TERVITA

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

September 30, 2018

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT OR LOSS

(unaudited)

(millions of dollars, except for per share amounts)	*Note*	Three months ended September 30 2018	Three months ended September 30 2017	Nine months ended September 30 2018	Nine months ended September 30 2017
NET PROFIT (LOSS)					
Revenue	*3, 6*	**642**	437	**1,572**	1,723
Operating expenses					
Direct expenses		**(557)**	(385)	**(1,397)**	(1,574)
General and administrative expenses		**(14)**	(10)	**(35)**	(41)
Depreciation and amortization		**(32)**	(22)	**(64)**	(61)
Operating profit (loss)		**39**	20	**76**	47
Impairment expense		**-**	(1)	**-**	(2)
Finance costs	*7*	**(21)**	(13)	**(48)**	(38)
Transaction costs	*2*	**(21)**	-	**(26)**	-
Other income (expense)	*8*	**1**	(8)	**-**	(24)
Profit (loss) before tax		**(2)**	(2)	**2**	(17)
Income taxes recovery (expense)		**-**	-	**(1)**	-
Profit (loss) from continuing operations		**(2)**	(2)	**1**	(17)
Profit (loss) from discontinued operations, net of tax		**-**	-	**-**	1
NET PROFIT (LOSS)		**(2)**	(2)	**1**	(16)
Items that are or may be subsequently reclassified to net profit (loss):					
Foreign operations - foreign currency translation differences		**(2)**	1	**(3)**	-
Net gain (loss) on cash flow hedges		**(2)**	4	**(7)**	7
OTHER COMPREHENSIVE PROFIT (LOSS), NET OF TAX		**(4)**	5	**(10)**	7
TOTAL COMPREHENSIVE PROFIT (LOSS)		**(6)**	3	**(9)**	(9)
Basic and diluted earnings per share	*9*	**(0.02)**	(0.02)	**0.01**	(0.15)
Weighted average shares outstanding - basic and diluted	*9*	**114,886,511**	104,625,779	**108,083,608**	104,625,779

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

As at *(millions of dollars)*	*Note*	September 30 2018	December 31 2017
ASSETS			
Current assets			
Cash and cash equivalents	*14*	**66**	124
Trade and other receivables	*14*	**225**	130
Inventory		**18**	9
Other current assets		**10**	4
		319	267
Property, plant and equipment	*2*	**1,163**	615
Intangible assets		**36**	20
Goodwill	*2*	**336**	324
Other assets	*14*	**5**	-
TOTAL ASSETS		**1,859**	1,226
LIABILITIES			
Current liabilities			
Trade and other payables	*14*	**165**	94
Income taxes payable		**14**	14
Interest payable	*14*	**21**	4
Current portion of decommissioning liabilities	*11*	**11**	6
Current portion of long-term debt	*12, 14*	**3**	-
Current portion of other provisions	*11, 14*	**12**	7
		226	125
Long-term debt	*2, 12, 14*	**772**	437
Decommissioning liabilities	*2, 11*	**342**	266
Other provisions	*11*	**51**	29
Derivative liabilities	*13, 14*	**25**	31
Other long-term liabilities		**6**	5
TOTAL LIABILITIES		**1,422**	893
EQUITY			
Share capital	*2, 15*	**947**	837
Contributed surplus	*2*	**1**	-
Share-based compensation reserve		**4**	2
Accumulated earnings (deficit)		**(518)**	(519)
Accumulated other comprehensive profit (loss)		**3**	13
TOTAL EQUITY		**437**	333
TOTAL LIABILITIES AND EQUITY		**1,859**	1,226

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(millions of dollars)	*Note*	Three months ended September 30 **2018**	2017	Nine months ended September 30 **2018**	2017
Operating activities					
Profit (loss) from continuing operations		**(2)**	(2)	**1**	(17)
Adjustments for:					
Finance costs	*7*	**21**	13	**48**	38
Impairment expense		**-**	1	**-**	2
Depreciation and amortization		**32**	22	**64**	61
Income taxes (recovery) expense		**-**	-	**1**	-
Cash interest paid	*12*	**(1)**	(1)	**(21)**	(20)
Cash settlement of provisions	*11*	**(4)**	(3)	**(8)**	(8)
Realized foreign exchange (gain) loss - debt and derivatives	*8*	**8**	-	**8**	-
Realized foreign exchange (gain) loss - other	*8*	**-**	1	**-**	1
Unrealized foreign exchange (gain) loss	*8*	**(7)**	1	**(7)**	2
Other	*10*	**6**	3	**6**	15
Funds from (used in) operations		**53**	35	**92**	74
Changes in non-cash working capital:					
Trade and other receivables	*2, 14*	**(48)**	(25)	**(51)**	(5)
Inventory	*2*	**(2)**	(2)	**(4)**	(2)
Other current assets	*2*	**-**	-	**(1)**	(1)
Trade and other payables	*2, 14*	**19**	4	**19**	7
Changes in total non-cash working capital		**(31)**	(23)	**(37)**	(1)
Cash provided by (used in) operating activities		**22**	12	**55**	73
Financing activities					
Issuance of long-term debt	*2*	**-**	-	**326**	-
Settlement of debt-related derivatives	*2, 13*	**(8)**	-	**(8)**	-
Debt issue costs	*2, 12*	**(11)**	-	**(19)**	(1)
Capital leases		**(1)**	-	**(1)**	-
Cash provided by (used in) financing activities		**(20)**	-	**298**	(1)
Investing activities					
Additions to property, plant and equipment	*4*	**(18)**	(17)	**(47)**	(36)
Additions to intangible assets	*4*	**(1)**	-	**(1)**	-
Business acquisitions	*2, 4*	**(375)**	-	**(376)**	-
Investment income		**-**	-	**1**	-
Proceeds from sale of property, plant and equipment		**3**	1	**7**	3
Cash provided by (used in) investing activities		**(391)**	(16)	**(416)**	(33)
Effect of exchange rate changes on cash and cash equivalents		**(1)**	-	**5**	-
Increase (decrease) in cash and cash equivalents from continuing operations		**(390)**	(4)	**(58)**	39
Cash provided by (used in) discontinued operations		**-**	-	**-**	1
Cash and cash equivalents, beginning of period		**456**	133	**124**	89
CASH AND CASH EQUIVALENTS, END OF PERIOD		**66**	129	**66**	129

