

SECURE Energy Services Announces 13% Increase to First Quarter Adjusted EBITDA and Intent to Implement NCIB

CALGARY, April 30, 2018 /CNW/ - Secure Energy Services Inc. ("Secure" or the "Corporation") (TSX – SES) today announced operational and financial results for the three months ended March 31, 2018. The following should be read in conjunction with the management's discussion and analysis ("MD&A") and the annual audited consolidated financial statements and notes thereto of Secure which are available on SEDAR at www.sedar.com

FIRST QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

Higher activity levels and growth initiatives over the last several years were key factors leading to a 29% increase in revenue from services, which drove a 13% increase in Adjusted EBITDA¹ of \$47.8 million during the three months ended March 31, 2018 over the same period in 2017.

Highlights from the first quarter include:

- The Corporation's PRD division continued to lead the Corporation's financial results, generating record revenue from services of \$80.9 million, a 20% increase over the same period in 2017. Increased revenue is driven by higher processing and disposal volumes at the Corporation's PRD facilities, which experienced a 14% and 23% increase, respectively, over the first quarter of 2017. The increase in volumes can be attributed to higher activity levels, the continued trend of higher fluid volumes pumped per well while fracing in the Corporation's key service areas, the acquisition of new facilities and increases in disposal capacity at existing facilities;
- Revenue generated from the Corporation's facilities in North Dakota increased by 47% over the first quarter of 2017 as volumes continue to increase due to higher average crude oil prices and better market access which improved drilling and completion activity levels and positively impacted recovered oil revenues;
- The DPS division's drilling services generated average revenue per operating day of \$7,791, an increase of 34% over the three months ended March 31, 2017, demonstrating the Corporation's expertise for dealing with more complex wells requiring specialized fluids and equipment;
- Revenue from the DPS division's production services increased for the fourth straight quarter following the acquisition of a production chemicals business in April 2017. During the three months ended March 31, 2018, production services contributed a higher percentage of the DPS division's total revenue as the Corporation continues to grow market share in western Canada leveraging off Secure's infrastructure, key relationships and proprietary patents. Diversified services lines and integrated service offerings are expected to mitigate the impact to the Corporation during periods of reduced oil and gas activity;
- The Corporation's OS division continued to experience strong results from all three service lines driven primarily by positive activity levels in the oil and gas sector. Integrated Fluid Solutions more than doubled its contribution to the Corporation's Adjusted EBITDA in the three months ended March 31, 2018 over the 2017 comparative period as a result of increased demand for water pumping services and rentals for fracing. Increased Project work, new customer and service additions, and geographic expansion also contributed to the OS division's success in the quarter;
- Secure invested growth and expansion capital of \$54.8 million, advancing construction on several projects, including the Corporation's light oil feeder pipeline system and receipt terminal in the Kindersley-Kerrobert region of Saskatchewan and the Gold Creek SWD facility in the Montney region of Alberta. The Corporation also completed facility upgrades at the Big Mountain SWD which was commissioned and turned over to operations in April. A third well at Big Mountain was also drilled and completed, and is now taking disposal volumes. Additional growth and expansion capital in the quarter was incurred for long lead items and well additions related to two new SWD facilities in the Montney/Duvermay regions.

The operating and financial highlights for the three month periods ending March 31, 2018 and 2017 can be summarized as follows:

(\$000's except share and per share data)	Three months ended Mar 31,		
	2018	2017	% change
Revenue (excludes oil purchase and resale)	181,698	140,713	29
Oil purchase and resale	523,747	309,876	69
Total revenue	705,445	450,589	57
Adjusted EBITDA ⁽¹⁾	47,807	42,170	13
Per share (\$), basic	0.29	0.26	12
Per share (\$), diluted	0.29	0.25	16
Net earnings	6,077	3,440	77
Per share (\$), basic and diluted	0.04	0.02	100
Adjusted net earnings ⁽¹⁾	5,970	3,502	70
Per share (\$), basic and diluted	0.04	0.02	100
Cash flows from operating activities	32,754	43,028	(24)
Per share (\$), basic	0.20	0.27	(26)
Per share (\$), diluted	0.20	0.26	(23)
Funds flow ⁽¹⁾	42,043	40,052	5
Per share (\$), basic	0.26	0.25	4
Per share (\$), diluted	0.25	0.24	4
Dividends per common share	0.07	0.06	17

Capital expenditures ⁽¹⁾	56,581	12,096	368
Total assets	1,579,907	1,403,328	13
Net debt ⁽¹⁾	193,058	54,237	256
Common shares - end of period	164,547,187	162,580,599	1
Weighted average common shares			
basic	164,009,829	162,049,821	1
diluted	166,079,649	165,944,906	-

⁽¹⁾ Refer to "Non-GAAP measures and operational definitions" for further information.

