real estate, utility, 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 industry. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. For the quarter ended March 31, 2021, the Company had no customers that accounted for more than 10% of the consolidated sales (year ended December 31, 2020 – nil). The aging analysis of accounts receivables is as follows:

	March 31, 2021	December 31, 2020
0 to 30 days	16,360	18,180
31 to 60 days	9,149	7,436
61 to 90 days	1,281	1,638
Over 90 days	1,778	1,952
Holdbacks	146	164
Trade accounts receivable	28,715	29,370
Allowance for expected credit losses	(766)	(688)
Trade receivables, net of allowance	27,949	28,682
Accrued receivables	5,636	3,701
Other receivables	74	46
	33,658	32,429

5.9 Outstanding Share Data

As of May 12, 2021, the Company had 91,253,115 Common Shares outstanding. As of the same date, the Company had outstanding 3,440,000 stock options to purchase Common Shares.

5.10 Transactions with Related Parties

All related party transactions are 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 controlled by a director or officer.

At March 31, 2021, lease liabilities include $5.1 million (March 31, 2020 - $5.6 million) of liabilities relating to the leases with a related party. Principal payments of unsecured lease liabilities and associated interest accretion for the three months ended March 31, 2021 were $0.2 million (three months ended March 31, 2020 - $0.2 million).

6.0 Critical Accounting Judgments, Estimates and Accounting Policy Developments

6.1 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, 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.

The Company has:

- continuously refined and documented its management and internal reporting systems to ensure that accurate and timely internal and external information is gathered and disseminated. Management also regularly evaluates these estimates and assumptions, which are based on past experience and other factors that are deemed reasonable under the circumstances; and
- hired employees and consultants who have the skills required to make such estimates and ensures that employees or departments with the most knowledge of the activity are responsible for the estimates. Furthermore, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates.

The Company's summary of significant accounting policies, estimates and critical judgements are contained in note 5 to the consolidated financial statements.

6.2 Future Accounting Standard Pronouncements

The Company has reviewed new and revised standards and interpretations that have been approved by the IASB. There have been no new standards or interpretations issued during 2021 that significantly impact Vertex.

6.3 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 27 to the Annual Financial Statements.

7.0 Non-IFRS Financial Measures

This release includes certain terms or performance measures that are not defined under International Financial Reporting Standards ("IFRS"), including "Adjusted EBITDA". The data presented is intended to provide additional information that should not be considered in isolation or as a substitute measure of performance prepared in accordance with IFRS. The non-IFRS measures should be read in conjunction with the Company's financial statements and accompanying notes.

A) "Adjusted EBITDA" is a non-financial measure which is calculated by adjusting net (loss) income for the sum of income taxes, finance costs including interest accretion on lease liabilities, depreciation of property and equipment and right of use assets, amortization of intangible assets, share-based compensation, restructuring costs and impairment. The Company uses Adjusted EBITDA as an indicator of its principal business activities operational performance prior to consideration of how its activities are financed and the impact of taxation, non-cash depreciation and amortization, restructuring costs and other non-cash expenses such as impairments required under IFRS. Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures provided by other companies. Adjusted EBITDA is used by many analysts as an important analytical tool and management of Vertex believes it is useful for providing readers with additional clarity on Vertex's operational performance. This measure is also considered important by the Company's lenders in determining compliance by the Company with the financial covenants under its lending arrangements.

	Three months ended March 31, 2021	2020
Net loss and comprehensive loss for the period	**(571)**	(5,599)
Add:		
Depreciation and amortization	**4,114**	6,040
Finance costs	**1,296**	1,359
Impairment	**-**	3,665
Restructuring costs	**-**	629
Share-based compensation	**-**	43
Income tax recovery	**(184)**	(814)
ADJUSTED EBITDA	**4,655**	5,323
Environmental Consulting	**1,741**	1,856
Environmental Services	**4,063**	4,446
Other	**(1,149)**	(979)
	4,655	5,323

B) "Free cash flow" is a non-financial measure which is calculated by reducing adjusted EBITDA by maintenance capital expenditures net of disposal proceeds.

Adjusted EBITDA	**4,655**	5,323
Maintenance capex	**(886)**	(686)
Proceeds from disposal of property and equipment	**195**	120
	3,964	4,757

8.0 Forward-Looking Information

Any "financial outlook" or "future oriented financial information" in this MD&A, as defined by applicable securities laws, has been approved by management of Vertex. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other circumstances.

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. In particular, but without limiting the foregoing, this document contains forward-looking information and statements pertaining to the following: the Company's key strategies, objectives and competitive strengths; anticipated expenses; the Company's ability to integrate and capitalize on underutilized equipment through cross-selling opportunities across service lines and reducing redundant costs in 2021; growth opportunities in 2021; supply and demand for the Company's services; anticipated savings in 2021; activity levels in the oil and gas industry and other industries in which the Company operates; annual gross maintenance capital expenditures for 2021; future development activities; and the Company's ability to retain existing clients and attract new business, particularly business outside of the oil and gas industry. 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.

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; positive future trends in revenue, gross profit margin, Adjusted EBITDA, Bank EBITDA and net income; the general continuance of current or, where applicable, assumed industry conditions; the mix of revenue from non-oil and gas customers in 2021; pricing of the Company's services; the Company's ability to market successfully to current and new clients; the Company's ability to obtain qualified personnel and equipment in a timely and cost-effective manner; the Company's future debt levels; the impact of competition on the Company; the Company's ability to obtain financing on acceptable terms; 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; client activity levels; anticipated market recovery; the Company's anticipated business strategies and expected success; the Company's ability to utilize its equipment; levels of deployable equipment; and future sources of funding for the Company's capital program.

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 and market acceptance; the Company's growth strategy may not achieve anticipated results; potential litigation claims; difficulty in attracting and retaining skilled personnel; adverse litigation judgments, settlements and exposure to liability resulting from legal proceedings could reduce profits of limit Vertex's ability to operate; the market for Vertex's products and services is subject to extensive government and regulatory approvals; health, safety and environment laws and regulations may require the Company to make substantial expenditures or cause it to incur substantial liabilities; the Company may fail to realize anticipated benefits of future acquisitions; Vertex's indebtedness may adversely affects its financial flexibility and competitive position; competition in the industries in which Vertex operates; downturns in general economic and market conditions; operational hazards and unforeseen interruptions for which Vertex may not be adequately insured; positive covenants in Vertex's material contracts could limit its ability to operate; third part credit risk; conservation measures and technological advances may reduce demand for hydrocarbons; loss of the Company's information and computer systems or cyber-attacks; director and officer conflicts of interest; a reassessment by tax authorities of Vertex's income calculations; volatility in the price of the Common Shares; and the risk factors set forth under the heading "Risk Factors" in the AIF.

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, is available on SEDAR at www.sedar.com and the Company's website at www.vertex.ca.