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, 2018		**837**	**-**	**2**	**(519)**	6	7	**13**	**333**
Net profit (loss)		**-**	**-**	**-**	**1**	-	-	**-**	**1**
Cancellation of shares	*2, 15*	**(837)**	**-**	**-**	**-**	-	-	**-**	**(837)**
Issuance of shares	*2, 15*	**947**	**-**	**-**	**-**	-	-	**-**	**947**
Issuance of warrants	*2*	**-**	**1**	**-**	**-**	-	-	**-**	**1**
Effective portion of cash flow hedges		**-**	**-**	**-**	**-**	-	6	**6**	**6**
Reclassified to net profit (loss)	*8*	**-**	**-**	**-**	**-**	(1)	(13)	**(14)**	**(14)**
Foreign currency translation differences	*8*	**-**	**-**	**-**	**-**	(2)	-	**(2)**	**(2)**
Share-based compensation	*8*	**-**	**-**	**2**	**-**	-	-	**-**	**2**
As at September 30, 2018		**947**	**1**	**4**	**(518)**	3	-	**3**	**437**
As at January 1, 2017		837	-	-	(438)	6	1	7	406
Net profit (loss)		-	-	-	(16)	-	-	-	(16)
Effective portion of cash flow hedges		-	-	-	-	-	(28)	(28)	(28)
Reclassified to net profit (loss)	*8*	-	-	-	-	(1)	35	34	34
Foreign currency translation differences	*8*	-	-	-	-	1	-	1	1
Share-based compensation	*8*	-	-	1	-	-	-	-	1
As at September 30, 2017		837	-	1	(454)	6	8	14	398

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2018 and 2017

(unaudited)

1. DESCRIPTION OF BUSINESS

Tervita Corporation is incorporated under the laws of Canada. In these Interim Condensed Consolidated Financial Statements (the "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 provides a comprehensive suite of environmental solutions covering every stage of our customers' production lifecycle, 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. NEWALTA ACQUISITION

ARRANGEMENT OVERVIEW

On July 19, 2018 (the "Acquisition Date"), Tervita and Newalta Corporation ("Newalta") completed a plan of arrangement (the "Arrangement"), under which Tervita acquired 100% of Newalta's issued and outstanding common shares, which culminated in the amalgamation of Tervita and Newalta into one publicly-traded company, Tervita Corporation.

Prior to the Arrangement, Newalta was a full service environmental waste management company, focused primarily on adapting technologies to maximize the value inherent in oil and gas exploration and production waste streams through the processing, recovering and recycling of resources, with operations based in Canada and the US.

The completion of the Arrangement created a leading energy-focused environmental solutions provider in Canada, providing waste processing, treating, recycling and disposal services to customers in the oil and gas, mining and industrial sectors. Anticipated benefits of the Arrangement include: an extensive infrastructure footprint; scale of operations and strong asset base; significantly improved operating results which provide flexibility to fund expansion and growth opportunities; considerable operational synergies between Newalta and Tervita; an attractive portfolio of growth opportunities; strong customer relationships and a diverse customer base; significant market presence; experienced and dedicated employees; and an experienced, results-driven management team.

Under the terms of the Arrangement, former shareholders of Newalta received 0.1467 of one common share of Tervita Corporation for each Newalta common share held and 0.03066 of one common share purchase warrant, exercisable for one Tervita common share at an exercise price of $18.75 per share with an expiration date of July 19, 2020. Prior to the close of the Arrangement, Tervita shareholders exchanged their common and preferred shares for an equivalent amount of new common shares of Tervita. Immediately after close of the Arrangement, Tervita Corporation had 117,557,112 common shares and 2,702,649 warrants issued and outstanding.

On June 1, 2018, Tervita closed an offering through a wholly-owned subsidiary (the "Escrow Corporation") of US$250 million aggregate principal amount of 7.625% senior secured notes due 2021 (the "escrow notes"), to fund the defeasance of Newalta's debt. On the Acquisition Date, pursuant to the Arrangement, the Escrow Corporation was wound-up into Tervita. Concurrently, the escrow notes were exchanged for the same principal value of additional notes (the "US$250 million senior secured notes") issued by Tervita under the existing indenture governing Tervita's outstanding 7.625% US$360 million senior secured notes due 2021, following which the escrow notes were deemed cancelled. See notes 12 and 13 for further details.

The waiting period under the Competition Act (*Canada*) ("the Act") expired prior to the closing of the transaction, however, the Commissioner of Competition has not yet completed his review of the Arrangement. The Act permits the Commissioner of Competition to make an application to the Competition Tribunal in respect of a transaction within a period of one year after its implementation. As of November 14, 2018, Tervita was not aware of any such application being filed.

PURCHASE PRICE ALLOCATION

The Arrangement has been accounted for as a business combination using the acquisition method under which the assets acquired and liabilities assumed are recorded at fair value. The purchase price accounting for this acquisition has not been finalized as Tervita is continuing to obtain and verify information required to determine the fair value of certain assets and liabilities.

Tervita determined the preliminary purchase consideration for the Arrangement to be $486 million, comprised of the following:

	Consideration Transferred
Common shares	**110**
Warrants	**1**
Cash	**375**
Purchase consideration	**486**

Common shares issued represents the valuation of the exchange of 88,148,148 Newalta shares for 12,931,333 Tervita shares based on the Newalta volume weighted average trading price of the Newalta common shares on the TSX for the five trading days prior to the Acquisition Date ($1.24/share).

The valuation of warrants issued as part of the Arrangement was performed using a Black-Scholes valuation model.

Cash included the proceeds received from the US$250 million escrow notes and additional cash transferred from Tervita to Newalta to defease Newalta's senior unsecured debentures and settle Newalta's senior secured debt on the Acquisition Date, as well as settle any related interest and early repayment fees.

There was no contingent consideration under the terms of the Arrangement.

The following presents a preliminary purchase price allocation using provisional values, which approximate fair value, from Newalta's unaudited Condensed Consolidated Balance Sheet at the Acquisition Date:

	Previously reported provisional values	Adjustments	Revised provisional values
Assets			
Trade and other receivables	42	4	**46**
Inventory	6	-	**6**
Other current assets	4	1	**5**
Property, plant and equipment	612	(13)	**599**
Intangible assets	4	12	**16**
Other assets	4	-	**4**
Liabilities			
Trade and other payables	(54)	1	**(53)**
Capital leases	(9)	(4)	**(13)**
Provisions	(125)	(11)	**(136)**
Total identifiable net assets	484	(10)	**474**
Goodwill	5	7	**12**
Purchase consideration	489	(3)	**486**

Provisional values previously reported on August 9, 2018 were based on facts and circumstances that existed at that date and were derived from Newalta's unaudited Condensed Consolidated Balance Sheet as at June 30, 2018. Provisional values were revised since the disclosure on August 9, 2018. Material adjustments pertain to changes to working capital from June 30, 2018 to the Acquisition Date, recognition of the fair value of certain unfavorable contracts that were acquired from Newalta, and reclassification of certain software from property, plant and equipment to intangible assets. All adjustments were offset against goodwill.

