TERVITA

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

March 31, 2019

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

As at (millions of dollars)	***Note***	**March 31 2019**	December 31 2018
ASSETS			
Current assets			
Cash and cash equivalents	*11*	**56**	46
Trade and other receivables	*11*	**206**	180
Inventory		**17**	12
Current portion of derivative assets	*11*	**12**	18
Other current assets	*2, 11*	**8**	8
		299	264
Property, plant and equipment	*2, 9*	**1,201**	1,157
Intangible assets		**40**	42
Goodwill		**333**	333
Derivative assets	*11*	**—**	8
Other assets	*2, 11*	**8**	5
TOTAL ASSETS		**1,881**	1,809
LIABILITIES			
Current liabilities			
Trade and other payables	*11*	**144**	122
Income taxes payable		**14**	14
Interest payable	*11*	**21**	6
Current portion of decommissioning liabilities		**10**	14
Current portion of obligations under leases	*2, 9, 11*	**18**	4
Current portion of other provisions	*2*	**1**	12
		208	172
Long-term debt	*2, 10, 11*	**791**	805
Obligations under leases	*2, 9, 11*	**93**	9
Decommissioning liabilities		**403**	399
Other provisions	*2*	**10**	47
Derivative liabilities	*11*	**5**	—
Other long-term liabilities		**6**	6
TOTAL LIABILITIES		**1,516**	1,438
EQUITY			
Share capital		**947**	947
Contributed surplus		**1**	1
Share-based compensation reserve		**6**	5
Accumulated earnings (deficit)		**(596)**	(593)
Accumulated other comprehensive profit (loss)		**7**	11
TOTAL EQUITY		**365**	371
TOTAL LIABILITIES AND EQUITY		**1,881**	1,809

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT (LOSS)

(unaudited)

For the three months ended March 31 (millions of dollars, except for per share amounts)	***Note***	**2019**	2018
NET PROFIT (LOSS)			
Revenue	***5***	**531**	390
Operating expenses			
Direct expenses		**(461)**	(344)
General and administrative expenses		**(14)**	(10)
Depreciation and amortization	***2, 9***	**(34)**	(17)
Restructuring costs		**(2)**	—
Impairment reversal (expense)		**3**	—
Operating profit (loss)		**23**	19
Finance costs	***2, 6***	**(22)**	(12)
Transaction costs		**(2)**	(3)
Other income (expense)	***7***	**(2)**	(1)
Profit (loss) before tax		**(3)**	3
Income taxes recovery (expense)		**—**	—
NET PROFIT (LOSS)		**(3)**	3
Items that are or may be subsequently reclassified to net profit (loss):			
Foreign operations - foreign currency translation differences		**(2)**	(1)
Net gain (loss) on cash flow hedges		**(2)**	(6)
OTHER COMPREHENSIVE PROFIT (LOSS), NET OF TAX		**(4)**	(7)
TOTAL COMPREHENSIVE PROFIT (LOSS)		**(7)**	(4)
Earnings per share - basic and diluted	***8***	**(0.03)**	0.03
Weighted average shares outstanding - basic and diluted	***8***	**117,557,112**	104,625,779

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

For the three months ended March 31 (millions of dollars)	Note	2019	2018
OPERATING ACTIVITIES			
Profit (loss) before tax		(3)	3
Adjustments for:			
Finance costs	6	22	12
Impairment expense (reversal)		(3)	—
Depreciation and amortization		34	17
Cash interest paid	9	(3)	(1)
Cash settlement of provisions		(4)	(1)
Other adjustments		(1)	—
Funds from (used in) operations		42	30
Changes in non-cash working capital:			
Trade and other receivables		(26)	5
Inventory		(5)	—
Other current assets		—	1
Trade and other payables		20	(12)
Changes in total non-cash working capital		(11)	(6)
Cash provided by (used in) operating activities		31	24
FINANCING ACTIVITIES			
Lease payments	9	(4)	—
Sublease payments received		1	—
Cash provided by (used in) financing activities		(3)	—
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(18)	(13)
Additions to intangible assets		—	(1)
Acquisitions		—	(1)
Cash provided by (used in) investing activities		(18)	(15)
Increase (decrease) in cash and cash equivalents from continuing operations		10	9
Cash and cash equivalents, beginning of period		46	124
CASH AND CASH EQUIVALENTS, END OF PERIOD		56	133

