

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Three and Nine Months ended September 30, 2019 and 2018

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on October 30, 2019. The discussion and analysis is a review of the financial results of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The MD&A's primary focus is a comparison of the financial performance for the three and nine months ended September 30, 2019 to the three and nine months ended September 30, 2018 and should be read in conjunction with the Corporation's condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2019 and 2018 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2018 and 2017 ("Annual Financial Statements").

All amounts are presented in Canadian dollars, unless otherwise stated and all tabular amounts are in thousands of Canadian dollars, except share amounts or as otherwise noted. Certain comparative figures have been reclassified to conform to the MD&A presentation adopted for the current year.

### CORPORATE OVERVIEW

Secure is a TSX publicly traded integrated energy business with midstream infrastructure, environmental and technical solutions divisions providing industry leading customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S."). The Corporation owns and operates a network of over fifty midstream facilities throughout western Canada and certain regions in the U.S. Secure's core midstream operations include clean oil terminalling, rail transloading, pipeline transportation, crude oil storage and marketing, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, and oil purchase/resale service.

For a complete description of services provided by the Corporation, please refer to the headings '*Secure Energy Services Inc.*' and '*Description of Business*' in the Corporation's Annual Information Form for the year ended December 31, 2018 ("AIF").

### CORPORATE VISION AND STRATEGY UPDATE

In 2007, Secure was founded with one vision in mind: to help our customers. Twelve years later, delivering solutions that put our customers' needs first continues to be our guiding principle. Our unique culture, which is driven by entrepreneurial spirit, motivation, and hard work, allows us to carefully consider our customers' needs and deliver innovative solutions. It is this culture and our commitment to exceptional customer service that has made Secure a trusted industry partner today.

The past several years have been volatile for the oil and gas sector. From the dramatic drop in oil prices in late 2014, to the ongoing environmental and political debates surrounding transportation of crude oil in Canada, macro economic factors and political issues continue to have a significant impact on our industry. Our customers have responded with increased financial and capital discipline as they strive for resiliency and free cash flow generation through low commodity price cycles.

Secure's strategy remains focused on what is in the Corporation's control: helping our customers by challenging what's possible. Secure is building on our dedication to creating value for customers with our updated vision to *Do Midstream Differently*. By doing midstream differently, Secure works transparently with customers to identify opportunities where we can provide innovative solutions that help our customers reduce costs and emissions, and invest their capital where it generates the highest returns. As a result, customers are willing to share in the risk and commit dedicated volumes to our midstream infrastructure that provides predictable, recurring cash flows for the Corporation.

Increasing the stability of our cash flows is a key priority for Secure as we aim to reduce the risk of our investments, maximize the return and value from our existing assets and ensure profitable growth for our shareholders. This focus has led Secure to make strategic investments in midstream infrastructure in high impact resource plays located near customer production, including the following:

- Oil feeder pipelines
  - Kerrobert crude oil pipeline system and East Kaybob feeder pipeline (*currently under development*);
- New produced water disposal facilities with committed volumes
  - Gold Creek, Tony Creek and Pipestone (*commissioned October 2019*);
- Four produced water pipelines connecting producer facilities/gas plants to Secure's midstream infrastructure
  - Gold Creek, Tony Creek, Pipestone and 13 Mile;
- Crude oil storage at Cushing, Oklahoma and Kerrobert, Saskatchewan with lease commitments.

This midstream growth has helped transform the nature and reliability of Secure's cash flows by significantly increasing the Corporation's exposure to recurring production-based revenues and limiting exposure to cyclical drilling and completion activities. Additional opportunities to execute on this strategy are expected to continue to evolve based on current trends such as:

- Producers outsourcing midstream work;
- Produced water volumes increasing at a disproportionate rate relative to aggregate production;
- Higher well densities improving economics to pipeline connect production volumes to midstream facilities; and
- Volatile differentials and limited pipeline capacity.

Secure's strategy is to follow a sensible approach to capital spending by allocating funds to projects that will generate stable cash flows. This approach includes constructing and operating midstream infrastructure as follows:

- Building and connecting produced water pipelines and disposal facilities to reduce customers' transportation costs and reduce their environmental footprint;
- Building and connecting feeder oil pipelines to producer batteries to reduce customers' transportation costs and optimize producer netbacks;
- Utilizing crude oil storage to optimize pricing and manage pipeline transportation constraints; and
- Providing crude oil transport via rail for access to higher priced markets.

## **STRATEGIC DIVESTITURES**

As part of Secure's focus on increasing cash flow stability, Secure has initiated a formal sales process for the divestiture of specific service lines that do not have recurring or production-related revenue streams. In the last quarter, multiple financial institutions approached Secure about divesting select service lines, and this process is expected to be ongoing throughout the remainder of the year and into 2020. Secure expects any divestitures will be completed by the end of 2020. Aggregate proceeds for these divestitures could range from \$100 million to \$200 million depending on which service lines are divested.

For many years, service offerings that supported drilling and completion activities were a key part of Secure's strategy of delivering value to customers through a broad suite of integrated, 'cradle to grave' energy solutions. During years where producer spending was robust, these service lines made important contributions to Secure by generating significant free cash flow that was reinvested in midstream growth opportunities.

Monetizing assets that primarily support drilling and completion activity will help management focus on its longer-term strategy, strengthen our balance sheet, provide incremental capital for continued midstream infrastructure growth, and support continued opportunistic share repurchases. Secure believes this best positions the Corporation for sustainable future growth and shareholder value creation in the midstream space.

Regardless of whether or not divestitures are completed, Secure and our employees will continue providing exceptional service and delivering value-adding solutions that exceed our customers expectations.