Items for which Tervita was unable to determine a provisional value at November 14, 2018 included, but were not limited to, additional intangible assets, indemnification assets (liabilities), deferred tax assets (liabilities), contingencies, lease assets (liabilities), and employee benefit obligations. Due to the inherent uncertainty associated with the fair valuation of assets and liabilities, Tervita expects that there will be fluctuations from these provisional values, and additional items will be included in the finalized purchase price allocation.

None of the goodwill is expected to be deductible for tax purposes.

ACQUISITION-RELATED COSTS

During the nine months ended September 30, 2018, costs incurred by Tervita to complete the Arrangement were as follows:

- Unamortized debt costs included $18 million of fees related to the issuance of the escrow notes, and $1 million related to the issuance of the US$250 million senior secured notes. Of these issue costs, $2 million was amortized under finance costs;
- Finance costs included interest expense of $3 million related to the escrow notes and $5 million related to the US$250 million senior secured notes; and
- Transaction costs included $12 million of legal and advisory fees incurred by Tervita for the completion of the Arrangement and $14 million of integration costs including those related to severance, branding, site suspension, employee compensation, onerous contracts, and information technology.

PRO FORMA STATEMENT OF PROFIT (LOSS)

The following presents an unaudited Pro Forma Statement of Profit or Loss for the nine months ended September 30, 2018 as if the Arrangement had been completed on January 1, 2018:

	Tervita	Newalta	Pro Forma Adjustments	Pro Forma Consolidated
Revenue	**1,572**	132	-	1,704
Operating expenses				
Direct expenses	**(1,397)**	(93)	-	(1,490)
General and administrative expenses	**(35)**	(14)	-	(49)
Depreciation and amortization	**(64)**	(33)	-	(97)
Operating profit (loss)	**76**	(8)	-	68
Impairment expense	**-**	2	-	2
Finance costs	**(48)**	(23)	9	(62)
Transaction Costs	**(26)**	(19)	45	-
Other income (expense)	**-**	(3)	-	(3)
Profit (loss) before tax	**2**	(51)	54	5

Tervita information is from the Company's Interim Condensed Consolidated Statement of Comprehensive Profit or Loss ("Statement of Profit or Loss") for the nine months ended September 30, 2018, and includes revenue of $53 million and net loss of $13 million in relation to Newalta's operations from the Acquisition Date to September 30, 2018. Newalta information reflects financial results for Newalta's operations from January 1, 2018 to the Acquisition Date.

Proforma adjustments to finance costs reflect the finance costs that would have been incurred if the US$250 million senior secured notes were issued on January 1, 2018 and exclude the finance costs that were incurred under Newalta's debt.

3. BASIS OF PRESENTATION

These Financial Statements for the three and nine months ended September 30, 2018 are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies have been consistently applied throughout all periods presented, except where noted.

These 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, 2017 ("Annual Financial Statements").

These Financial Statements provide comparative information in respect of the previous year and are presented in millions of Canadian dollars, unless otherwise stated. They are prepared on the historical cost basis, except for certain financial instruments and share-based compensation that are measured at fair value at the end of each reporting period.

Unless otherwise noted, these 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. Comparative figures related to acquired entities pertain to the period after the Acquisition Date.

These Financial Statements were approved by Tervita's Board of Directors on November 14, 2018.

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, 2018.

Revenue from contracts with customers

Transition and Application

The IASB issued IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15") in April 2016 to replace IAS 11 "Construction Contracts" ("IAS 11"), IAS 18 "Revenue" ("IAS 18"), and any related interpretations. Tervita adopted IFRS 15 using the cumulative effect method and practical expedients, with any impact of initial application recognized in accumulated earnings (deficit) on January 1, 2018 (the "date of initial application"). Accordingly, the comparative financial results for 2017 were not restated and have been presented as previously reported under IAS 18, IAS 11, and related interpretations.

The Company applied four practical expedients upon adoption of IFRS 15:

- Revenue was recognized for certain contracts when Tervita had the right to invoice, as the value provided to the customer under such contracts corresponded directly to the work billed to date;
- The transaction price allocated to remaining performance obligations and the timing of revenue recognition related to those unsatisfied performance obligations was not disclosed on contracts where Tervita recognized revenue using the right to invoice; and
- Revenue was assessed for certain revenue streams on a portfolio basis, as the contracts in the portfolio had similar characteristics and performance obligations and Tervita determined that the effects of applying this standard to the portfolio of contracts would not differ materially from applying it to the individual contracts.

Changes to the Timing and Recognition of Revenue

The Company's accounting policies in relation to revenue recognition were not substantially impacted by the transition to IFRS 15. However, there were changes to the timing or recognition of revenue for certain energy marketing pipeline activities and lump-sum fixed price contracts.

Tervita determined that certain energy marketing pipeline activities do not qualify under IFRS 15 to be presented as gross revenue, and are now recorded on a net basis against direct expenses. This change did not result in any impact to operating profit (loss) or net profit (loss), as it decreased revenue and direct expenses by the same amount.

Tervita generates project revenue through the provision of a variety of environmental and decommissioning services. Certain projects have multiple performance obligations with lump-sum fixed pricing arrangements, which require allocation of the purchase price among the performance obligations. The transition to IFRS 15 resulted in a change to the timing of revenue recognition on these types of contracts, which is now recorded when control of performance obligations is transferred to the customer. Under IAS 18, the transfer of risks and rewards was used to determine the timing and amount of revenue to be recognized. The change in timing of revenue recognition may result in the recognition of contract assets and liabilities. As at September 30, 2018, contract assets and liabilities were $nil.

Impact on the Financial Statements

The following table summarizes the impact of adopting IFRS 15 on the Company's Statement of Profit or Loss for the three and nine months ended September 30, 2018 for each of the line items affected:

	Three months ended September 30, 2018			Nine months ended September 30, 2018		
	Amounts Without IFRS 15 Adoption	Adjustments	**September 30, 2018 Reported**	Amounts Without IFRS 15 Adoption	Adjustments	**September 30, 2018 Reported**
Revenue	957	(315)	**642**	2,441	(869)	**1,572**
Direct expenses	(872)	315	**(557)**	(2,266)	869	**(1,397)**

There was no material impact to the Company's Interim Condensed Consolidated Statements of Financial Position ("Statement of Financial Position") as at September 30, 2018 and its Interim Condensed Consolidated Statements of Cash Flows ("Statement of Cash Flows") for the three and nine months then ended.