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)

(millions of dollars)	*Note*	Share capital	Contributed surplus	Share-based compensation reserve	Accumulated earnings (deficit)	Foreign currency translation reserve	Cash flow hedge reserve	Accumulated other comprehensive profit (loss)	Total equity
As at January 1, 2019		**947**	**1**	**5**	**(593)**	5	6	**11**	**371**
Net profit (loss)		**—**	**—**	**—**	**(3)**	—	—	**—**	**(3)**
Effective portion of cash flow hedges		**—**	**—**	**—**	**—**	—	(13)	**(13)**	**(13)**
Reclassified to net profit (loss)		**—**	**—**	**—**	**—**	—	11	**11**	**11**
Foreign currency translation differences		**—**	**—**	**—**	**—**	(2)	—	**(2)**	**(2)**
Share-based compensation	*7*	**—**	**—**	**1**	**—**	—	—	**—**	**1**
As at March 31, 2019		**947**	**1**	**6**	**(596)**	3	4	**7**	**365**
As at January 1, 2018		837	—	2	(519)	6	7	13	333
Net profit (loss)		—	—	—	3	—	—	—	3
Effective portion of cash flow hedges		—	—	—	—	—	6	6	6
Reclassified to net profit (loss)		—	—	—	—	1	(12)	(11)	(11)
Foreign currency translation differences		—	—	—	—	(2)	—	(2)	(2)
As at March 31, 2018		837	—	2	(516)	5	1	6	329

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2019 and 2018

(unaudited)

1. DESCRIPTION OF BUSINESS

Tervita Corporation is incorporated under the laws of Canada. In these Interim Condensed Consolidated Financial Statements (the "Interim Financial Statements"), "we", "us", "our", "Company", and "Tervita" mean Tervita Corporation, its subsidiaries, and joint arrangements. Tervita's common shares and warrants trade on the Toronto Stock Exchange ("TSX") under the symbols "TEV" and "TEV.WT", respectively. Tervita's registered office and head office is located at 1600, 140 - 10 Avenue S.E., Calgary, Alberta, Canada, T2G 0R1.

Tervita is a leading waste and environmental solutions provider offering waste processing, treating, recycling, and disposal services to customers in the oil and gas, mining, and industrial sectors. Tervita provides a comprehensive suite of environmental solutions covering every stage of our customers' project life cycle, from development to reclamation, helping to minimize environmental impact while maximizing recovery of valuable resources. Tervita serves customers onsite, and through a network of facilities in Canada and the United States ("US").

2. BASIS OF PRESENTATION

These Interim Financial Statements for the three months ended March 31, 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting". The accounting policies have been consistently applied throughout all periods presented, except where noted.

These Interim Financial Statements should be read in conjunction with the Company's audited annual Consolidated Financial Statements as at and for the year ended December 31, 2018 ("Annual Financial Statements").

These Interim Financial Statements provide comparative information in respect of the previous year and are presented in millions of Canadian ("C$") dollars, unless otherwise stated. They are prepared on a historical cost basis, except for certain assets that are measured at fair value, as detailed in the accounting policies under the respective notes.

Unless otherwise noted, these Interim Financial Statements were prepared using the same accounting policies, critical accounting judgments, and key estimates as used in the Annual Financial Statements.

Certain prior period comparative figures have been reclassified to conform to current year's presentation.

These Interim Financial Statements were approved by the Board of Directors on May 2, 2019.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following new standards, interpretations, and amendments to existing standards were issued by the IASB and were mandatory for accounting periods beginning on or after January 1, 2019 (the "date of initial application").

Leases

Transition and Application

IFRS 16 "Leases" ("IFRS 16") was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 replaces IAS 17 "Leases" ("IAS 17"), International Financial Reporting Interpretations Committee ("IFRIC") 4 "Determining Whether an Arrangement Contains a Lease" ("IFRIC 4"), Standards Interpretation Committee ("SIC") 15 "Operating Leases-Incentives", and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases which requires lessees to account for operating leases under a single on-balance sheet model in a manner similar to the previous accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee recognizes a liability to make lease payments and a right-of-use asset ("ROU asset") representing the right to use the underlying asset during the lease term.

