

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

The following Management's Discussion and Analysis ("MD&A") is dated November 10, 2021, and is a discussion of the consolidated financial position and results of Vertex Resource Group Ltd. ("Vertex" or the "Company") for the three and nine months ended September 30, 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 and nine months ended September 30, 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 8.0 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 operates in two 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.

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

2.0 Operational and Financial Highlights

During Q2 and into Q3, the global economy has continued to recover with increasing global immunization totals and the stabilization of energy prices. The reopening of economies has resulted in increased access to work sites, increases in government spending on infrastructure as part of recovery initiatives, increased capital spending and the resumption of scheduled facility maintenance along with greater energy exploration.

Vertex's first quarter acquisition has resulted in volume increases year to date, and subsequent improvements in utilization of both personnel and equipment have made positive contributions to margins and profitability relative to the first nine months of 2020.

Third quarter highlights:

Achieved record adjusted EBITDA¹ of \$7.6 million compared to \$6.8 million in Q3 2020.

The Company generated \$42.3 million in revenues which was the highest revenue in the last eight quarters.

Net income of \$0.6 million in Q3 2021.

Free cash flow¹ amounted to \$7.1 million compared to \$6.6 million in Q3 2020.

Nine-month highlights:

Revenue increased 14.8% to \$113.4 million from \$98.8 million for the same period in 2020.

Adjusted EBITDA amounted to \$19.8 million for the nine months of 2021 compared to \$18.8 million in 2020.

Net income for the nine months ended September 30, 2021 was \$0.3 million compared to a net loss of \$4.8 million the prior year.

Free cash flow amounted to \$17.6 million (\$18.4 million – 2020) in the nine month period.

(1) See Non-IFRS Financial Measures – Section 7.0

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

2.1 Selected Financial Information

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Revenue	42,284	32,067	113,362	98,794
Direct costs	30,202	22,509	82,043	70,996
Gross profit	12,082	9,558	31,319	27,798
General and administrative expenses	4,449	2,736	11,492	8,951
Depreciation and amortization	5,224	3,243	14,919	14,094
Finance costs	1,551	1,480	4,549	4,566
Impairment and restructuring costs	-	189	-	5,437
Share-based compensation	-	46	-	134
Income (loss) before income taxes	858	1,864	359	(5,384)
Income tax expense (recovery)	209	393	87	(545)
Net income (loss) and comprehensive income (loss) for the period	649	1,471	272	(4,839)
Net income (loss) per share				
Basic and diluted	0.01	0.02	0.00	(0.05)
Weighted average number of shares outstanding for the purpose of calculating earnings per share				
Basic and diluted	91,253,115	91,253,115	91,253,115	91,253,115
ADJUSTED EBITDA ⁽¹⁾				
Environmental Consulting	2,496	2,858	6,121	6,797
Environmental Services	6,416	6,059	17,101	18,277
Other	(1,279)	(2,095)	(3,395)	(6,227)
	7,633	6,822	19,827	18,847

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

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

3.0 Outlook

During the third quarter of 2021, Vertex achieved the highest quarterly adjusted EBITDA in our history. The positive momentum from the second quarter continued in Q3 and looks to continue for the rest of the year and throughout 2022. Our operations showed a significant improvement over the 2020-quarter and exceeded our expectations for 2021. Vertex's growing reputation, strong presence in various geographic areas, relationships with clients, and diversified complement of services have allowed us 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, strong quality control, a reputation for meeting commitments, and various government support and stimulus programs mitigated the potential for material reductions in gross margins. Vertex continues to demonstrate the strength and resiliency of our business model and is in an enviable position to facilitate further growth as the economy continues to recover.

The remainder of 2021 is expected to see continued positive momentum for Vertex's services, above the levels experienced in 2020 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 natural gas developments and commodity prices, reinstatement of major customer maintenance programs, and continued diversification. As our activity levels increase, we remain focused on managing our growth to protect our balance sheet. Our cost management strategies resulted in positive earnings once again this quarter and we continue to focus on generating strong levels of free cashflow.