Financial instruments

Transition and Application

The IASB issued IFRS 9 "Financial Instruments" ("IFRS 9") to replace IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39") and IFRIC 9 "Reassessment of Embedded Derivatives". Tervita adopted IFRS 9 using retrospective application on January 1, 2018, except for hedge accounting requirements, which were adopted prospectively.

Tervita elected to exercise a transition exemption whereby prior periods were not restated for the classification and measurement requirements of IFRS 9 that were adopted and disclosed retrospectively. Instead, any differences resulting from the transition were recognized in accumulated earnings (deficit) at the date of initial application. Accordingly, the financial results for 2017 were not restated and were presented as previously reported under IAS 39.

Application of IFRS 9 did not have a material impact on the Financial Statements, and there was no cumulative adjustment to accumulated earnings (deficit).

Changes to the Classification and Measurement, Derecognition, Impairment and Hedge Accounting for Financial Instruments

Classification of Tervita's financial liabilities were not impacted by the transition to IFRS 9, however, the standard eliminated several financial asset categories: available for sale, held to maturity, and loans and receivables. Furthermore, financial assets are assessed for classification under IFRS 9 based on the contractual cash flows associated with the asset and the business model under which the asset is managed. The only impact on classification for Tervita was in relation to financial assets measured at amortized cost. Financial assets measured at amortized cost are held within a business model whose objective is to hold financial assets to collect contractual cash flows and whose contractual terms give rise on specified dates to cash flows on the principal amount outstanding that are solely payments of principal and interest. Cash and cash equivalents and trade and other receivables were classified financial assets at amortized cost under IFRS 9, and were previously disclosed under IAS 39 as fair value through profit or loss ("FVTPL") and loans and receivables, respectively.

Under IFRS 9, write-offs of all or part of a financial asset are considered a derecognition event. IAS 39 only required financial assets to be derecognized when the contractual rights to the cash flows expired or substantially all the risks and rewards related to ownership were transferred to a third party. These requirements still apply under IFRS 9.

Impairment of financial assets changed from an incurred loss model under IAS 39 to an expected credit loss ("ECL") model under IFRS 9. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured as the difference between the cash flows due to the Company under a contract and the cash flows that Tervita expects to receive. Tervita uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments are initially recognized. The Company assessed receivables for indicators of a significant increase in credit risk since initial recognition and noted no changes to the assessment previously made.

Tervita elected to adopt the new general hedge accounting model in IFRS 9. This requires the Company to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. Requirements for hedge effectiveness include the existence of an economic relationship between the hedging instrument and hedged item, that the effect of credit risk does not dominate the value changes that result from that economic relationship, and that the hedge ratio is maintained. IFRS 9 also requires that the unrecoverable amount of cash flow reserves held at a loss is recognized in profit or loss at the time of discontinuation. This compares to the hedging requirements of IAS 39, which required a retrospective analysis of hedge effectiveness, and assessed hedge effectiveness using quantitative limits. These changes had no material impact on the accounting for hedging relationships at Tervita, but require additional disclosure of qualitative assessments.

The following table summarizes the financial statement impact from the transition to IFRS 9 at the date of initial application:

	Classification Under		Carrying Value Under	
	IAS 39	IFRS 9	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	Amortized cost	124	124
Trade and other receivables	Loans and receivables	Amortized cost	130	130
Trade and other payables	Other financial liabilities	Other financial liabilities	(94)	(94)
Interest payable	Other financial liabilities	Other financial liabilities	(4)	(4)
Long-term debt	Other financial liabilities	Other financial liabilities	(437)	(437)
Derivative liabilities	Designated hedge	Designated hedge	(31)	(31)
Contingent consideration	FVTPL	FVTPL	(9)	(9)

Cash and cash equivalents – Financial assets which were previously classified at FVTPL have been reclassified under amortized cost and subject to impairment considerations. Impairment on cash and cash equivalents is measured at an amount equal to 12-month ECLs. The credit risk on these balances is presumed to be low since deposits are held with highly-rated financial institutions. At the date of initial application, there was no impairment of cash and cash equivalents.

Trade and other receivables – Financial assets which were previously classified as loans and receivables have been reclassified under amortized cost and continue to be subject to impairment considerations. Tervita elected to assess all receivables for impairment under the simplified method, which requires only the consideration of the impact of lifetime ECLs, or the ECLs resulting from possible default events over the life of the financial instruments. ECLs are calculated based on historical credit loss experience and relevant future industry expectations and applied to the categories of the Company's provision matrix. At the date of initial application, there was no impairment of trade and other receivables as Tervita already used a provision matrix to assess the loss allowance (previously termed allowance for doubtful accounts), and the future information included in the model did not materially change management's assessment of impairment.

Derivative liabilities – Financial liabilities which continue to be classified as a designated hedge are measured at fair value. Hedging relationships previously designated under IAS 39 were determined at the initial date of application to meet the criteria for hedge accounting under IFRS 9. The hedge ratio at inception of the hedge was 1:1 and remained 1:1 at the date of initial application, and no rebalancing for transition to IFRS 9 was required.

Impact on the Financial Statements

Application of IFRS 9 did not have a material impact on the Financial Statements, and there was no cumulative adjustment to accumulated earnings (deficit).

The following table summarizes the impact of IFRS 9 on the loss allowance at the date of initial application (January 1, 2018):

	Cash and cash equivalents	Trade and other receivables	Total
Loss allowance at December 31, 2017 (IAS 39)	-	1	1
Impairment adjustments	-	-	-
Loss allowance at January 1, 2018 (IFRS 9)	-	1	1

Share-based payments

The IASB issued amendments to IFRS 2 "Share-Based Payment" ("IFRS 2") in June 2016, which required prospective application effective for annual periods beginning on or after January 1, 2018. The amendments provide clarification on the classification and measurement of share-based-payment transactions: accounting for cash-settled payments which include vesting requirements, classifying transactions with net settlement features, and accounting for transactions modified from cash-settled to equity-settled. Tervita assessed there was no impact on the measurement and classification of share-based payments from implementation of the amendments.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

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"), IFRIC 4 "Determining Whether an Arrangement

Contains a Lease", 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 on the Statement of Financial Position, similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset during the lease term. IFRS 16 also requires lessees and lessors to disclose additional key information.