Lessor accounting under IFRS 16 is substantially the same as IAS 17, under which lessors will continue to classify leases as either operating or finance leases. IFRS 16 did not have an impact for leases where Tervita is the lessor.

Tervita adopted IFRS 16 using the modified retrospective transition approach, whereby the ROU asset was measured at the value of the lease liability on the date of initial application. The modified retrospective approach does not require restatement of prior periods. Comparative financial results for 2018 were not restated and have been presented as previously reported under IAS 17 and related interpretations.

Tervita applied the following practical expedients available for transition to IFRS 16 under this approach:

- Used a single discount rate for portfolios of leases with reasonably similar characteristics;
- Relied on our assessment of whether leases were onerous immediately before the date of initial application as an alternative to performing an impairment review;
- Applied the recognition and measurement exemption available for low-value and short-term leases, or leases for which the term ended within 12 months of the date of initial application;
- Used hindsight in determining the lease term if the contract contained options to extend or terminate the lease;
- Excluded initial direct costs in the measurement of the ROU asset; and
- Applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4.

Impact to the Financial Statements

The following tables summarize the impact of adoption of IFRS 16 on the Interim Condensed Consolidated Statements of Financial Position ("Statements of Financial Position") at the date of initial application and the Interim Condensed Consolidated Statements of Profit (Loss) ("Statements of Profit (Loss)") for the three months ended March 31, 2019.

Statements of Financial Position

As at	Description	December 31 2018	IFRS 16 Adjustment	January 1 2019
Assets				
Property, plant and equipment	Capital leases (IAS 17)	13	(13)	—
Property, plant and equipment	ROU assets	—	65	65
Other assets	Sublease receivable	—	5	5
Total impact on assets		**13**	**57**	**70**
Liabilities				
Obligations under leases	Obligations under leases	—	101	101
Long-term debt	Capital leases (IAS 17)	13	(13)	—
Other provisions	Onerous contracts	48	(31)	17
Total impact on liabilities		**61**	**57**	**118**

Property, plant and equipment pertaining to ROU assets were adjusted by $31 million of onerous contracts provision upon transition to IFRS 16.

Other assets pertain to the current and non-current portion of lease receivable for subleases.

The amount remaining in onerous contracts provision on the date of initial application pertains to non-lease components that are not considered part of the lease liability under IFRS 16.

Statement of Profit (Loss)

For the three months ended March 31, 2019	Description	Decrease (Increase) to Net Profit (Loss)
Leases under IFRS 16:		
Depreciation and amortization	Depreciation	2
Finance costs	Interest on obligations under leases	2
Decrease to net profit (loss)		4
Leases under IAS 17:		
Direct expenses	Rent expense	(1)
General and administrative expenses	Rent expense	(1)
Increase to net profit (loss)		(2)
Decrease (increase) to net profit (loss)		2

Income taxes IFRIC 23 "Uncertainty Over Income Tax Treatments" ("IFRIC 23") was issued in June 2017 and is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 addresses the accounting for tax treatments under IAS 12 "Income Taxes" ("IAS12") when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation specifically addresses: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the tax treatment by taxation authorities; how an entity determines taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances.

Uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty: either the most likely amount or the expected value. The key test is whether it is probable that the tax authorities will accept a company's chosen tax treatment. A company must reassess the judgments and estimates applied if facts and circumstances change and it is possible that a previous tax amount recognized may change, if challenged by the tax authorities. Uncertainty about an income tax treatment is reflected in the measurement of current and deferred tax.

We reviewed our uncertain tax positions and, based on our tax compliance, determined there were no material changes required on adoption of IFRIC 23.