## **DEVELOPMENT OF NEW FEEDER PIPELINE SYSTEM**

During the third quarter of 2019, the Corporation entered into long-term contracts in the Bigstone and East Kaybob regions of Alberta to gather light oil and condensate from multiple producers and transport the product to the Corporation's Fox Creek full-service terminal ("FST"). Several producer facilities will be tied into the system by way of four-inch diameter lateral pipelines, joining together into a six-inch line stretching approximately 25 kilometres to the Fox Creek FST. In total, the system will span approximately 120 kilometres and is estimated to cost approximately \$40 million. Construction is scheduled to begin in the fourth quarter of 2019 and the pipeline is expected to be operational by mid-2020, subject to regulatory or other unanticipated delays.

The project is underpinned by 15-year commitments with multiple customers, providing Secure with stable, long-term fee-for-service revenues from pipeline tariffs, and reliable volumes at the Fox Creek FST. The pipeline system creates value for our customers operating in the region by providing a capital efficient transportation solution that enhances operating netbacks. Additionally, the pipeline system significantly reduces or eliminates trucking logistics and constraints, reduces CO<sub>2</sub> emissions and increases safety by reducing the number of trucks required to transport producer's product.

## **THIRD QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS**

During the third quarter of 2019, Secure achieved Adjusted EBITDA<sup>1</sup> of \$43.2 million, equal to \$0.27 per share, an 18% decrease from the three months ended September 30, 2018. Drilling and completion activity in the Western Canadian Sedimentary Basin ("WCSB") did not see the usual significant increase following the second quarter spring break up due to unseasonably wet weather conditions extending throughout the summer months. During the third quarter, oil and gas producers were unwilling to incur additional costs due to weather related issues if the oil and gas activity could be delayed until weather conditions improved. This reduction in activity was compounded by the overall impact of reduced capital budgets as producers continue to make cautious spending decisions. Overall, the active rig count and wells completed were down 33% and 21% during the third quarter of 2019 from the same period of 2018.

In the Midstream Infrastructure division, growth initiatives over the last several years to increase capacity in response to customer demand and expand production-related service offerings partially offset the impact of lower drilling and completion volumes at the Corporation's facilities. Reduced activity levels had the most significant impact on the Corporation's Technical Solutions and Environmental Solutions divisions, where over half of the service lines provide drilling and completion-related services. The poor weather also impacted the execution of planned remediation and demolition programs in the Environmental Solutions division.

Secure continues to execute on the Corporation's midstream growth strategy by helping our customers challenge what's possible. During the third quarter, Secure progressed construction of the Pipestone water disposal facility in the Montney region of Alberta. The facility is pipeline connected and has multi-year contracted volumes through facility and area dedications with an anchor tenant, providing reliable cash flows over the contract term. The facility was commissioned in October and is expected to be running at full capacity by the end of the year. During the year, Secure also drilled additional wells at the Tony Creek water disposal facility and the 13 Mile and Keene full-service terminals which are expected to contribute incremental revenue in the first quarter of 2020 after pipeline connections are completed.

Secure continues to follow a disciplined approach to maintaining a strong balance sheet. This provides the Corporation with considerable flexibility to continue to grow the business organically and execute on acquisition opportunities that align with the profitable growth strategy of Secure. Additionally, during the third quarter of 2019, Secure returned \$10.7 million of cash flow to shareholders through the Corporation's monthly dividend, and purchased and cancelled 579,900 common shares of the Corporation ("shares") at a weighted average price per share of \$6.85 for a total of \$4.0 million under the Corporation's normal course issuer bid approved at the end of May 2019. Subsequent to the end of the quarter, Secure purchased and cancelled an additional 1,002,100 shares at an average price of \$4.57 per share.

The Corporation's operating and financial highlights for the three- and nine-month periods ending September 30, 2019 and 2018 can be summarized as follows:

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<sup>1</sup> Refer to the "Non-GAAP Measures" section herein.