• REVENUE OF \$705.4 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2018

- Total processing, recovery and disposal volumes at PRD facilities for the three months ended March 31, 2018 increased from the 2017 comparative period due to higher activity levels in the Corporation's core service areas and the U.S., ongoing and moderately increasing production related volumes, and the contribution of volumes from facility acquisitions and expansions in 2017. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) of \$80.9 million in the three months ended March 31, 2018, an increase of 20% from 2017;
- Oil purchase and resale revenue in the PRD division for the three months ended March 31, 2018 increased to \$523.7 million due to higher volumes resulting from increased industry activity and higher takeaway capacity at certain of the Corporation's pipeline connected full service terminals, and a 16% increase in average crude oil prices over the comparative period of 2017;
- DPS division revenue increased by 36% to \$68.7 million in the three months ended March 31, 2018 compared to the three months ended March 31, 2017, primarily due to higher contributions from the Corporation's production services line resulting from the production chemicals business acquisition completed in April 2017 and organic growth in the service line;
- Drilling services revenue increased slightly in the three months ended March 31, 2018 over the 2017 comparative period. Producers continue to drill longer and more complex wells, which require more sophisticated drilling fluid systems and expertise, resulting in a 34% increase in revenue per operating day, which more than offset the impact from a 13% decline in Secure's active rigs during the quarter compared to 2017;
- OS division revenue increased 41% to \$32.2 million in the three months ended March 31, 2018 primarily due to higher activity levels in the oil and gas sector over the prior year resulting in increased demand for oilfield services such as water pumping and storage, as well as increased Project work. Additionally, good weather conditions conducive to project execution, new customer additions, and geographic expansion all contributed to higher revenue in the quarter.

• ADJUSTED EBITDA OF \$47.8 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2018

- Adjusted EBITDA of \$47.8 million, a 13% increase from the three months ended March 31, 2017, resulted primarily from a \$5.7 million increase in the PRD division as a result of increased oil and gas sector activity and additional volumes from acquisitions and facility expansions in 2017 which drove both PRD revenues and operating margins¹. The DPS division's Adjusted EBITDA decreased slightly in the quarter over the three months ended March 31, 2017 as the impact of higher revenue from production services was offset by increased general and administrative expenses in the division to support the expanded production chemicals business. Adjusted EBITDA generated from the OS division increased 36% in the three months ended March 31, 2018 over the comparative period in 2017 primarily due to increased water pumping and storage activity.

• NET EARNINGS OF \$6.1 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2018

- Net earnings for the three months ended March 31, 2018 were \$6.1 million, an increase of \$2.6 million over the comparative period of 2017. The variance is primarily due to a \$5.6 million increase to Adjusted EBITDA resulting from the factors described above, partially offset by higher interest expense and depreciation and amortization expense resulting from organic development and acquisitions in the past year, as well as increased tax expense resulting from higher net earnings before non-deductible expenses.

• FINANCIAL FLEXIBILITY

- The total amount drawn on Secure's credit facilities as at March 31, 2018 increased by 15% to \$344.0 million compared to \$300.0 million at December 31, 2017. The amount drawn on Secure's credit facilities increased in the quarter in order to fund the Corporation's organic capital program, partially offset by cash flows from operating activities.
- As at March 31, 2018, the Corporation had \$194.7 million available under its credit facilities, subject to covenant restrictions. The Corporation is well positioned, based on this availability and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the 2018 capital program.
- Secure is in compliance with all covenants related to its credit facilities at March 31, 2018. The following table outlines Secure's senior and total debt to trailing twelve month EBITDA ratios at March 31, 2018 and December 31, 2017.

	Mar 31, 2018	Dec. 31, 2017	Threshold
Senior debt to EBITDA	1.4	1.1	3.5
Total debt to EBITDA	2.2	1.9	5.0

- Senior debt is equal to amounts drawn on the Corporation's first lien facility plus financial leases less any cash balances exceeding \$5 million. Total debt includes senior debt plus the \$130 million borrowed under the Corporation's second lien facility. EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis.