Tervita expects the adoption of IFRS 16 will have a significant impact on its Financial Statements due to the recognition of new right-of-use assets and lease liabilities for leases currently classified as operating leases with a term over twelve months. Tervita has substantially completed the process of identifying existing lease contracts and is currently performing detailed evaluations of leases under IFRS 16 to assess the impact on the Financial Statements. We continue to assess our accounting and business processes for any changes required to implement the requirements of IFRS 16.

4. SEGMENTED INFORMATION

Our activities are carried out through five operating segments: Energy Services, Waste Services, Metals Recycling, Rail Services and Environmental Services. Our executive leadership is responsible for strategic decision making, resource allocation, and assessing financial performance and, as a group, is identified as our chief operating decision maker for the purposes of reporting segment information under IFRS. Tervita's executive leadership is comprised of the following:

- President and Chief Executive Officer;
- Chief Financial Officer; and
- Chief Operating Officer.

The operating segments of Waste Services, Metals Recycling, Rail Services and Environmental Services have been aggregated into one reportable segment named Industrial Services.

ENERGY SERVICES

Energy Services is comprised of three service lines: energy marketing, facilities, and onsite. These service lines collectively provide many services to the oil and gas sector including: treating, recovering and disposing of fluids; energy marketing; processing and disposing of solid materials used in, and generated by, natural resource and industrial production; disposing of oilfield-generated waste; providing specialized onsite services using centrifugation or other processes for heavy oil producers involved in heavy oil mining and in situ production; and supplying and operating drill site processing equipment, including solids control and drill cuttings management.

INDUSTRIAL SERVICES

Industrial Services provides comprehensive environmental solutions through four operating segments: Waste Services, Metals Recycling, Rail Services and Environmental Services. The services provided by these operating segments include: site remediation, facility decommissioning, environmental construction and technologies, hazardous and non-hazardous waste management, emergency response, rail services, recycling services to oil and gas and other industrial companies, and waste transportation and classification. Recycling services include the purchase and processing of ferrous and non-ferrous metals recovered from demolition sites and other locations.

FINANCIAL INFORMATION FOR REPORTABLE SEGMENTS

	Three months ended September 30, 2018			Three months ended September 30, 2017		
	Energy Services	**Industrial Services**	**Total**	Energy Services	Industrial Services	Total
External revenue	**573**	**69**	**642**	373	64	437
Inter-segment revenue	**3**	**-**	**3**	3	-	3
Segment revenue	**576**	**69**	**645**	376	64	440
Depreciation and amortization	**(26)**	**(2)**	**(28)**	(20)	(1)	(21)
Segment operating profit (loss) before tax	**49**	**8**	**57**	23	8	31
Impairment expense	**(2)**	**-**	**(2)**	(1)	-	(1)
Finance costs	**(2)**	**-**	**(2)**	(1)	(1)	(2)
Other income (expense)	**-**	**1**	**1**	(1)	-	(1)
Assets - as at September 30, 2018 and December 31, 2017	**1,552**	**176**	**1,728**	929	143	1,072
Purchases of property, plant and equipment and intangible assets	**(16)**	**(2)**	**(18)**	(12)	(5)	(17)

	Nine months ended September 30, 2018			Nine months ended September 30, 2017		
	Energy Services	Industrial Services	Total	Energy Services	Industrial Services	Total
External revenue	**1,404**	**168**	**1,572**	1,561	162	1,723
Inter-segment revenue	**5**	**-**	**5**	7	-	7
Segment revenue	**1,409**	**168**	**1,577**	1,568	162	1,730
Depreciation and amortization	**(52)**	**(7)**	**(59)**	(53)	(5)	(58)
Segment operating profit (loss) before tax	**102**	**14**	**116**	72	19	91
Impairment expense	**(2)**	**-**	**(2)**	(2)	-	(2)
Finance costs	**(7)**	**-**	**(7)**	(5)	(1)	(6)
Other income (expense)	**3**	**(1)**	**2**	(2)	(1)	(3)
Assets - as at September 30, 2018 and December 31, 2017	**1,552**	**176**	**1,728**	929	143	1,072
Purchases of property, plant and equipment and intangible assets	**(40)**	**(5)**	**(45)**	(29)	(7)	(36)

Tervita's revenues and direct expenses from Energy Services and Industrial Services were primarily derived in Canada.

RECONCILIATION OF INFORMATION ON REPORTABLE SEGMENTS TO IFRS MEASURES

		Three months ended September 30		Nine months ended September 30	
	Note	**2018**	2017	**2018**	2017
Revenue					
Total revenue for operating segments	*3, 6*	**645**	440	**1,577**	1,730
Elimination of inter-segment revenue	*6*	**(3)**	(3)	**(5)**	(7)
Consolidated revenue		**642**	437	**1,572**	1,723
Profit (Loss) Before Tax					
Total segment operating profit (loss) before tax		**57**	31	**116**	91
Unallocated general and administrative		**(14)**	(10)	**(35)**	(41)
Unallocated depreciation and amortization		**(4)**	(1)	**(5)**	(3)
Operating profit (loss)		**39**	20	**76**	47
Operating segment impairment expense		**(2)**	(1)	**(2)**	(2)
Unallocated impairment expense		**2**	-	**2**	-
Operating segment finance costs	*7*	**(2)**	(2)	**(7)**	(6)
Unallocated finance costs	*7*	**(19)**	(11)	**(41)**	(32)
Unallocated transaction costs	*2*	**(21)**	-	**(26)**	-
Operating segment other income (expense)	*8*	**1**	(1)	**2**	(3)
Unallocated other income (expense)	*8*	**-**	(7)	**(2)**	(21)
Profit (loss) before tax		**(2)**	(2)	**2**	(17)

As at	September 30 2018	December 31 2017
Total Assets		
Total assets for operating segments	**1,728**	1,072
Unallocated assets	**131**	154
Consolidated total assets	**1,859**	1,226

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

		Three months ended September 30		Nine months ended September 30	
	Note	**2018**	2017	**2018**	2017
Total Purchases of Property, Plant and Equipment, Intangibles and Business Acquisitions					
Total operating segment purchases		**18**	17	**45**	36
Total corporate purchases		**1**	-	**3**	-
Total business acquisitions	*2*	**375**	-	**376**	-
Consolidated Purchases of Property, Plant and Equipment, Intangibles and Business Acquisitions		**394**	17	**424**	36

5. SEASONALITY

Activity in the oilfield service industry is influenced by seasonal weather patterns. During the spring months, and at 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.