Federal, provincial, and state governments across North America have identified investment in infrastructure as a key component of their economic recovery plans which will include the maintenance, upgrade, and expansion of critical infrastructure. The new administration in the United States has pledged to enhance environmental and air quality regulations which should create further opportunities for our services. New legislation in Alberta establishes firm timelines to address environmental liabilities from dormant operations and introduce new mandatory closure spend targets for the oil and gas industry. 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.

Our outlook for 2022 is that the North American economies will continue to recover from the adverse impact of the COVID-19 pandemic. Rising vaccination rates globally have aided economic growth and mobility, which has strengthened commodity prices and will provide certainty around the scheduling and execution of new infrastructure projects.

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 expertise and skillset positions us to support the ESG initiatives of our customers which have a significantly broader global impact than our Internal ESG performance. 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.

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

4.0 Results from Operations

4.1 Revenue

	Three months ended		Nine months ended	
	September 30, 2021	2020	September 30, 2021	2020
Environmental Consulting	12,762	10,401	33,045	28,869
Environmental Services	28,829	20,388	77,681	66,711
Other	693	1,278	2,636	3,214
Revenue	42,284	32,067	113,362	98,794

Third Quarter 2021 versus Third Quarter 2020

During the third quarter 2021, revenue increased by \$10.2 million, or 31.9% from the same quarter ended September 30, 2020.

The revenue increase of \$2.4 million, or 22.7%, in the Environmental Consulting segment was due to higher customer spending on environmental liabilities, including government programs related to remediation, along with increased activity related to customers sustaining and capital expenditures.

Revenue in the Environmental Services segment continued to be positively affected by additional customer spending on maintenance programs, combined with increased infrastructure and exploration activities resulting from stable commodity prices. Overall, Environmental Services' revenue of \$28.8 million was an increase of 41.4% over the comparative quarter ended September 30, 2020.

Nine Months Ended September 30, 2021 versus Nine Months Ended September 30, 2020

Revenue for the nine months ended September 30, 2021 increased to \$113.4 million, up by \$14.6 million or 14.7%.

Revenue for the Environmental Consulting segment increased by \$4.2 million compared to the same nine months of 2020. The year-to-date increase is a result of projects executed for government remediation programs and of environmental liabilities related to sites and emissions, along with greater engineering and activity as customers refocused on managing environmental liabilities later in the period.

The Environmental Services segment generated \$11.0 million higher revenues compared to the same nine-month period of 2020 due to similar mix of external conditions in the environmental consulting segment. The segment has noticed consistently rising activity levels from Q1 and a strong activity boost in Q3 from the maintenance and turnaround activity bolstered from the division's acquisition in Q1.

4.2 Gross Profit

	Three months ended		Nine months ended	
	September 30, 2021	2020	September 30, 2021	2020
Gross profit	12,082	9,558	31,319	27,798
Gross profit as a % of revenue	28.6%	29.8%	27.6%	28.1%

The third quarter saw increased demand, pricing and improved utilization of personnel and equipment. Management continues to aggressively manage rising supply chain costs.

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

Reported gross margin in the nine months ended September 30, 2021 includes CEWS received of \$2.7 million while the reported gross margin for the nine months ended September 30, 2020 reflects CEWS received of \$7.1 million.

4.3 General and Administrative Expenses (G&A)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
G&A	4,449	2,736	11,492	8,951
G&A as a % of revenue	10.5%	8.5%	10.1%	9.1%

The third quarter increase resulted from approximately \$0.5 million of G&A costs related to the operations of the Q1 acquisition along with personnel additions where required to support increased volume.

Increased G&A for the nine months resulted from additional costs related to the operations of the new acquisition of approximately \$1.3 million.

4.4 Adjusted EBITDA

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Environmental Consulting	2,496	2,858	6,121	6,797
Environmental Services	6,416	6,059	17,101	18,277
Other	(1,279)	(2,096)	(3,395)	(6,228)
Adjusted EBITDA	7,633	6,821	19,827	18,846
Adjusted EBITDA ⁽¹⁾ as a % of revenue	18.1%	21.3%	17.5%	19.1%

Third Quarter 2021 versus Third Quarter 2020

Adjusted EBITDA achieved during the third quarter of 2021, represents the highest quarterly adjusted EBITDA results in Company history. Reported adjusted EBITDA in Q3 reflects a decrease in CEWS received of \$3.2 million.