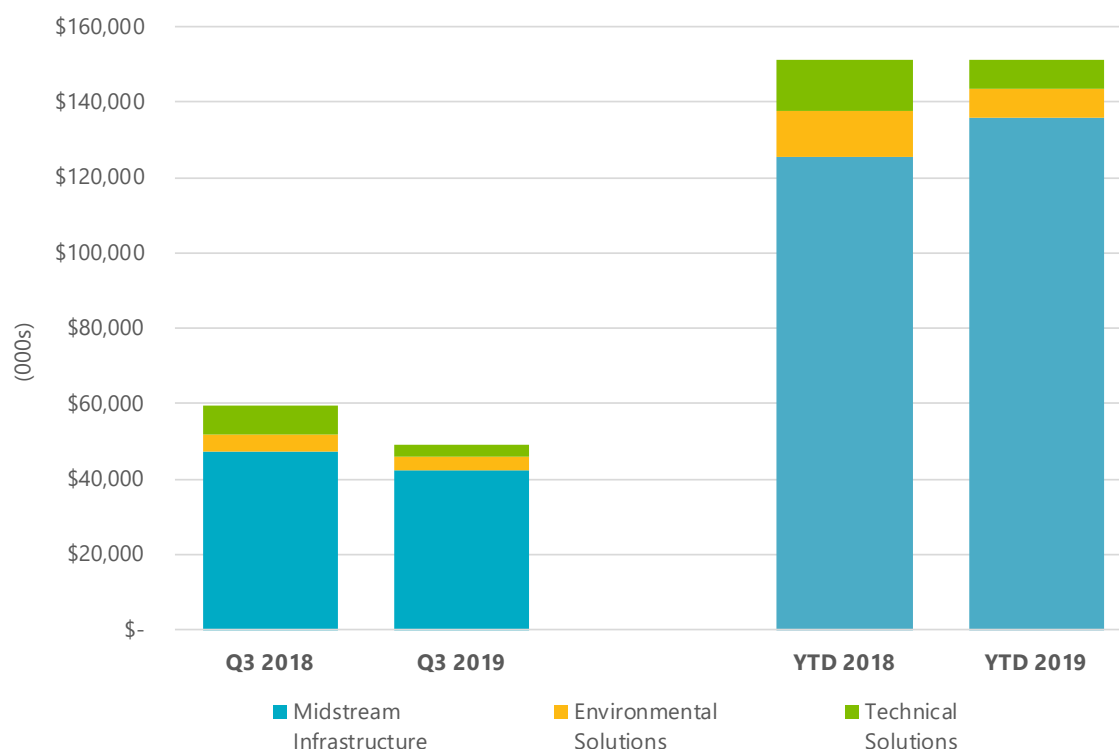
| (\$000's except share and per share data)                | Three months ended Sept 30, |             |          | Nine months ended Sept 30, |             |          |
|----------------------------------------------------------|-----------------------------|-------------|----------|----------------------------|-------------|----------|
|                                                          | 2019                        | 2018        | % change | 2019                       | 2018        | % change |
| Revenue (excludes oil purchase and resale)               | 154,147                     | 182,469     | (16)     | 470,395                    | 505,416     | (7)      |
| Oil purchase and resale                                  | 577,877                     | 646,565     | (11)     | 1,843,998                  | 1,748,986   | 5        |
| Total revenue                                            | 732,024                     | 829,034     | (12)     | 2,314,393                  | 2,254,402   | 3        |
| Adjusted EBITDA <sup>(1)</sup>                           | 43,173                      | 53,746      | (20)     | 133,278                    | 132,711     | -        |
| Per share (\$), basic                                    | 0.27                        | 0.33        | (18)     | 0.83                       | 0.81        | 2        |
| Per share (\$), diluted                                  | 0.27                        | 0.33        | (18)     | 0.82                       | 0.80        | 2        |
| Net (loss) income attributable to shareholders of Secure | (639)                       | 6,809       | (109)    | (1,058)                    | 5,985       | 118      |
| Per share (\$), basic and diluted                        | -                           | 0.04        | (100)    | (0.01)                     | 0.04        | 125      |
| Cash flows from operating activities                     | 35,976                      | 19,879      | 81       | 147,204                    | 127,205     | 16       |
| Per share (\$), basic                                    | 0.23                        | 0.13        | 77       | 0.92                       | 0.78        | 18       |
| Per share (\$), diluted                                  | 0.22                        | 0.20        | 10       | 0.91                       | 0.77        | 18       |
| Dividends per common share                               | 0.0675                      | 0.0675      | -        | 0.2025                     | 0.2025      | -        |
| Capital expenditures <sup>(1)</sup>                      | 30,725                      | 43,478      | (29)     | 102,956                    | 136,322     | (24)     |
| Total assets                                             | 1,635,106                   | 1,591,913   | 3        | 1,635,106                  | 1,591,913   | 3        |
| Long-term liabilities                                    | 633,037                     | 522,304     | 21       | 633,037                    | 522,304     | 21       |
| Common shares - end of period                            | 157,979,909                 | 162,286,387 | (3)      | 157,979,909                | 161,945,330 | (2)      |
| Weighted average common shares                           |                             |             |          |                            |             |          |
| basic                                                    | 158,075,674                 | 162,286,387 | (3)      | 159,620,638                | 163,600,546 | (2)      |
| diluted                                                  | 160,725,966                 | 164,911,044 | (3)      | 162,621,883                | 165,779,889 | (2)      |

<sup>(1)</sup> Refer to "Non-GAAP Measures" and "Operational Definitions" for further information.

- REVENUE OF \$732.0 MILLION AND \$2.3 BILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
  - The Midstream Infrastructure division's revenue (excluding oil purchase and resale) decreased 1% to \$88.3 million during the three months ended September 30, 2019 from the comparative period in 2018. Higher revenues driven by infrastructure added since the third quarter of 2018, which resulted in new recurring revenue streams and increased disposal capacity with committed volumes, were offset by lower revenue from existing facilities due to lower drilling and completions related processing and disposal volumes resulting from poor weather conditions across the Corporation's operating areas and cautious spending by producers in Canada. As a result, drilling waste and flowback water disposal volumes, and processing volumes from drilling and completion activities were negatively impacted and, consequently, recovered oil volumes decreased. Additionally, commodity price differentials were flat in the three months ended September 30, 2019 compared to the same period of 2018, resulting in fewer marketing opportunities and reduced rail activity compared to the prior year period.
  - During the nine months ended September 30, 2019, the Midstream Infrastructure division's revenue (excluding oil purchase and resale) increased to \$268.0 million, up 7% from the 2018 comparative period due to infrastructure added during 2018 and in the 2019 year to date, which more than offset the impact of lower year over year activity levels.
  - Oil purchase and resale revenue in the Midstream Infrastructure division for the three and nine months ended September 30, 2019 decreased by 11% and increased by 5% from the 2018 comparative periods to \$577.9 million and \$1.8 billion. In the year to date, the increase is attributable to Secure's expanded commercial operations, particularly related to the Kerrobert crude oil pipeline system. In the three months ended September 30, 2019, this impact was more than offset by reduced rail and marketing activity resulting from flat price differentials.
  - The Environmental Solutions division revenue of \$20.4 million and \$66.1 million for the three and nine months ended September 30, 2019 decreased 31% and 25% from the respective comparative periods of 2018. The integrated fluids solutions service line was impacted by lower well completion activity in the WCSB and from reduced spending from major exploration and production companies in Canada. Project revenue decreased due to fewer reclamation and demolition jobs underway quarter over quarter and from the deferral of ongoing remediation and demolition jobs as wet weather conditions in the quarter limited field access required to complete these jobs. Increases in recurring revenue from the scrap metal recycling agreements combined with new project work in the Fort McMurray region partially offset the reduced revenue from the lower job volumes and program deferrals.

- The Technical Solutions division revenue decreased 28% and 18% to \$45.4 million and \$136.3 million in the three and nine months ended September 30, 2019 over the 2018 comparative periods due to lower drilling and completion activity in the WCSB, negatively impacting revenue generated from drilling and completion fluid services, solids control equipment rentals and drilling waste management. Increased production services revenue from an expanded customer base partially offset this impact.
- ADJUSTED EBITDA OF \$43.2 MILLION AND \$133.3 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
  - The following graphs illustrate the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the three and nine months ("Q3" and "YTD", respectively) ended September 30, 2019 and 2018.