6. REVENUE

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Accounting policies

Revenue is measured at the fair value of the consideration received or receivable.

Payment terms are generally 30 days from invoice date, however, these terms may vary based on service line, customer, and contract requirements. Customer creditworthiness is assessed prior to contract signing and throughout the contract period.

Revenue from the Sale of Inventory

Revenue from the sale of inventory (commodity-based sales) is recognized on individual contractual terms when indicators of the transfer of control exist, including but not limited to the following: the significant risks and rewards of ownership are transferred to the buyer, Tervita has a present right to payment for the inventory, the customer has legal title to the inventory, Tervita has transferred physical possession of the inventory, the customer has accepted the inventory, and recoverability of consideration is probable. These conditions are generally satisfied when the goods are provided to the customer based on the shipping terms of the contract, as this has historically been the point at which both the customer and Tervita agree a transfer of control has occurred. Revenue earned from the sale of goods includes the marketing of crude oil and the sale of recycled and recovered waste products, including scrap metal.

Service Revenue Recognized at a Point in Time

Recognition of revenue from the rendering of services performed (facility-based services) occurs based on individual contractual terms when indicators of the transfer of control exist, which is generally satisfied when the services are completed in accordance with the contract specifications. Revenue earned from the rendering of services includes the treating, recovering and disposal of fluids and the processing, recovery and disposal of solid materials used in, and generated by, natural resource and industrial production, the disposal of oilfield waste, and hazardous and non-hazardous waste management.

Service Revenue Recognized Over Time

Recognition of revenue for services performed over time (project-based services) occurs when Tervita has a right to invoice, or the value provided to the customer corresponds directly to the services billed to date in accordance with the service contract, as this most closely represents the actual value provided to the customer at the time of invoicing. The transaction price typically results from fixed-fee arrangements over multiple performance obligations, each of which are allocated on a stand-alone basis that could include fixed or determinable prices based on hourly, daily or throughput rates. Service revenue is earned from a variety of sources, including the provision of environmental solutions for waste management, environmental remediation, facility decommissioning and demolition, and rail services.

For customer contracts involving multiple deliverables over several reporting periods, management allocates the performance obligations to the transaction price and recognizes revenue as the control of performance obligations is transferred to the customer, or Tervita has the right to invoice. The transaction price typically results from lump-sum fixed-fee arrangements over multiple performance obligations, each of which are valued on a stand-alone basis, and allocated to the total transaction price based on the stand-alone values. Criteria used to assess the performance obligations for such contracts include, but are not limited to, the number of hours worked, volume of materials handled, and project milestones achieved.

Occasionally, such contracts include an option for a customer to purchase future goods or services. Management assesses these contracts to determine if a material right exists over this option, or if the customer would not receive such a discount or other right if not for the contract. If material rights are deemed to exist, they are assessed as part of the contract's performance obligations at contract inception and an assessment of the probability of exercise is assessed by management. If the optional future goods and services are deemed likely to occur, a value is assigned to the performance obligation and the related revenue is deferred until the optional work is completed or the option expires.

Often, service contracts include mobilization costs or costs to fulfil the contract. Such costs are recognized as a contract asset if all the following criteria are achieved: costs relate directly to the contract and can be specifically identified, costs generate or enhance resources of Tervita that will be used in satisfying performance obligations into the future, and the costs are expected to be recovered. Contract assets are amortized on a straight-line basis over the life of the contract.

Significant judgments

Revenue is assessed for certain revenue streams on a portfolio basis, as the contracts in the portfolio have similar characteristics and performance obligations, and Tervita does not expect that the effects of applying IFRS 15 to the portfolio of contracts would differ materially from applying it to the individual contracts. Judgment is required in the assessment of contract characteristics and performance obligations to determine if application of IFRS 15 on a portfolio basis appropriately presents the nature and timing of those contracts on an individual basis.

Timing of the satisfaction of the performance obligations associated with revenue recognition involves an understanding of the nature of the performance obligations and contracts. Judgment is required in determining the methods used to recognize revenue for the transfer of inventory and rendering of services. Transfer of inventory generally occurs when control of the inventory transfers to the buyer, and the Company must assess whether the indicators of a transfer of control are satisfied. Rendering of services generally occurs when Tervita has a right to invoice, and the Company must determine the appropriate criteria to use to assess achievement of performance obligations and how performance obligations are to be allocated to the contract purchase price under fixed-pricing arrangements.

Determination of the transaction price and allocation of it to each performance obligation involves an understanding of the fair value of goods and services provided. Judgment is required in determining the stand-alone selling prices for contracts under which the transaction price is a lump-sum fixed-fee arrangement.

Sources of estimation uncertainty

Tervita records revenues for certain services based on an estimate of the completion of the performance obligations for those services. The achievement of performance obligations and the total anticipated activity are subject to significant estimates by management.

SUPPORTING INFORMATION

Disaggregation of Revenue

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

		Three months ended September 30, 2018				Three months ended September 30, 2017			
	Note	Energy Services	Industrial Services	Intersegment Eliminations	Total	Energy Services	Industrial Services	Intersegment Eliminations	Total
Commodity-based sales	3	439	12	-	451	303	10	-	313
Facility-based services		123	8	(2)	129	73	10	(3)	80
Project-based services		14	49	(1)	62	-	44	-	44
Disaggregated revenue		576	69	(3)	642	376	64	(3)	437

		Nine months ended September 30, 2018				Nine months ended September 30, 2017			
	Note	Energy Services	Industrial Services	Intersegment Eliminations	Total	Energy Services	Industrial Services	Intersegment Eliminations	Total
Commodity-based sales	3	1,129	35	-	1,164	1,350	33	-	1,383
Facility-based services		266	23	(4)	285	218	29	(7)	240
Project-based services		14	110	(1)	123	-	100	-	100
Disaggregated revenue		1,409	168	(5)	1,572	1,568	162	(7)	1,723

7. FINANCE COSTS

	Note	Three months ended September 30 2018	2017	Nine months ended September 30 2018	2017
Interest expense	*12*	**16**	10	**38**	31
Amortization of debt issue costs	*12*	**3**	1	**5**	3
Accretion of decommissioning liabilities	*11*	**2**	2	**5**	4
Finance costs		**21**	13	**48**	38

8. OTHER INCOME (EXPENSE)

	Note	Three months ended September 30 2018	2017	Nine months ended September 30 2018	2017
Gain (loss) on sale of assets	*10*	**5**	-	**7**	(1)
Share-based compensation	*10*	**(2)**	(2)	**(4)**	(2)
Gain (loss) on provisions	*10*	**(1)**	(4)	**(2)**	(18)
Realized foreign exchange gain (loss) - debt and derivatives	*13*	**(8)**	-	**(8)**	-
Realized foreign exchange gain (loss) - other		**-**	(1)	**-**	(1)
Unrealized foreign exchange gain (loss) - debt and derivatives	*13*	**7**	-	**1**	-
Unrealized foreign exchange gain (loss) - other		**-**	(1)	**6**	(2)
Total other income (expense)		**1**	(8)	**-**	(24)

9. 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 issued pursuant to the Arrangement were pro-rated for the three and nine months ended September 30, 2018, to calculate weighted average common shares outstanding.