• CAPITAL EXPENDITURES OF \$56.6 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2018

- Total capital expenditures for the three months ended March 31, 2018 of \$56.6 million were comprised of \$54.8 million related to

growth and expansion projects, as described above, and \$1.8 million of sustaining capital. There were no acquisitions completed during the quarter.

PRD DIVISION OPERATING HIGHLIGHTS

(\$000's)	Three months ended Mar 31,		
	2018	2017	% Change
Revenue			
PRD services (a)	80,855	67,470	20
Oil purchase and resale service	523,747	309,876	69
Total PRD division revenue	604,602	377,346	60
Direct expenses			
PRD services (b)	33,451	27,653	21
Oil purchase and resale service	523,747	309,876	69
Total PRD division direct expenses	557,198	337,529	65
Operating Margin ⁽¹⁾ (a-b)	47,404	39,817	19
Operating Margin ⁽¹⁾ as a % of revenue (a)	59%	59%	

⁽¹⁾ Refer to "Non-GAAP measures and operational definitions" for further information.

Highlights for the PRD division for the three months ended March 31, 2018 included:

- Processing, recovery and disposal services revenue of \$80.9 million for the three months ended March 31, 2018 increased by 20% from the 2017 comparative period, driven by higher existing facility throughput, new facilities additions and expansions at certain of the Corporation's existing facilities in 2017, and higher recovered oil revenues resulting from increased average crude oil prices;
- The majority of the Corporation's facilities are located in high impact resource plays, such as the Montney and Duvernay regions, where producers have been most active in the Western Canadian Sedimentary Basin ("WCSB"). Fluids pumped from wells in these regions are also significantly higher than other regions of the WCSB, driving incremental volumes at Secure's facilities;
- Processing volumes increased 14% in the three months ended March 31, 2018 from the comparative period due to higher waste processing, emulsion and completions processing volumes. Increased waste processing revenue generated from the Corporation's facilities in North Dakota accounted for roughly a quarter of the overall PRD services revenue variance in the three months ended March 31, 2018 over the comparative 2017 period. Higher volumes in North Dakota were a result of improved activity levels, including new drilling and frac completions as evidenced by a 32% increase in rig count, driven by higher average crude oil prices over the prior period, and the commissioning of the Dakota Access Pipeline in June 2017 which has improved economics for delivering producers' product to market;
- Recovery revenues increased 44% in the three months ended March 31, 2018 from the comparative period, driven by higher volumes resulting from increased activity levels and a 16% increase in average crude oil prices over the 2017 comparative period;
- Disposal volumes increased by 23% in the three months ended March 31, 2018 from the comparative period. Increased disposal of solid waste resulting from higher drilling activity levels and remediation work nearby Secure landfills resulted in a 20% increase in landfill revenues in the three months ended March 31, 2018 over the three months ended March 31, 2017. Further driving the increase in disposal volumes is increased produced, flowback, and waste water volumes across Secure's facilities from the comparative periods resulting from expansions at existing facilities to increase disposal capacity, increasing water production as wells mature and improved industry activity;
- The addition of new facilities, all of which were acquired from Ceiba Energy Services Inc. ("Ceiba") in August 2017, accounted for \$2.1 million of the PRD services revenue in the three months ended March 31, 2018, an impact of 3% when comparing to the same period of 2017;
- Oil purchase and resale revenue in the PRD division for the three months ended March 31, 2018 increased to \$523.7 million due to higher volumes resulting from increased industry activity and higher takeaway capacity at certain of the Corporation's pipeline connected full service terminals, and a 16% increase in average crude oil prices over the comparative period of 2017;
- Operating margin as a percentage of PRD services revenue for the three months ended March 31, 2018 remained consistent at 59% compared to the three months ended March 31, 2017. The impact of higher revenues was offset by increased variable costs related to personnel, and higher facility repair and maintenance expenditures in the quarter over the three months ended March 31, 2017;
- General and administrative ("G&A") expenses of \$5.9 million for the three months ended March 31, 2018 increased by 50% from the comparative period of 2017. Although the Corporation continues to minimize G&A costs by streamlining operations where possible, PRD G&A expenses have increased primarily due to overhead requirements to support new facilities and expansions. As a percentage of PRD revenue, G&A costs are 7% for the three months ended March 31, 2018 compared to 6% for the comparative period in 2017.