3. SEGMENT INFORMATION

Financial Information for Reportable Segments

For the three months ended March 31, 2019	**Energy Services**	**Industrial Services**	**Total**
External revenue	**467**	**64**	**531**
Segment revenue	**467**	**64**	**531**
Depreciation and amortization	**(29)**	**(3)**	**(32)**
Restructuring costs	**—**	**(2)**	**(2)**
Impairment reversal (expense)	**3**	**1**	**4**
Segment operating profit (loss) before tax	**33**	**7**	**40**
Finance costs	**(3)**	**—**	**(3)**
Assets - as at March 31, 2019	**1,549**	**185**	**1,734**
Purchases of property, plant and equipment and intangible assets	**(13)**	**(4)**	**(17)**

For the three months ended March 31, 2018	Energy Services	Industrial Services	Total
External revenue	349	41	390
Intersegment revenue	1	—	1
Segment revenue	350	41	391
Depreciation and amortization	(14)	(2)	(16)
Segment operating profit (loss) before tax	30	—	30
Finance costs	(2)	—	(2)
Other income (expense)	1	(1)	—
Assets - as at December 31, 2018	1,542	157	1,699
Purchases of property, plant and equipment and intangible assets	(12)	(1)	(13)

Reconciliation of Information on Operating Segments to IFRS Measures

For the three months ended March 31	Note	2019	2018
Revenue			
Total revenue for operating segments	5	**531**	391
Elimination of intersegment revenue	5	**—**	(1)
Consolidated revenue		**531**	390
Profit (loss) before tax			
Total segment operating profit (loss) before tax		**40**	30
Unallocated general and administrative expenses		**(14)**	(10)
Unallocated depreciation and amortization		**(2)**	(1)
Unallocated impairment reversal (expense)	9	**(1)**	—
Operating profit (loss)		**23**	19
Operating segment finance costs	6	**(3)**	(2)
Unallocated finance costs	6	**(19)**	(10)
Unallocated transaction costs		**(2)**	(3)
Unallocated other income (expense)	7	**(2)**	(1)
Profit (loss) before tax		**(3)**	3

Costs included in general and administrative expenses on the Statements of Profit (Loss) are considered shared services or corporate costs and are not allocated to the reporting segments.

As at	March 31 2019	December 31 2018
Consolidated assets		
Total assets for operating segments	**1,734**	1,699
Unallocated assets	**147**	110
Consolidated assets	**1,881**	1,809

For the three months ended March 31	2019	2018
Consolidated purchases of property, plant and equipment, intangible assets and acquisitions		
Operating segment purchases	**17**	13
Corporate purchases	**1**	1
Acquisitions	**—**	1
Consolidated purchases of property, plant and equipment, intangible assets and acquisitions	**18**	15

Geographic Information

For the three months ended March 31	2019	2018
Revenue by location of services		
Canada	**521**	390
US	**10**	—
Revenue by locations of services	**531**	390

As at	March 31 2019	December 31 2018
Non-current assets		
Canada	**1,504**	1,468
US	**78**	77
Non-current assets	**1,582**	1,545

4. SEASONALITY

Activity in the oilfield service industry is influenced by seasonal weather patterns. During the spring months specifically, and at some other times of the year, wet weather can make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of trucks, rigs, and other heavy equipment, reducing the activity levels and placing increased importance on the location of the equipment prior to the imposition of these road bans. As a result, Energy Services tends to earn lower revenue and operating profit in the second fiscal quarter. If the spring weather or wet weather causes the ground to be unstable for longer than usual, operating results may continue to be negatively impacted.

5. REVENUE

The reconciliation of disaggregated revenue with the Company's reportable segments was as follows:

For the three months ended March 31, 2019	**Energy Services**	**Industrial Services**	**Intersegment Eliminations**	**Total**
Commodity-based sales	**347**	**12**	**—**	**359**
Facility-based services	**107**	**10**	**—**	**117**
Project-based services	**13**	**42**	**—**	**55**
Disaggregated revenue	**467**	**64**	**—**	**531**

For the three months ended March 31, 2018	Energy Services	Industrial Services	Intersegment Eliminations	Total
Commodity-based sales	274	10	—	284
Facility-based services	76	7	(1)	82
Project-based services	—	24	—	24
Disaggregated revenue	350	41	(1)	390