There was no difference in the basic and diluted EPS calculation as the exercise price of the outstanding warrants and options were higher than the average market price during the three and nine months ended September 30, 2018, due to which they were anti-dilutive. As at September 30, 2018, Tervita had 2,702,649 warrants and 2,295,597 options outstanding, exercisable at $18.75 per share and $10 per share, respectively.

10. SUPPLEMENTAL CASH FLOW

	Note	Three months ended September 30 2018	2017	Nine months ended September 30 2018	2017
(Gain) loss on sale of assets	*8*	**(5)**	-	**(7)**	1
Share-based compensation	*8*	**2**	2	**4**	2
Non-cash change in provisions	*8, 11*	**9**	1	**9**	12
Total other cash adjustments		**6**	3	**6**	15

11. PROVISIONS

SUPPORTING INFORMATION

September 30, 2018

	Note	Decommissioning Liabilities	Contingent Consideration	Onerous Contracts	Legal	Total
Balance, December 31, 2017		**272**	**9**	**24**	**3**	**308**
Business acquisitions	*2*	**113**	**-**	**23**	**-**	**136**
Charged to profit or loss						
New obligations	*2*	**-**	**-**	**8**	**-**	**8**
Change in discount rate		**-**	**-**	**1**	**-**	**1**
Change in other estimates		**-**	**-**	**3**	**-**	**3**
Unwinding of discount	*7*	**5**	**-**	**-**	**-**	**5**
Capitalized to property, plant and equipment				**-**	**-**	
Disposals		**(12)**	**-**	**-**	**-**	**(12)**
Change in discount rate		**(23)**	**-**	**-**	**-**	**(23)**
Change in other estimates		**1**	**-**	**-**	**-**	**1**
Settled during the period		**(3)**	**-**	**(5)**	**(3)**	**(11)**
Balance, September 30, 2018		**353**	**9**	**54**	**-**	**416**
Less: current portion		**11**	**1**	**11**	**-**	**23**
Long-term portion		**342**	**8**	**43**	**-**	**393**

Provisions were settled for $8 million of cash, an exchange of $1 million of accounts receivable, and discontinuance of a legal claim of $2 million.

December 31, 2017

	Note	Decommissioning Liabilities	Contingent Consideration	Onerous Contracts	Legal	Total
Balance, December 31, 2016		250	10	15	8	283
Charged to profit or loss						
New obligations		-	-	12	6	18
Change in other estimates		-	-	1	-	1
Unwinding of discount	*7*	4	-	-	-	4
Capitalized to property, plant and equipment						
New obligations		2	-	-	-	2
Disposals		(3)	-	-	-	(3)
Change in discount rate		3	-	-	-	3
Change in other estimates		24	-	-	-	24
Settled during the period		(8)	(1)	(4)	(11)	(24)
Balance, December 31, 2017		272	9	24	3	308
Less: current portion		6	1	3	3	13
Long-term portion		266	8	21	-	295

Provisions were settled for $17 million of cash and an exchange of $7 million of accounts receivable.

DECOMMISSIONING LIABILITIES

Business acquisitions represents the provisional value of Newalta's obligations as at the Acquisition Date. See note 2 for further details.

The risk-free rates used to estimate the decommissioning liabilities as at September 30, 2018 ranged from 2.21 to 3.87 per cent (December 31, 2017 – 1.68 to 2.26 per cent). The undiscounted cash flows associated with Tervita's decommissioning liabilities as at September 30, 2018 were estimated at $886 million (December 31, 2017 – $511 million). Payments to settle the decommissioning liabilities occur on an ongoing basis and will continue over the remaining lives of the operating assets, which are up to 107 years.

ONEROUS CONTRACTS

Business acquisitions represents the provisional value of Newalta's onerous contracts at the Acquisition Date. See note 2 for further details. New obligations primarily represent the provisional value of Newalta's head office building, which was acquired as part of the Arrangement and included in transaction costs on the Statement of Profit and Loss.

12. LONG-TERM DEBT

Senior secured notes of US$250 million due December 2021 were issued on the Acquisition Date. See note 2 for further details.

As at	Principal	Issuance	Maturity	September 30, 2018	December 31, 2017
Senior secured notes	US$360	Dec 2016	Dec 2021	**466**	452
Senior secured notes	US$250	Jul 2018	Dec 2021	**323**	-
Unsecured debt - capital leases				**14**	-
Long-term debt				**803**	452
Premium on senior secured notes (US$250)				**1**	-
Unamortized debt costs				**(29)**	(15)
Total long-term debt				**775**	437
Less: current portion of capital leases				**(3)**	-
Long-term portion				**772**	437

DEBT COVENANTS

Under the terms of the $200 million revolving credit facility due December 2019, Tervita must comply with certain financial and non-financial covenants, as defined by its lenders. As at September 30, 2018, Tervita complied with all covenants.

OUTSTANDING LETTERS OF CREDIT

Outstanding letters of credit at September 30, 2018 totalled $102 million (December 31, 2017 – $73 million). Amounts drawn on the outstanding letters of credit reduce the borrowing available under the revolving credit facility.

DEBT COSTS

As at	*Note*	September 30, 2018	December 31, 2017
Balance, January 1		**(15)**	(18)
Costs associated with new debt	*2*	**(19)**	(1)
Amortization of debt issue costs	*7*	**5**	4
Balance, end of period		**(29)**	(15)

13. DERIVATIVES AND HEDGING

Swap agreement	Inception Date	Maturity Date	Principal	Fixed Foreign Exchange rate
Designated hedge	Dec 2016	Dec 2021	476.6	0.7554
Swaps	May 2018	Aug 2018	321.6	0.7775
Forward swaps	May 2018	Dec 2019	320.1	0.7809

The designated hedge mitigates the foreign exchange risk associated with the principal and interest amounts and the cash flow risk associated with the variability in the interest on the US$360 million senior secured notes.