DPS DIVISION OPERATING HIGHLIGHTS

(\$000's)	Three months ended Mar 31,		
	2018	2017	% Change
Revenue			
Drilling and production services (a)	68,679	50,468	36

Direct expenses

Drilling and production services (b)	55,316	38,867	42
Operating Margin ⁽¹⁾ (a-b)	13,363	11,601	15
Operating Margin ⁽¹⁾ as a % of revenue (a)	19%	23%	

⁽¹⁾ Refer to "Non-GAAP measures and operational definitions" for further information.

Highlights for the DPS division for the three months ended March 31, 2018 included:

- Secure continues diversification efforts in the DPS division to become less dependent on drilling activity through expansion of production services. Strategic relationships with key suppliers and ongoing product development has resulted in a significant expansion to Secure's product offering, leading to multiple commercial projects in 2017 and the first three months of 2018. The acquisition of a production chemicals business completed in April 2017 has strengthened Secure's position in the market by adding over 100 fully formulated proprietary products, as well as key infrastructure related to the product offering and an experienced and dedicated employee base. The production chemicals service line now has over 350 commercialized products and continues to win new bids and customers. As a result of increased contributions from production related services, revenue from the DPS division for the three months ended March 31, 2018 increased 36% to \$68.7 million from the comparative period of 2017;
- The majority of the DPS division's revenue comes from drilling services, which correlates with oil and gas drilling activity in the WCSB, most notably active rig counts and metres drilled. Commodity pricing and weather conditions both have a significant impact on the activity levels from oil and gas producers. For the three months ended March 31, 2018, industry rig counts in the WCSB decreased 5% and metres drilled increased 5% from the 2017 comparative period. As a result of these mixed activity levels, revenue from drilling services remained relatively stable in the three months ended March 31, 2018 from the comparative period;
- Secure has focused on servicing more complex wells which require specialized fluids, equipment and expertise. During the quarter, the average depth per well drilled by Secure was 3,197 metres, up 20% from the 2017 comparative period, and 12% higher than the industry average. As a result, revenue per operating day increased 34% from \$5,803 to \$7,792 during the three months ended March 31, 2018. Revenue per operating day is dependent on the proportion of type of rigs serviced and location of wells which impacts the type of fluid used and depth of well. The incremental revenue generated on a per operating day was partially offset by the lower industry rig count, and a 3% decline in market share to 26% in the three months ended March 31, 2018 from the 2017 comparative period;
- The DPS division's operating margin for the three and twelve months ended December 31, 2017 improved by 15% from the 2017 comparative period to \$13.4 million. Operating margin as a percentage of revenue declined to 19% in the three months ended March 31, 2018 from 23% in the comparative period. The decrease is primarily a result of a higher proportion of operating margin from production services, which currently generates a lower margin as a percentage of revenue than drilling services as we continue to develop the potential of the service line;
- G&A expense for the three months ended March 31, 2018 increased by 64% from the comparative period of 2017. Although the Corporation continues to manage costs efficiently and proactively while still responding to customer demands and activity levels, G&A expenses have increased as a result of expanding the production chemicals service line, including as a result of the production chemicals acquisition in April 2017. Additionally, the prior year figure excludes all research and development costs associated with the Corporation's research lab as they were previously reported with the Corporation's business development expense. Secure continues to focus on research and development projects to expand the value chain of services offered to customers, and to provide innovative and cost-effective solutions to reduce waste in the drilling and production processes. As a percentage of DPS revenue, G&A expenses have increased to 8% from 7% in the three months ended March 31, 2018.

OS DIVISION OPERATING HIGHLIGHTS

(\$000's)	Three months ended Mar 31,		
	2018	2017	% Change
Revenue			
OnSite services (a)	32,164	22,775	41
Direct expenses			
OnSite services (b)	25,529	17,186	49
Operating Margin ⁽¹⁾ (a-b)	6,635	5,589	19
Operating Margin ⁽¹⁾ as a % of revenue (a)	21%	25%	

⁽¹⁾ Refer to "Non-GAAP measures and operational definitions" for further information.