6. FINANCE COSTS

For the three months ended March 31	***Note***	**2019**	2018
Interest on long-term debt	***10***	**15**	10
Amortization of debt issue costs	***10***	**3**	1
Accretion of decommissioning liabilities		**2**	1
Interest on obligations under leases	***9***	**2**	—
Finance costs		**22**	12

7. OTHER INCOME (EXPENSE)

For the three months ended March 31	**2019**	2018
Gain (loss) on sale of assets	**—**	1
Share-based compensation	**(1)**	(1)
Gain (loss) on provisions	**(1)**	(1)
Other income (expense)	**(2)**	(1)

8. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing earnings attributable to common shareholders by the weighted average number of common shares issued and outstanding. The number of shares included is computed using the treasury stock method. As at March 31, 2019, Tervita had 2,702,649 common share purchase warrants and 3,221,524 options outstanding, with a weighted average exercise price of $18.75 per share and $8.63 per share, respectively.

There was no difference in the basic and diluted EPS calculation for the three months ended March 31, 2019 and 2018, as the outstanding warrants and options were considered to be anti-dilutive.

9. LEASES

ACCOUNTING POLICIES, JUDGMENTS, AND ESTIMATES

Accounting policies

Lessee

An arrangement in which Tervita controls the use of an identified asset for a period of time and has a right to obtain substantially all of the output of the asset, in exchange for consideration, is classified as a lease. On the commencement date of a lease, Tervita recognizes an ROU asset at cost, which is equal to the total of the lease liability at the commencement date, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred, and an estimate of costs to be incurred by Tervita in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent to initial measurement, Tervita recognizes an ROU asset at cost less accumulated depreciation and impairment losses. Tervita expects to use an ROU asset evenly over the term of the lease, due to which the ROU asset is depreciated on a straight-line basis over the lease term.

If Tervita subleases an ROU asset, the ROU asset is de-recognized to the extent Tervita does not control the use of the asset or the right to the output of the asset. The ROU asset is tested for impairment if the sublease income does not exceed Tervita's costs related to the ROU asset. As an intermediate lessor, Tervita recognizes a lease receivable for the sublease.

At the commencement date of the lease, Tervita recognizes a lease liability at the present value of the lease payments over the expected lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, exercise price of a purchase option if Tervita is reasonably certain to exercise that option, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or rate are recognized as an expense when the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Tervita uses an incremental borrowing rate at the rate of interest that it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

Subsequent to initial measurement, the lease liabilities increase by interest accrued and decrease by lease payments made. Tervita remeasures the lease liabilities for changes to the lease term, in-substance fixed lease payments, or assessments to purchase the underlying asset.

Tervita recognizes short-term and low-value leases, which are exempt from IFRS 16 treatment, in direct expenses or general and administrative expenses in the Statements of Profit (Loss) on a straight-line basis over the lease term, unless another systematic basis represents the benefits of the ROU asset.

Lessor

When substantially all the risks and rewards of ownership of an asset are transferred to a third party, Tervita recognizes a financial asset at an amount equal to the net investment in the lease plus any initial direct costs. After initial recognition, the financial asset is carried at amortized cost and the asset is depreciated in a consistent manner for similar owned assets.

Tervita recognizes rental income from an operating lease on a straight-line basis over the lease term, in direct expenses (for operating segments) or general and administrative expenses in the Statements of Profit (Loss), unless another systematic basis represents the time pattern in which the benefit is derived from the leased asset.

Significant judgments

A transaction or a series of transactions may not take the legal form of a lease, however, may be a lease in substance if the arrangement conveys a right to use an asset in return for a payment or series of payments. Judgment is required when identifying and determining the proper accounting treatment for lease transactions, including identifying whether Tervita has the right to control the operations of the asset and obtain substantially all of the output from the asset.

Tervita determines the lease term to be the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if Tervita is reasonably certain to exercise the option.