Nine Months Ended September 30, 2021 versus Nine Months Ended September 30, 2020

Adjusted EBITDA improved by \$1.0 million in the nine month period ended September 30, 2021. Reported adjusted EBITDA for the nine months ended September 30, 2021 reflects a decrease of CEWS received of \$5.4 million.

4.5 Other items

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Depreciation and amortization	5,224	3,243	14,919	14,094
Finance costs	1,551	1,480	4,549	4,566
Impairment and restructuring costs	-	189	-	5,437
Share-based compensation	-	46	-	134
Total	6,775	4,958	19,468	24,231

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

Third Quarter 2021 versus Third Quarter 2020

Other items during the three months ending September 30, 2021 increased to \$6.8 million due to additional depreciation and amortization compared to Q3 2020, which was a result of the acquisition completed in Q1 2021.

Nine Months Ended September 30, 2021 versus Nine Months Ended September 30, 2020

Total other items during the nine months ending September 30, 2021 decreased primarily due to \$5.4 million of impairment charges and restructuring costs in the first nine months of 2020. Finance costs were constant and amortization increased modestly during the nine months ending September 30, 2021 due to the aforementioned Q1 2021 acquisition.

4.6 Net Income (Loss) and Comprehensive Income (Loss) for the Period

	Three months ended		Nine months ended	
	September 30, 2021	2020	September 30, 2021	2020
Net income (loss) and comprehensive income (loss) for the period	649	1,471	272	(4,839)

Third Quarter 2021 versus Third Quarter 2020

Net income and comprehensive income for the quarter ended September 30, 2021 was \$0.6 million.

Nine Months Ended September 30, 2021 versus Nine Months Ended September 30, 2020

Net income and comprehensive income for the nine-month period ended September 30, 2021 increased considerably from a net loss of \$4.8 million in the same period of 2020, primarily due to the non-recurrence of the impairment charge and restructuring costs incurred in 2020.

4.7 Summary of Quarterly Results

(\$000 except per share amounts)	2021			2020				2019
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Revenue	42,284	38,130	32,948	37,331	32,067	28,301	38,426	40,664
Net income (loss)	649	194	(571)	(859)	1,471	(711)	(5,599)	(8,871)
Basic and diluted income (loss) per share	0.01	0.00	(0.01)	(0.01)	0.02	(0.01)	(0.06)	(0.10)
Adjusted EBITDA ⁽¹⁾	7,633	7,539	4,655	5,617	6,822	6,702	5,323	4,472

(1) See Adjusted EBITDA definition Section 7.0.

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

5.0 Liquidity and Capital Management

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

	Nine months ended	
	September 30,	
	2021	2020
Cash provided by operating activities	5,887	16,115
Cash used in investing activities	(7,952)	(980)
Cash provided by (used in) financing activities	2,861	(16,025)
	796	(890)

The Company expects to generate sufficient cash flows from operations and continues to access its credit facilities to meet contractual obligations, planned expenditures, and growth initiatives as they are required. The Company expects working capital investments will be required to support future revenue growth that is consistent with historical requirements. The Company typically utilizes its available committed operating loans and capital lease lines. The Company has a healthy liquidity position with access to in excess of \$19 million to fund working capital requirements and planned expenditures.

5.1 Cash Provided by Operating Activities

The increase in cash provided by operating activities was due to increasing volume and activity through the nine months to date which was offset by increased non-cash working capital needs 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 \$4.5 million in Q1 2021. Net capital expenditures were \$3.4 million in the first nine months of 2021 up from \$1.0 million in the same period in 2020.

5.3 Cash Provided by (Used in) Financing Activities

Cash provided by (used in) financing activities increased by \$2.9 million due to the use of the Company's revolving loan to augment working capital needs and to fund the Q1 acquisition in the first nine months of 2021 as mentioned above. Vertex is focused on reducing its loans and borrowings through scheduled and additional repayments in 2021.

5.4 Working Capital

	September 30,	December 31,
	2021	2020
Current assets	53,202	38,809
Current liabilities (excluding current portion of loans and borrowings, other liabilities, and lease liabilities)	24,084	20,328
Working Capital	29,118	18,481

Working capital at September 30, 2021 increased from December 31, 2020 by \$10.6 million, due to the higher activity levels in the quarter and the working capital from the acquisition in Q1 2021.