Highlights for the OS division for the three months ended March 31, 2018 included:

- OS division revenue increased 41% to \$32.2 million for the three months ended March 31, 2018 as improved commodity prices have led to increased customer activity, resulting in more Projects work and higher pumping and fluid storage rental activity. Geographic expansion into Manitoba and Ontario, new service offerings, and customer additions also contributed to increased revenue;
- Projects revenue during the three months ended March 31, 2018 increased 57% from the 2017 comparative period. Projects revenue is dependent on the type and size of jobs as well as weather conditions which can vary quarter to quarter. For the three months ended March

31, 2018, Projects revenue increased primarily because of larger scale jobs awarded resulting from the division's expertise and management of pipeline integrity, remediation and decommissioning jobs. Projects revenue also increased due to new customer additions, geographic expansion and from the introduction of new service offerings such as the asset recovery long-term service agreement entered in the fourth quarter of 2017 to manage a scrap metal recycling program for a major oil sands producer. Projects continues to seek opportunities like this contract as they provide a steady stream of revenue over the life of the agreement;

- Integrated Fluids Solutions revenue for the three months ended March 31, 2018 increased 78% from the 2017 comparative period. Pumping services and fluid storage rentals had increased job volumes and higher equipment utilization over the 2017 comparative period. Additionally, incremental revenue was generated from the rental of two water injection skids constructed by the OS division in late 2017;
- Environmental Services revenue for the three months ended March 31, 2018 remained relatively consistent with the 2017 comparative period as higher drilling waste and bin revenue resulting from increased market share and higher customer activity was offset by decreased reclamation and remediation revenue as many customers have deferred this type of spending;
- Operating margin for the three months ended March 31, 2018 improved by 19% to \$6.6 million over the prior year comparative period due primarily to increased revenue. The OS division operating margin as a percentage of revenue for the three months ended March 31, 2018 was 21%, which decreased from 25% for the prior year three month comparative period. The OS division's operating margin as a percentage of revenue can fluctuate depending on the volume and type of projects undertaken and from the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services provided in any given period. Additionally, margins in the quarter were negatively impacted by competitive pricing which decreased equipment and labour rates charged to customers for certain Project work, and from the impact of fixed costs associated with reclamation and remediation services due to reduced job volumes;
- G&A expenses for the three months ended March 31, 2018 decreased by 10% from the 2017 comparative period to \$1.9 million as certain personnel and office costs included in the comparative figure were transferred to the PRD division at the start of this year. The impact of this change is partially offset by additional business development expenses resulting from the OS division's growth initiatives. As a percentage of OS revenue, G&A expenses have decreased to 6% in the three months ended March 31, 2018 from 9% in the three months ended March 31, 2017, primarily due to the increase in revenue.

OUTLOOK

During the second quarter, results are typically impacted by seasonality as wet weather and road bans can significantly affect activity in certain areas. Secure anticipates that the typical spring break-up will be extended this year as winter conditions in Canada have stretched well into April as snow packs are well above normal across western Canada and the depth to which the ground froze was deeper than usual.

Overall, Secure expects 2018 Adjusted EBITDA to improve from 2017 as a result of additional revenue contributions from facility expansions and additions, including the addition of the Gold Creek SWD in the third quarter, and expanded service offerings, such as the Kindersley-Kerrobert pipeline system which is expected to be operational in the fourth quarter. Secure's strategy remains focused on working with customers to identify opportunities and integrated solutions where the Corporation can add value and lower customers' costs. By combining multiple services and focusing on new and innovative ways to offer solutions, Secure's customers will be able to gain capital efficiencies for drilling, completing and producing their reserves.

The fundamental drivers of Secure's business are expected to continue to provide meaningful avenues of growth during the remainder of 2018 and beyond:

- Produced water volumes continue to increase based on maturing basins and new shale completion techniques that result in increased water volumes per well. Disposal volumes for Secure are increasing and Secure expects the trend for more produced water volumes and disposal capacity to continue;
- Completion waters and processing volumes are also increasing as high intensity fracs continue to be applied in liquids rich natural gas shale reservoirs like the Montney and Duvernay formations. The increased use of proppants, the number of completion stages and length of the horizontal wells are expected to continue to drive more volumes to Secure's PRD facilities;
- Oil and condensate treatment volumes are increasing as producers bring on new production and are looking for incremental treating capacity while minimizing transportation costs. Secure's construction of the Kindersley-Kerrobert light oil feeder pipeline system to the Corporation's existing Kindersley FST, and further on to Kerrobert, is a growing trend where producers seek to reduce truck traffic and lower transport costs;
- Moving oil volumes on rail cars remains a viable option for oil supply to be transported out of western Canada, once rail service is enhanced. Secure could see activity materially increase as supply growth driven by large oil sands expansions has tightened pipeline takeaway capacity. Moreover, wide WTI – Brent oil differentials influence certain U.S. refiners to look for feedstock accessible by rail that is otherwise delivered by oil tanker;
- Innovative drilling fluid programs can be used to address technical challenges related to developing unconventional resources, such as deep shale reservoirs in Alberta, and improve producer economics by reducing the number of days to drill a well. This trend will continue throughout 2018 as Secure brings innovative products and drilling fluid systems to market from the Corporation's research lab;
- Demand for production chemicals is also increasing as producers bring on new oil, condensate and natural gas liquids ("NGLs"). Production chemicals optimize production, provide flow assurance and maintain the integrity of their production assets. The Corporation continues to grow market share in western Canada leveraging off Secure's infrastructure, key relationships and proprietary patents;
- As described above, completions in the oil and gas industry are growing more geographically concentrated and even more penetrating given the length of wells and amount of proppants used. As part of this growing trend, there is a significant need from Secure's customers for sourcing water, water logistics, storing water and overall water re-use where it is cost effective. Secure's business model provides the complete offering and is assisting customers with large completion programs where significant amounts of water are required to be managed at various stages; and

- Increased environmental regulations in all of our market areas have created opportunities to help our customers operate in a sustainable way with a focus on protecting the environment. Secure's OS division has seen increased proactive environmental projects that strive to prevent spills and reduce their future environmental liabilities.

All of these growth trends provide Secure with significant opportunities to grow and expand its business throughout the remainder of 2018 and beyond. Secure has made significant capital investments over the past few years to ensure the business is well positioned to capture new customer demand, and based on customer feedback there are more opportunities to continue to deploy capital in western Canada. The Corporation expects to incur up to \$150 million of growth and expansion capital in 2018. The capital plan includes the completion of the Kerrobert-Kindersley pipeline system and receipt terminal and Gold Creek SWD, construction of an additional SWD facility in the Duvernay region, expansions at various existing facilities to increase disposal capacity (additional wells, four landfill cells), and equipment to support existing services. The amount of capital spending is dependent on the outcome of various opportunities in development, such as timing of obtaining regulatory approvals, development permits and other operating agreements.

Secure's strong balance sheet provides the Corporation the flexibility to grow organically and execute on strategic acquisition opportunities that align with the profitable growth strategy of Secure. Helping Secure's customers grow and being their trusted energy solutions partner will ensure that the Corporation continues to create long-term shareholder value.

Secure's operations and reliable cash flow continue to improve from already strong levels, and the Corporation's Board of Directors believes at times Secure's share price does not accurately reflect the underlying value of the Corporation. As a result, the Corporation intends to implement a normal course issuer bid ("NCIB") through the Toronto Stock Exchange and alternative Canadian trading platforms, pursuant to which the Corporation would have an option to repurchase its common shares for cancellation, which is expected to enhance shareholder value.