#### ADJUSTED EBITDA



- NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF SECURE OF \$0.6 MILLION AND \$1.1 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
  - For the three months ended September 30, 2019, net loss attributable to shareholders of Secure of \$0.6 million decreased from net income of \$6.8 million in the three months ended September 30, 2018. The variance is due primarily to a \$10.6 million decrease to Adjusted EBITDA, partially offset by lower tax expense driven by lower pre-tax income. During the nine months ended September 30, 2019, the net loss attributable to shareholders of Secure was \$1.1 million, down from net income of \$6.0 million in the nine months ended September 30, 2018. The decrease relates primarily to higher depreciation expense resulting from the adoption of International Financial Reporting Standard 16 ("IFRS 16")<sup>1</sup> and new assets put into use since the second quarter of 2018, partially offset by lower tax expense driven by lower pre-tax income and a deferred tax recovery booked in the second quarter of 2019 due to a reduction in corporate tax rates.

<sup>1</sup> IFRS 16 was adopted by the Corporation on January 1, 2019 and resulted in the reclassification of certain lease payments previously included in the determination of EBITDA to depreciation and amortization expense and interest costs. Refer to the 'Reporting Changes' section herein.

- CAPITAL EXPENDITURES OF \$30.7 MILLION AND \$103.0 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
  - Total capital expenditures for the three months ended September 30, 2019 included \$24.4 million of organic growth and expansion capital related primarily to:
    - Construction of the new Pipestone water disposal facility;
    - Completing construction of a produced water transfer and injection pipeline from a customer plant to our Gold Creek water disposal facility;
    - Increasing processing and disposal capacity and creating efficiencies at various other facilities;
    - Tying in of new disposal wells drilled during the first half of the year;
    - Ongoing optimization of disposal well water injection pumps to increase throughput; and
    - Long lead items related to the East Kaybob oil feeder pipeline.
  - In addition to these projects, growth and expansion capital incurred during the nine months ended September 30, 2019 of \$91.7 million included two tuck-in acquisitions at Cushing to secure crude oil storage for \$13.9 million; construction of 260,000 barrels of additional crude oil storage at Kerrobert; and the addition of three water disposal wells at existing facilities (Tony Creek, Keene and 13 Mile).
  - Sustaining capital incurred in the three and nine months ended September 30, 2019 of \$6.3 million and \$11.3 million relates primarily to well and facility maintenance.
- FINANCIAL FLEXIBILITY
  - The total amount drawn on Secure's credit facilities as at September 30, 2019 increased by 8% to \$448.5 million compared to \$413.5 million at December 31, 2018. The amount drawn increased primarily as a result of the Corporation's capital program.
  - As at September 30, 2019, the Corporation had \$318.9 million available under its credit facilities, subject to covenant restrictions, up from \$148.4 million at December 31, 2018. In April 2019, Secure closed an amendment to its First Lien Credit Facility, increasing the capacity by \$130 million and issued a new \$75 million bilateral Letter of Credit Facility, resulting in total credit capacity of \$805 million.
  - Secure is in compliance with all covenants related to its credit facilities at September 30, 2019. The following table outlines Secure's senior and total debt to trailing twelve-month EBITDA ratios<sup>1</sup> at September 30, 2019 and December 31, 2018.

|                       | Sept 30, 2019 | Dec. 31, 2018 | Threshold |
|-----------------------|---------------|---------------|-----------|
| Senior debt to EBITDA | 1.8           | 1.6           | 3.5       |
| Total debt to EBITDA  | 2.5           | 2.2           | 5.0       |

## OUTLOOK

Improved weather conditions and increased producer spending to complete 2019 capital plans are expected to lead to higher drilling and completion activity during the fourth quarter compared to the three months ended September 30, 2019. However, in the absence of significant commodity price increases, the Corporation expects producer spending on drilling and completions to remain cautious, with activity levels below the fourth quarter of 2018.

The Corporation has engaged financial advisors for the sales process for the divestiture of specific service lines that do not have recurring or production-related revenue streams. We expect a robust sales process and are committed to obtaining a sales price commensurate with the value of the service lines. We expect the sales process will be ongoing throughout the fourth quarter and into 2020, with the intent of completing any divestitures by the end of next year.

<sup>1</sup> Refer to the "Liquidity and Capital Resources" section herein for details on the Corporation's covenant calculations.

There can be no assurance that any agreement or transaction will occur, or if a transaction is undertaken, as to its terms or timing. Secure has not set a definitive schedule to complete the sales process and no decision on any particular transaction structure has been reached at this time. Secure does not intend to make further announcements or disclose developments with respect to the sales process until the Corporation's board of directors has approved a definitive transaction, unless otherwise required by applicable laws or Secure otherwise determines that disclosure is appropriate.

Secure's organic growth capital for 2019 has been heavily weighted toward infrastructure projects that align with our underlying strategy to increase the stability of our cash flows. In addition to commissioning the Pipestone water disposal facility and feeder pipeline, the capital plan the remainder of 2019 includes beginning construction of the East Kaybob oil feeder pipeline and finishing projects to optimize capabilities and increase processing and disposal capacity at various other facilities. The current growth capital plan for 2020 is approximately \$30 million, and is depending upon the timing of carryover and completion of projects from the fourth quarter of 2019. Sustaining capital is expected to be approximately \$20 million for 2020.

Secure will continue to focus on strengthening the Corporation's financial position throughout 2020. This will provide increased flexibility for debt repayment, midstream infrastructure growth underpinned by contracts, and opportunistic share repurchases.

## **REPORTING CHANGES**

The Corporation adopted IFRS 16 as at the effective date of January 1, 2019 which replaced IAS 17, Leases. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There was also no impact to lessor accounting from the adoption of IFRS 16.

Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Corporation.

Lease liabilities are initially measured at the present value of unpaid lease payments, less any lease incentives. Lease payments include fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. Lease payments are discounted using the Corporation's incremental borrowing rate where the rate implicit in the lease is not readily determinable.

Right-of-use assets are initially measured at the amount of the lease liability, plus any lease payments made at or before the commencement date, any initial direct costs, and estimated cost for dismantling or restoring the asset.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments on short-term leases or leases on which the underlying asset is of low value are accounted for as expenses on a straight-line basis in the consolidated statement of operations.

The Corporation elected the modified retrospective transition approach, which provides lessees a method for recording existing leases at adoption with no restatement of prior period financial information. Under this approach, a lease liability was recognized at January 1, 2019 in respect of leases previously classified as operating leases, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at transition. The associated right-of-use assets were measured at amounts equal to the respective lease liabilities, subject to certain adjustments allowed under IFRS 16.

Adoption of the new standard at January 1, 2019 resulted in the recording of additional right-of-use assets and lease liabilities of \$33.4 million and \$35.9 million, respectively, related to office space, warehouses, surface land, rail cars and certain heavy equipment. The new standard did not materially impact consolidated net income as the depreciation of right-of-use assets and interest and finance costs related to the lease liabilities recognized under IFRS 16 were mostly offset by reductions in operating lease expense, which were previously recognized in cost of sales and general and administrative expenses. The adoption of IFRS 16 had no impact on cash flows.

## NON-GAAP MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, are considered non-GAAP measures. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measure. These measures are intended as a complement to results provided in accordance with IFRS. The Corporation believes these measures provide additional useful information to analysts, shareholders and other users to understand the Corporation's financial results, profitability, cost management, liquidity and ability to generate funds to finance its operations. However, they should not be used as an alternative to IFRS measures because they do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. These non-GAAP measures are further explained below.

### Adjusted EBITDA

Adjusted EBITDA is defined as net loss before finance costs, taxes, depreciation, depletion, and amortization, non-cash impairments on the Corporation's non-current assets, unrealized gains or losses on mark to market transactions, share-based compensation, other income/expenses, and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies.

Management believes that in addition to net loss, Adjusted EBITDA is a useful supplemental measure to enhance understanding of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed, how the results are taxed, and how the results are impacted by non-cash charges, and charges that are irregular in nature or not reflective of Secure's core operations. Management calculates these adjustments consistently from period to period to enhance comparability of this MD&A. Adjusted EBITDA is used by management to determine Secure's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. Adjusted EBITDA is also used internally to set targets for determining employee variable compensation, largely because management believes that this measure is indicative of how the fundamental business is performing and being managed.

The following table reconciles the Corporation's net income, being the most directly comparable measure calculated in accordance with IFRS, to Adjusted EBITDA.

| (\$000's)                                                            | Three months ended Sept 30, |        |          | Nine months ended Sept 30, |         |          |
|----------------------------------------------------------------------|-----------------------------|--------|----------|----------------------------|---------|----------|
|                                                                      | 2019                        | 2018   | % Change | 2019                       | 2018    | % Change |
| <b>Net (loss) income</b>                                             | <b>(1,144)</b>              | 6,809  | 117      | <b>(2,012)</b>             | 5,985   | 134      |
| <b>Add:</b>                                                          |                             |        |          |                            |         |          |
| Depreciation, depletion and amortization <sup>(1)</sup>              | 31,689                      | 31,803 | -        | 97,563                     | 86,478  | 13       |
| Current tax expense                                                  | 438                         | 841    | (48)     | 394                        | 1,963   | (80)     |
| Deferred tax expense (recovery)                                      | 1,006                       | 4,291  | (77)     | (2,724)                    | 7,580   | (136)    |
| Share-based compensation <sup>(1)</sup>                              | 4,272                       | 6,461  | (34)     | 16,174                     | 17,576  | (8)      |
| Interest, accretion and finance costs                                | 6,913                       | 3,373  | 105      | 19,946                     | 12,443  | 60       |
| Unrealized (gain) loss on mark to market transactions <sup>(2)</sup> | (1)                         | 168    | (101)    | 3,937                      | 686     | 474      |
| <b>Adjusted EBITDA</b>                                               | <b>43,173</b>               | 53,746 | (20)     | <b>133,278</b>             | 132,711 | -        |

<sup>(1)</sup> Included in cost of sales and general and administrative expenses on the Consolidated Statements of Comprehensive Income (Loss).

<sup>(2)</sup> Included in revenue on the Consolidated Statements of Comprehensive Income (Loss).

### Segment profit margin

Segment profit margin is calculated as the difference between revenue and cost of sales, excluding depreciation, depletion and amortization expense and share-based compensation expense. Segment profit margin is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies. Management analyzes segment profit margin and segment profit margin as a percentage of revenue excluding oil purchase and resale by division as a key indicator of segment profitability. This non-GAAP measure is also used by management to quantify the operating costs inherent in the Corporation's business activities, prior to operational related depreciation, depletion and amortization and share-based compensation, and evaluate segment cost control and efficiency.

The following table reconciles the Corporation's gross margin, being the most directly comparable measure calculated in accordance with IFRS, to consolidated segment profit margin.

| (\$000's)                                               | Three months ended Sept 30, |        |          | Nine months ended Sept 30, |         |          |
|---------------------------------------------------------|-----------------------------|--------|----------|----------------------------|---------|----------|
|                                                         | 2019                        | 2018   | % Change | 2019                       | 2018    | % Change |
| <b>Gross margin</b>                                     | <b>31,313</b>               | 40,837 | (23)     | <b>91,959</b>              | 102,984 | (11)     |
| <b>Add:</b>                                             |                             |        |          |                            |         |          |
| Depreciation, depletion and amortization <sup>(1)</sup> | <b>28,753</b>               | 30,668 | (6)      | <b>87,920</b>              | 82,933  | 6        |
| Share-based compensation <sup>(1)</sup>                 | <b>1,437</b>                | 1,711  | (16)     | <b>4,391</b>               | 5,066   | (13)     |
| <b>Segment profit margin</b>                            | <b>61,503</b>               | 73,216 | (16)     | <b>184,270</b>             | 190,983 | (4)      |

<sup>(1)</sup> These charges are included in cost of sales on the Corporation's Consolidated Statements of Comprehensive Income (Loss).