SUPPORTING INFORMATION

ROU Assets

The amount of ROU assets included in property, plant and equipment is as follows:

	Note	Land	Buildings	Equipment	Other	Total
As at January 1, 2019	*2*	5	45	13	2	65
Depreciation		—	(1)	(2)	—	(3)
Impairment reversal (expense)		—	(1)	—	—	(1)
As at March 31, 2019		5	43	11	2	61

Obligations Under Leases

	Note	Lease Liabilities	Onerous Leases	Total Obligations Under Leases
As at January 1, 2019	*2*	101	17	118
Interest	*6*	2	—	2
Payments		(6)	(3)	(9)
As at March 31, 2019		97	14	111
Less: current portion		14	4	18
Long-term portion		83	10	93

10. LONG-TERM DEBT

As at	Principal	Issuance	Maturity	March 31 2019	December 31 2018
Senior secured notes	US$360	Dec 2016	Dec 2021	481	491
Senior secured notes	US$250	Jul 2018	Dec 2021	334	341
Long-term debt				815	832
Premium on senior secured notes (US$250)				1	1
Unamortized debt costs				(25)	(28)
Total long-term debt				791	805

Debt Covenants

Tervita has a senior secured revolving credit facility ("Revolver") with a syndicate of Canadian banks, which required compliance with certain financial and non-financial covenants as defined by the lenders. These financial covenants will continue to be calculated based on lease accounting that would apply under IAS 17.

As at March 31, 2019, Tervita complied with all covenants.

Outstanding Letters of Credit

Outstanding letters of credit at March 31, 2019 totaled $79 million (December 31, 2018 – $87 million). The outstanding letters of credit reduce the borrowing available under the Revolver.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values and fair values of financial instruments that are included within amounts on the Statements of Financial Position are as follows:

				Carrying Value		Estimated Fair Value	
As at	***Note***	Classification	Level	**March 31 2019**	December 31 2018	**March 31 2019**	December 31 2018
Cash and cash equivalents		Amortized cost	—	**56**	46	**56**	46
Trade and other receivables		Amortized cost	—	**206**	180	**206**	180
Sublease receivable	***9***	Amortized cost	—	**4**	—	**4**	—
Equity investment		FVTPL	3	**5**	4	**5**	4
Trade and other payables		Other financial liabilities	—	**(144)**	(122)	**(144)**	(122)
Interest payable		Other financial liabilities	—	**(21)**	(6)	**(21)**	(6)
Long-term debt	***10***	Other financial liabilities	—	**(791)**	(805)	**(809)**	(793)
Lease liabilities	***9***	Other financial liabilities	—	**(97)**	(13)	**(97)**	(13)
Derivative assets (liabilities)		Designated hedge	2	**(5)**	8	**(5)**	8
Derivative assets (liabilities)		FVTPL	2	**12**	18	**12**	18
Contingent consideration		FVTPL	2	**(11)**	(11)	**(11)**	(11)

There were no transfers between levels of the fair value hierarchy in either 2019 or 2018.

The fair value of debt is based on third party observable quotes and may not reflect actual amounts payable by Tervita.

12. CONTINGENCIES

Legal and Environmental Matters

Secure Energy Services

On December 21, 2007, Tervita commenced an action in the Alberta Court of Queen's Bench (the "Court") seeking alleged damages against Secure Energy Services ("Secure") and several of its personnel ("former Tervita employees") in their individual capacities. The claim alleges that, among other things, the former Tervita employees breached their employment contracts and fiduciary duties, and engaged in other unlawful conduct by improperly taking confidential Tervita information to enable Secure's business in direct competition with Tervita's business (the "claim"). Secure filed a defense and counterclaim in November 2008 claiming damages for alleged conduct in contravention of the Competition Act (*Canada) (*"the Act").

After evaluation from Tervita's management and Board of Directors, Tervita has determined the claim against Secure has merit and has accordingly moved to set a Court date, which has been set for January 22, 2022.

Regulatory Matters

Newalta Corporation

Tervita closed its acquisition of Newalta Corporation by way of a plan of arrangement on July 19, 2018. The Act permits the Commissioner of Competition to make an application to the Competition Tribunal in respect of an acquisition transaction within a period of one year after its implementation. As of May 2, 2019, Tervita was not aware of any such application being filed.

13. SUBSEQUENT EVENTS

Subject to TSX approval, Tervita plans to initiate a Normal Course Issuer Bid.