The swaps provided a fixed USD to CAD conversion rate on cash of US$250 million, and were settled on July 19, 2018 in conjunction with the close of the Arrangement. For the three and nine months ended September 30, 2018, a realized foreign exchange loss of $8 million associated with the settlement of the swaps was included in other income (expense). See notes 2 and 8 for further details.

The forward swaps mitigate the foreign exchange risk on the principal amount of the US$250 million senior secured notes. For the three and nine months ended September 30, 2018, an unrealized foreign exchange loss of $6 million and $nil, respectively, were included in other income (expense) due to changes to the fair value of the forward swaps. The forward swaps are not designated as a hedging instrument.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at September 30, 2018

	Note	Classification	Level	Carrying Value	Estimated Fair Value
Cash and cash equivalents		Amortized cost	-	**66**	**66**
Trade and other receivables		Amortized cost	-	**225**	**225**
Equity investment	2	FVTPL	2	**4**	**4**
Trade and other payables		Other financial liabilities	-	**(165)**	**(165)**
Interest payable	12	Other financial liabilities	-	**(21)**	**(21)**
Long-term debt	12	Other financial liabilities	-	**(775)**	**(828)**
Derivative liabilities	13	Designated hedge	2	**(25)**	**(25)**
Contingent consideration	11	FVTPL	2	**(9)**	**(9)**

As at December 31, 2017

	Note	Classification	Level	Carrying Value	Estimated Fair Value
Cash and cash equivalents		FVTPL	-	124	124
Trade and other receivables		Loans and receivables	-	130	130
Trade and other payables		Other financial liabilities	-	(94)	(94)
Interest payable		Other financial liabilities	-	(4)	(4)
Long-term debt	12	Other financial liabilities	-	(437)	(454)
Derivative liabilities		Designated hedge	2	(31)	(31)
Contingent consideration	11	FVTPL	2	(9)	(9)

There were no transfers between levels of the fair value hierarchy in 2018 or 2017.

RISK MANAGEMENT

Counterparty Credit Risk

The Company deems that the credit risk of a financial instrument has increased significantly since initial recognition if it is more than 30 days past due. Tervita considers a financial asset to be in default when the financial asset is more than 90 days past due or there are indicators that payment from the borrower is unlikely. Financial assets are grouped together based on credit status and aging when assessed for ECLs.

Tervita performs regular reviews of accounts that are past due and adjusts the credit-impaired status of related financial assets according to these reviews, following which any accounts deemed uncollectible are expensed. Evidence of a financial asset that is credit-impaired may include evidence or indications of financial difficulty of the counterparty, failure to make scheduled payments, the probability that the counterparty will enter bankruptcy or a similar arrangement, or general economic conditions that correlate with increased risk of default.

Liquidity Risk

Liquidity risk is the risk that Tervita will encounter difficulties in meeting its financial obligations as they come due. Tervita expects to rely primarily on cash generated from operations and borrowings under the revolving credit facilities as its primary sources of liquidity and to fund capital expenditures. At September 30, 2018, there was $98 million of borrowing available under the revolving credit facilities (December 31, 2017 – $127 million). There was $66 million in cash available at September 30, 2018 (December 31, 2017 – $124 million). No assurances can be given that the level of liquidity risk will not increase.

The timing of Tervita's cash outflows relating to financial liabilities on an undiscounted basis is as follows:

	2018	2019-20	2021-22	Thereafter
Trade and other payables	165	-	-	-
Interest payable, net of related swaps agreements	31	125	62	-
Long-term debt (excludes foreign currency revaluation and unamortized debt costs)	-	-	789	-
Derivative liabilities	-	-	25	-
Contingent consideration	1	3	3	12
Total	197	128	879	12

15. SHARE CAPITAL

	Note	Authorized	Issued (number of shares)	Value (millions of C$)
Class A voting preferred shares with no par value		Unlimited number of preferred shares	102,010,181	816
Class A voting common shares with no par value		Unlimited number of common shares	2,615,598	21
Balance, December 31, 2017			104,625,779	837
Cancellation of shares under the Arrangement	2		**(104,625,779)**	**(837)**
Common shares with no par value	2	Unlimited number of common shares	**117,557,112**	**947**
Balance, September 30, 2018			**117,557,112**	**947**

16. COMMITMENTS

	Note	2018	2019-20	2021-22	Thereafter	Total
Interest	2, 12	10	125	62	-	197
Office and facility leases		3	22	21	65	111
Operating leases		-	3	1	3	7
Pipeline transportation commitment		5	25	-	-	30
Investment commitments		1	-	-	-	1
Total commitments		19	175	84	68	346

17. RELATED PARTY TRANSACTIONS

As at September 30, 2018, positions held in the US$360 million senior secured notes and US$250 million senior secured notes by certain equity owners and members of the Board of Directors (“Related Parties”) were US$22 million and US$15 million, respectively (December 31, 2017 – US$22 million and US$nil, respectively). During the three and nine months ended September 30, 2018, these Related Parties earned US$1 million and US$2 million, respectively, in interest income (three and nine months ended September 30, 2017 – US$nil and US$1 million, respectively) related to their holdings in the US$360 million senior secured notes and US$250 million senior secured notes. Certain Related Parties also earned fees for issuance of the escrow notes during the three and nine months ended September 30, 2018 of $nil and $4 million, respectively.

TERVITA CORPORATE INFORMATION

OFFICERS

John Cooper
President and
Chief Executive Officer

Rob Dawson
Chief Financial Officer

Brad Dlouhy
Chief Operating Officer

DIRECTORS

John Cooper

Grant Billing(5)

Michael Colodner(3)(4)

Allen Hagerman(1)(3)

Cameron Kramer(1)(2)

Gordon Pridham(1)

Doug Ramsay(2)(4)

Susan Riddell Rose(4)

Jay Thornton(3)

Kevin Walbridge(2)

(1) Audit Committee
(2) Health, Safety & Environment Committee
(3) Human Resources Compensation Committee
(4) Governance Committee
(5) Chair of the Board

INVESTOR RELATIONS

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STOCK EXCHANGE

Toronto Stock Exchange
Symbol: TEV

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EARTH MATTERS

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