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

5.5 Credit Facilities

	September 30, 2021	December 31, 2020
Revolving and operating loans:		
Committed revolving and operating facilities	35,000	35,000
Drawn on revolving and operating facilities	25,000	7,153
Available revolving and operating facilities	10,000	27,847

In addition to the revolving and operating loan facilities, the Company has access to \$9 million of equipment financing facilities.

Debt as of September 30, 2021, consisted of the items noted in Section 5.6 Commitment and Contingencies below.

In June 2021 additional amendments were made to the covenants and maturity date of the Senior Credit Facility as outlined in the loans and borrowings note in the condensed consolidated interim financial statements for the quarter ended September 30, 2021.

Debt Covenants

As of September 30, 2021, the Company complied with the terms and covenants of its Senior Credit Facility. Certain adjustments, as approved by the syndicate of lenders, are made to Adjusted EBITDA to derive Bank EBITDA, which amounted to \$24.1 million for the trailing twelve months ending September 30, 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. The following table summarizes these future payments required in respect to the Company's contractual obligations:

Due Within	Operating loan ¹	Loans and borrowings	Other liabilities	Lease liabilities	Total
One year	22,078	12,142	1,500	7,640	43,360
Two years	-	62,453	1,450	6,182	70,085
Three years	-	3,899	500	4,255	8,654
Four years	-	2,331	-	2,126	4,457
Five years	-	1,133	-	1,324	2,457
Thereafter	-	-	-	1,645	1,645
	22,078	81,958	3,450	23,172	130,658

(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.

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

Off-Balance Sheet Arrangements

At September 30, 2021, the Company did not have any off-balance sheet arrangements.

5.7 Capital Expenditures

The Company's gross capital expenditures for the first nine months ending September 30, 2021 were \$5.3 million compared to \$2.1 million in the nine months ended September 30, 2020. The Company undertakes to sell any under-utilized assets that cannot be redeployed in other geographical locations in order to improve utilization. The Company sold \$1.9 million worth of capital assets in the first nine months of 2021, compared to \$1.1 million in the same period of 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 come 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 September 30, 2021, the Company had no customer that accounted for more than 10% of the consolidated sales (year ended December 31, 2020 – nil). The aging analysis of accounts receivable is included in the following table.

	September 30, 2021	December 31, 2020
0 to 30 days	22,985	18,180
31 to 60 days	8,303	7,436
61 to 90 days	2,257	1,638
Over 90 days	3,395	1,952
Holdbacks	147	164
Trade accounts receivable	37,087	29,370
Allowance for expected credit losses	(808)	(688)
Trade receivables, net of allowance	36,279	28,682
Accrued receivables	6,209	3,701
Other receivables	81	46
	42,569	32,429

5.9 Outstanding Share Data

As of November 10, 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.

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

At September 30, 2021, lease liabilities include \$4.8 million (September 30, 2020 - \$5.4 million) of liabilities relating to the leases with a related party and principal payments of unsecured lease liabilities and associated interest accretion for the nine months ended September 30, 2021 were \$0.7 million (nine months ended September 30, 2020 - \$0.7 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 Annual 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

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

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		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Net income (loss) and comprehensive income (loss) for the period	649	1,471	272	(4,839)
Add:				
Depreciation and amortization	5,224	3,243	14,919	14,094
Finance costs	1,551	1,480	4,549	4,566
Impairment and restructuring costs	-	189	-	5,437
Share-based compensation	-	46	-	134
Income tax expense (recovery)	209	393	87	(545)
ADJUSTED EBITDA	7,633	6,822	19,827	18,847
Environmental Consulting	2,496	2,858	6,121	6,797
Environmental Services	6,416	6,059	17,101	18,277
Other	(1,279)	(2,095)	(3,395)	(6,227)
	7,633	6,822	19,827	18,847

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	7,633	6,822	19,827	18,847
Maintenance capex	(1,604)	(402)	(4,153)	(1,513)
Proceeds from disposal of property and equipment	1,065	171	1,903	1,072
	7,094	6,591	17,577	18,406

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

Vertex Resource Group Ltd.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

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 affect 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 party 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.