FINANCIAL STATEMENTS AND MD&A

The Corporation's unaudited condensed consolidated financial statements and notes thereto for the three months ended March 31, 2018 and 2017 and MD&A for the three months ended March 31, 2018 and 2017 are available immediately on Secure's website at www.secure-energy.com. The audited consolidated financial statements and MD&A will be available tomorrow on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains or implies forward-looking statements pertaining to: key priorities for the Corporation's success; the oil and natural gas industry, including drilling and production trends; activity levels in the oil and gas sector, drilling levels, commodity prices for oil, natural gas liquids and natural gas; industry fundamentals for 2018; capital forecasts and spending by producers; demand for the Corporation's services and products; expansion strategy; the impact of oil and gas activity on 2018 activity levels; the Corporation's proposed 2018 capital expenditure program including expansion, growth and sustaining capital expenditures, and the timing of completion for projects, in particular the Kindersley-Kerrobert light oil feeder pipeline system and Gold Creek SWD; debt service; acquisition strategy and timing of potential acquisitions; the impact of new facilities, new service offerings, potential acquisitions, and prior year acquisitions on the Corporation's financial and operational performance and growth opportunities; 2018 Adjusted EBITDA; growth opportunities; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; access to capital; implementation of a NCIB to repurchase common shares and the impact of a NCIB on shareholder value; and the Corporation's ability to meet obligations and commitments and operate within any credit facility restrictions.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as the assumption that levels of market activity and growth will be consistent with industry activity in Canada and the U.S. and similar phases of previous economic cycles. Forward-looking statements concerning the availability of funding for future operations are based upon the assumption that the sources of funding which the Corporation has relied upon in the past will continue to be available to the Corporation on terms favorable to the Corporation and that future economic and operating conditions will not limit the Corporation's access to debt and equity markets. Forward-looking statements concerning the relative future competitive position of the Corporation are based upon the assumption that economic and operating conditions, including commodity prices, crude oil and natural gas storage levels, interest and foreign exchange rates, the regulatory framework regarding oil and natural gas royalties, environmental regulatory matters, the ability of the Corporation and its subsidiaries to successfully market their services and drilling and production activity in North America will lead to sufficient demand for the Corporation's services and its subsidiaries' services including demand for oilfield services for drilling and completion of oil and natural gas wells, that the current business environment will remain substantially unchanged, and that present and anticipated programs and expansion plans of other organizations operating in the energy industry may change the demand for the Corporation's services and its subsidiaries' services. Forward-looking statements concerning the nature and timing of growth are based on past factors affecting the growth of the Corporation, past sources of growth and expectations relating to future economic and operating conditions. Forward-looking statements in respect of the costs anticipated to be associated with the acquisition and maintenance of equipment and property are based upon assumptions that future acquisition and maintenance costs will not significantly increase from past acquisition and maintenance costs.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to under the heading "Risk Factors" in the AIF for the year ended December 31, 2017 and also

includes the risks associated with the possible failure to realize the anticipated synergies in integrating the assets acquired in prior year acquisitions with the operations of Secure. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

NON-GAAP MEASURES AND OPERATIONAL DEFINITIONS

The Corporation uses accounting principles that are generally accepted in Canada (the issuer's "GAAP"), which includes International Financial Reporting Standards ("IFRS"). Certain supplementary measures in this document do not have any standardized meaning as prescribed by IFRS. These non-GAAP measures and operational definitions used by the Corporation may not be comparable to similar measures presented by other reporting issuers. These non-GAAP financial measures and operational definitions are included because management uses the information to analyze operating performance, leverage and liquidity. Therefore, these non-GAAP financial measures and operational definitions should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. See the management's discussion and analysis available at www.sedar.com for a reconciliation of the Non-GAAP financial measures and operational definitions.

ABOUT SECURE ENERGY SERVICES INC.

Secure is a TSX publicly traded energy services company that provides safe, innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry. The Corporation owns and operates midstream infrastructure and provides environmental solutions and innovative products to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S.").

The Corporation operates three divisions:

Processing, Recovery and Disposal Division ("PRD"): The PRD division owns and operates midstream infrastructure that provides processing, storing, pipelines, shipping and marketing of crude oil, oilfield waste disposal and recycling. The PRD division services include clean oil terminalling, rail transloading, pipelines, crude oil marketing, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service. Secure currently operates a network of facilities throughout western Canada and in North Dakota, providing these services at its full service terminals ("FST"), landfills, stand-alone water disposal facilities ("SWD"), full service rail facilities ("FSR") and crude oil terminalling facilities.

Drilling and Production Services Division ("DPS"): The DPS division provides equipment, product solutions and chemicals for drilling, completion and production operations for oil and gas producers in western Canada. The drilling service line currently comprises the majority of the revenue for the division which includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen and natural gas. The drilling service line focuses on providing products and systems that are designed for more complex wells, such as medium to deep wells, horizontal wells and horizontal wells drilled into the oil sands. The production services line focuses on providing equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets.

Onsite Services Division ("OS"): The operations of the OS division include Projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and reclamation and remediation of former wellsites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.); Integrated Fluid Solutions ("IFS") which include water management, recycling, pumping and storage solutions; and Environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, Naturally Occurring Radioactive Material ("NORM") management, waste container services and emergency response services.

¹ Refer to the "Non-GAAP measures and operational definitions" section herein.

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