### OPERATIONAL DEFINITIONS

Certain operational definitions used by the Corporation throughout this MD&A are further explained below.

#### Capital expenditures

Expansion, growth or acquisition capital are capital expenditures with the intent to expand or restructure operations, enter into new locations or emerging markets, or complete a business or asset acquisition. Sustaining capital refers to capital expenditures in respect of capital asset additions, replacements or improvements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion capital involves judgment by management.

#### Oil prices

Canadian Light Sweet crude oil price is the benchmark price for light crude oil (40 American Petroleum Institute ("API") gravity) at Edmonton, Alberta.

#### Operating days

Operating days are calculated by multiplying the average number of active rigs where the Technical Solutions division provides drilling fluids services by the number of days in the period.

#### Operating netback

Operating netback is a common measure used in the oil and gas industry to measure results on a per barrel of equivalent basis and is typically calculated as oil and gas sales, less royalties, operating and transportation expenses.

## RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into three reportable segments, as outlined in the 'Corporate Overview' above, and presented in Note 12 of the Interim Financial Statements. Total general and administration expenses by division excludes corporate expenses and share-based compensation, as senior management reviews each division's earnings before these expenses in assessing profitability and performance. The table below outlines the results by operating segment for the three and nine months ended September 30, 2019 and 2018:

| (\$000's)                                               | Midstream<br>Infrastructure | Environmental<br>Solutions | Technical<br>Solutions | Corporate       | Total          |
|---------------------------------------------------------|-----------------------------|----------------------------|------------------------|-----------------|----------------|
| <b>Three months ended September 30, 2019</b>            |                             |                            |                        |                 |                |
| Revenue from services                                   | 88,316                      | 20,387                     | 45,444                 | -               | 154,147        |
| Oil purchase and resale service                         | 577,877                     | -                          | -                      | -               | 577,877        |
| <b>Total revenue</b>                                    | <b>666,193</b>              | <b>20,387</b>              | <b>45,444</b>          | <b>-</b>        | <b>732,024</b> |
| Cost of sales excluding items listed separately below   | (617,706)                   | (15,308)                   | (37,507)               | -               | (670,521)      |
| <b>Segment profit margin</b>                            | <b>48,487</b>               | <b>5,079</b>               | <b>7,937</b>           | <b>-</b>        | <b>61,503</b>  |
| G&A expenses excluding items listed separately below    | (6,081)                     | (1,644)                    | (4,882)                | (5,722)         | (18,329)       |
| Depreciation, depletion and amortization <sup>(1)</sup> | (22,283)                    | (2,210)                    | (6,041)                | (1,155)         | (31,689)       |
| Share-based compensation <sup>(1)</sup>                 | -                           | -                          | -                      | (4,272)         | (4,272)        |
| Interest, accretion and finance costs                   | (455)                       | -                          | -                      | (6,458)         | (6,913)        |
| <b>Earnings (loss) before tax</b>                       | <b>19,668</b>               | <b>1,225</b>               | <b>(2,986)</b>         | <b>(17,607)</b> | <b>300</b>     |

| (\$000's)                                               | Midstream<br>Infrastructure | Environmental<br>Solutions | Technical<br>Solutions | Corporate       | Total            |
|---------------------------------------------------------|-----------------------------|----------------------------|------------------------|-----------------|------------------|
| <b>Nine months ended September 30, 2019</b>             |                             |                            |                        |                 |                  |
| Revenue from services                                   | 267,998                     | 66,086                     | 136,311                | -               | 470,395          |
| Oil purchase and resale service                         | 1,843,998                   | -                          | -                      | -               | 1,843,998        |
| <b>Total revenue</b>                                    | <b>2,111,996</b>            | <b>66,086</b>              | <b>136,311</b>         | <b>-</b>        | <b>2,314,393</b> |
| Cost of sales excluding items listed separately below   | (1,962,483)                 | (53,343)                   | (114,297)              | -               | (2,130,123)      |
| <b>Segment profit margin</b>                            | <b>149,513</b>              | <b>12,743</b>              | <b>22,014</b>          | <b>-</b>        | <b>184,270</b>   |
| G&A expenses excluding items listed separately below    | (17,720)                    | (4,752)                    | (14,494)               | (17,963)        | (54,929)         |
| Depreciation, depletion and amortization <sup>(1)</sup> | (67,875)                    | (7,526)                    | (18,654)               | (3,508)         | (97,563)         |
| Share-based compensation <sup>(1)</sup>                 | -                           | -                          | -                      | (16,174)        | (16,174)         |
| Interest, accretion and finance costs                   | (1,379)                     | -                          | -                      | (18,567)        | (19,946)         |
| <b>Earnings (loss) before tax</b>                       | <b>62,539</b>               | <b>465</b>                 | <b>(11,134)</b>        | <b>(56,212)</b> | <b>(4,342)</b>   |

