

## FORM 51-102F3

### MATERIAL CHANGE REPORT

#### 1. Name and Address of Company

Secure Energy Services Inc. (the "**Corporation**" or "**Secure**")  
3600, 205 – 5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 2V7

#### 2. Date of Material Change

June 30, 2017

#### 3. News Release

A news release disclosing in detail the material summarized in this material change report was disseminated through the facilities of Canada Newswire on July 4, 2017 and filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**").

#### 4. Summary of Material Change

On July 4, 2017, Secure announced that it has entered into a new \$470 million syndicated first lien credit facility (the "**First Lien Facility**") led by Alberta Treasury Branches ("**ATB**") with a syndicate of ten financial institutions and Canadian chartered banks.

In addition, Secure announced that it has also entered into a new \$130 million syndicated second lien credit facility (the "**Second Lien Facility**") led by National Bank of Canada with a syndicate of three financial institutions and Canadian chartered banks.

The combined facilities total \$600 million, and replace the Corporation's previous \$700 million syndicated facility.

#### 5. Full Description of Material Change

##### 5.1 Full Description of Material Change

On July 4, 2017, Secure announced that it has entered into the First Lien Facility and Second Lien Facility for combined facilities of \$600 million, replacing the Corporation's previous \$700 million syndicated facility. The reduction in the total facilities allow the Corporation to optimize its debt structure to reduce costs associated with standby fees on undrawn amounts while maintaining target levels of liquidity.

The First Lien Facility consists of a four year \$445 million revolving credit facility and a \$25 million revolving operating facility with a maturity date of June 30, 2021. The First Lien Facility is secured by a \$1 billion floating charge debenture and negative pledge from the Corporation in favour of ATB as collateral agent creating a security interest over all of the Corporation's present and after acquired personal property and floating charge over all of its present and after acquired real property, an unlimited liability guarantee from each material subsidiary of the Corporation, a \$1 billion floating charge debenture and negative pledge from the each material subsidiary of the Corporation in favour of ATB as collateral agent creating a security interest over all of such subsidiaries' present and after acquired personal property and floating charge over all of its present and after acquired real property and, in respect of each material subsidiary that carries on business or owns assets in a jurisdiction outside of Canada, security over its assets equivalent to the security interests granted above.

The First Lien Facility is subject to customary terms, conditions and covenants, including the following financial covenants:

- the senior debt to EBITDA ratio is not to exceed 3.5 to 1.0,
- the total debt to EBITDA ratio is not to exceed 5.0 to 1.0, and
- the EBITDA to financing charges ratio is not less than 2.5 to 1.0.

Senior debt includes amounts drawn under the First Lien Facility as well as financial leases entered into by the Corporation. Total debt includes senior debt plus amounts drawn under the Second Lien Facility, and should the Corporation issue any unsecured notes in the future, total debt would also include the principal amount of the notes.

The Corporation also covenants the following:

- the aggregate principal amount of unsecured notes, if any, will not exceed \$500 million,
- the aggregate principal amount of any unsecured notes, principal amount outstanding under the First Lien Facility and the principal amount outstanding under Second Lien Facility will not exceed \$800 million, and
- the Corporation (and each material subsidiary of the Corporation) directly own, in the aggregate, not less than 85% of the consolidated tangible assets as at the end of each fiscal quarter of Secure and directly account for, in the aggregate, not less than 85% of the consolidated EBITDA for the 12 month period ending at the end of such fiscal quarter.

Amounts borrowed under the First Lien Facility will bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the banker acceptance rate plus 1.45% to 3.00%, depending, in each case, on the ratio of consolidated senior funded debt to EBITDA.

The Second Lien Facility is a four year plus one month \$130 million term credit facility with a maturity date of July 31, 2021. The Second Lien Facility is subject to customary terms, conditions and covenants, including financial covenants consistent with the First Lien Facility. The security provided by the Corporation under the Second Lien Facility is the same as the First Lien Facility but is subordinate to the First Lien Facility lenders.

The Corporation has entered into interest rate swaps to fix the interest rate at 5% for the first three years and 5.5% thereafter under the Second Lien Facility.

Descriptions in this report of the terms of the First Lien Facility and Second Lien Facility are qualified in their entirety by the terms of such documents. Copies of the First Lien Facility and Second Lien Facility are available on SEDAR under Secure's issuer profile at [www.sedar.com](http://www.sedar.com).

### **Non-GAAP Measures**

This material change report release contains references to EBITDA. This financial measure is not a measure that has any standardized meaning prescribed under International Financial Reporting Standards and is therefore referred to as non-GAAP measure. The non-GAAP measure used by the Corporation may not be comparable to a similar measure used by other companies. EBITDA is not a recognized measure under GAAP. Management believes that in addition to net income, EBITDA is a useful supplemental measure as it provides an indication of the results generated by the principal business activities prior to consideration of how those activities are financed or how the results are taxed. EBITDA is calculated as net income excluding depreciation, depletion and accretion, share-based payments, interest, and taxes.

### **5.2 Disclosure for Restructuring Transactions**

Not applicable.

**6. Reliance on subsection 7.1(2) of NI 51-102**

Not applicable.

**7. Omitted Information**

Not applicable.

**8. Executive Officer**

For further information concerning the material change described herein, contact Mr. Allen Gransch, Executive Vice President and Chief Financial Officer by telephone at (403) 984-6100.

**9. Date of Report**

July 10, 2017