| (\$000's)                                               | Midstream<br>Infrastructure | Environmental<br>Solutions | Technical<br>Solutions | Corporate       | Total          |
|---------------------------------------------------------|-----------------------------|----------------------------|------------------------|-----------------|----------------|
| <b>Three months ended September 30, 2018</b>            |                             |                            |                        |                 |                |
| Revenue from services                                   | 89,579                      | 29,617                     | 63,273                 | -               | 182,469        |
| Oil purchase and resale service                         | 646,565                     | -                          | -                      | -               | 646,565        |
| <b>Total revenue</b>                                    | <b>736,144</b>              | <b>29,617</b>              | <b>63,273</b>          | <b>-</b>        | <b>829,034</b> |
| Cost of sales excluding items listed separately below   | (682,478)                   | (23,149)                   | (50,191)               | -               | (755,818)      |
| <b>Segment profit margin</b>                            | <b>53,666</b>               | <b>6,468</b>               | <b>13,082</b>          | <b>-</b>        | <b>73,216</b>  |
| G&A expenses excluding items listed separately below    | (6,653)                     | (1,844)                    | (5,193)                | (5,948)         | (19,638)       |
| Depreciation, depletion and amortization <sup>(1)</sup> | (24,092)                    | (1,991)                    | (5,381)                | (339)           | (31,803)       |
| Share-based compensation <sup>(1)</sup>                 | -                           | -                          | -                      | (6,461)         | (6,461)        |
| Interest, accretion and finance costs                   | (438)                       | -                          | -                      | (2,935)         | (3,373)        |
| <b>Earnings (loss) before tax</b>                       | <b>22,483</b>               | <b>2,633</b>               | <b>2,508</b>           | <b>(15,683)</b> | <b>11,941</b>  |

| (\$000's)                                               | Midstream<br>Infrastructure | Environmental<br>Solutions | Technical<br>Solutions | Corporate       | Total            |
|---------------------------------------------------------|-----------------------------|----------------------------|------------------------|-----------------|------------------|
| <b>Nine months ended September 30, 2018</b>             |                             |                            |                        |                 |                  |
| Revenue from services                                   | 250,930                     | 87,824                     | 166,662                | -               | 505,416          |
| Oil purchase and resale service                         | 1,748,986                   | -                          | -                      | -               | 1,748,986        |
| <b>Total revenue</b>                                    | <b>1,999,916</b>            | <b>87,824</b>              | <b>166,662</b>         | <b>-</b>        | <b>2,254,402</b> |
| Cost of sales excluding items listed separately below   | (1,856,146)                 | (69,778)                   | (137,495)              | -               | (2,063,419)      |
| <b>Segment profit margin</b>                            | <b>143,770</b>              | <b>18,046</b>              | <b>29,167</b>          | <b>-</b>        | <b>190,983</b>   |
| G&A expenses excluding items listed separately below    | (18,869)                    | (5,759)                    | (15,833)               | (18,497)        | (58,958)         |
| Depreciation, depletion and amortization <sup>(1)</sup> | (61,752)                    | (7,187)                    | (16,521)               | (1,018)         | (86,478)         |
| Share-based compensation <sup>(1)</sup>                 | -                           | -                          | -                      | (17,576)        | (17,576)         |
| Interest, accretion and finance costs                   | (1,282)                     | -                          | -                      | (11,161)        | (12,443)         |
| <b>Earnings (loss) before tax</b>                       | <b>61,867</b>               | <b>5,100</b>               | <b>(3,187)</b>         | <b>(48,252)</b> | <b>15,528</b>    |

<sup>(1)</sup> Depreciation, depletion and amortization and share-based compensation have been allocated to cost of sales and general and administrative expenses on the Condensed Consolidated Statements of Comprehensive Income (Loss) based on function of the underlying asset or individual to which the charge relates.

## MIDSTREAM INFRASTRUCTURE DIVISION

The Midstream Infrastructure division has two separate business lines: Midstream Infrastructure services; and oil purchase and resale services.

### Midstream Infrastructure services:

The Midstream Infrastructure division owns and operates a network of facilities throughout western Canada, in North Dakota, and, as of the second quarter of 2019, has added storage assets in Cushing, Oklahoma. These facilities provide processing, storing, shipping and marketing of crude oil; oilfield waste and water disposal; and recycling. Secure also offers transportation solutions through dedicated oil and water pipelines terminating at Secure facilities. Processing services are primarily performed at FSTs and include waste processing and crude oil emulsion treating. Secure's FSTs that are connected to export oil pipelines provide customers with an access point to process and/or treat their crude oil for shipment to market. The crude oil or oilfield waste is delivered by customers to Secure by tanker, vacuum truck or dedicated feeder pipeline. The FST will process oilfield waste to separate out solids, water and crude oil. Crude oil that does not meet pipeline specifications is processed through a crude oil emulsion treater. Clean crude oil and treated crude oil may be aggregated and stored on site temporarily until the volumes are ready to be shipped through gathering, transmission or feeder pipelines, or via transloading facilities. Disposal services include produced and waste water disposal services through a network of disposal wells and disposal of oilfield solid wastes at the Corporation's landfills.

### Oil purchase and resale:

The purpose of providing oil purchase and resale services is to enhance the service offering associated with Secure's business of terminalling, transloading and marketing. By offering this service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline or via rail. At Secure FSTs, Secure will meter the crude oil volumes and purchase the crude oil directly from customers. The Corporation will then handle the shipment of crude oil down the pipeline. Secure's four rail terminals situated across Alberta and Saskatchewan, which carry crude by rail to virtually all North American markets, offer producers an alternative solution to get their product to market. The Corporation may also purchase and resale crude oil to take advantage of marketing opportunities and increase profitability.

| (\$000's)                                                         | Three months ended Sept 30, 2019 |                |             | Nine months ended Sept 30, 2019 |                  |          |
|-------------------------------------------------------------------|----------------------------------|----------------|-------------|---------------------------------|------------------|----------|
|                                                                   | 2019                             | 2018           | % Change    | 2019                            | 2018             | % Change |
| <b>Revenue</b>                                                    |                                  |                |             |                                 |                  |          |
| Midstream Infrastructure (a)                                      | 88,316                           | 89,579         | (1)         | 267,998                         | 250,930          | 7        |
| Oil purchase and resale                                           | 577,877                          | 646,565        | (11)        | 1,843,998                       | 1,748,986        | 5        |
| <b>Total Midstream Infrastructure division revenue</b>            | <b>666,193</b>                   | <b>736,144</b> | <b>(10)</b> | <b>2,111,996</b>                | <b>1,999,916</b> | <b>6</b> |
| <b>Cost of Sales</b>                                              |                                  |                |             |                                 |                  |          |
| Midstream Infrastructure excluding items noted below              | 39,829                           | 35,913         | 11          | 118,485                         | 107,160          | 11       |
| Depreciation, depletion and amortization                          | 20,972                           | 23,771         | (12)        | 63,280                          | 60,917           | 4        |
| Oil purchase and resale                                           | 577,877                          | 646,565        | (11)        | 1,843,998                       | 1,748,986        | 5        |
| <b>Total Midstream Infrastructure division cost of sales</b>      | <b>638,678</b>                   | <b>706,249</b> | <b>(10)</b> | <b>2,025,763</b>                | <b>1,917,063</b> | <b>6</b> |
| <b>Segment Profit Margin <sup>(1)</sup></b>                       | <b>48,487</b>                    | <b>53,666</b>  | <b>(10)</b> | <b>149,513</b>                  | <b>143,770</b>   | <b>4</b> |
| <b>Segment Profit Margin <sup>(1)</sup> as a % of revenue (a)</b> | <b>55%</b>                       | <b>60%</b>     |             | <b>56%</b>                      | <b>57%</b>       |          |

<sup>(1)</sup> Calculated as revenue less cost of sales excluding depreciation, depletion and amortization. Refer to "Non-GAAP Measures" for further information.

### Revenue (Midstream Infrastructure division)

Revenue generated from Midstream Infrastructure services of \$88.3 million and \$268.0 million for the three and nine months ended September 30, 2019 decreased by 1% and increased by 7% from the 2018 comparative periods. In the three month period, the decrease in Midstream Infrastructure services revenue from the 2018 comparative period was due to lower processing and disposal volumes tied to drilling and completion activity, and corresponding recovered oil volumes, lower realized pricing on recovered oil, and flat differentials limiting the upside for price optimization at the Corporation's pipeline connected FSTs and rail terminals.

The impact of lower activity levels on existing facilities offset incremental revenue in the three months ended September 30, 2019 driven from new infrastructure and expansions at certain of the Corporation's existing facilities since the third quarter of 2018. Secure commenced commercial operations at the Kerrobert crude oil pipeline system on October 1, 2018, resulting in a new, stable revenue source for the Corporation in the three months ended September 30, 2019 compared to the same period of 2018 through pipeline tariffs. The feeder pipeline project includes area dedication and contracted volume on both an annual and cumulative term basis over a 10-year term. The Corporation also completed the acquisition of a crude oil storage business located in Cushing, Oklahoma in April 2019, which commenced contributing revenue during the second quarter of 2019.

During the nine months ended September 30, 2019, the 7% increase in Midstream Infrastructure service revenue from the 2018 comparative period was primarily due to higher volumes associated with new infrastructure. In addition to the above, the Corporation strategically added the Gold Creek and Tony Creek water disposal facilities at the end of the second quarter of 2018 which are underpinned by committed volumes.

The chart below outlines volumes at the Corporation's facilities in the three and nine months ended September 30, 2019 and 2018. Midstream Infrastructure services revenue is impacted by both the nature and amount of product received by Secure's facilities; pricing varies depending on the complexity to process and dispose.

|                                                                        | Three months ended Sept 30, |          |          | Nine months ended Sept 30, |          |          |
|------------------------------------------------------------------------|-----------------------------|----------|----------|----------------------------|----------|----------|
|                                                                        | 2019                        | 2018     | % Change | 2019                       | 2018     | % Change |
| <b>Average Benchmark Prices and Volumes <sup>(1)</sup></b>             |                             |          |          |                            |          |          |
| WTI (US\$/bbl)                                                         | \$ 56.47                    | \$ 69.46 | (19)     | \$ 57.04                   | \$ 66.74 | (15)     |
| Canadian Light Sweet (\$/bbl)                                          | \$ 69.26                    | \$ 75.64 | (8)      | \$ 69.58                   | \$ 74.52 | (7)      |
| Processing volumes (in 000's m <sup>3</sup> )                          | 407                         | 524      | (22)     | 1,230                      | 1,632    | (25)     |
| Recovery, terminalling and pipeline volumes (in 000's m <sup>3</sup> ) | 993                         | 520      | 91       | 2,796                      | 1,471    | 90       |
| Disposal volumes (in 000's m <sup>3</sup> )                            | 2,057                       | 2,047    | -        | 5,656                      | 5,641    | -        |

<sup>(1)</sup> Crude, emulsion and water volumes are metered at the Corporation's midstream facilities. Solid waste is weighed at landfills.

Disposal volumes were relatively flat in the three and nine months ended September 30, 2019 over the 2018 comparative period as a 14% and 16% increase in produced water disposal volumes was offset by the impact of lower completion-related water volumes and reduced drilling waste disposed at the Corporation's landfills. Increased produced water disposal volumes were driven by the addition of the Gold Creek and Tony Creek water disposal facilities at the end of the second quarter of 2018 and expansions to increase water disposal capacity at various other facilities since the start of 2018. Additionally, Secure's facilities are strategically located in regions where production levels have not decreased, and where average fluids pumped per well are higher than other regions of the WCSB, driving incremental volumes at Secure's facilities.

Processing volumes decreased by 22% and 25% in the three and nine months ended September 30, 2019 from the 2018 comparative periods due primarily to lower drilling waste processing and completion fluids. Weather related issues during the year, including cold weather in the first quarter, a prolonged spring break-up and unseasonably wet weather throughout the third quarter of 2019 resulted in year over year declines in drilling and completions activity. These issues were compounded by the overall slowdown of oil and gas activity during 2019 due to challenging industry fundamentals stemming from volatile crude oil pricing, low natural gas prices and uncertainty with respect to the addition of pipeline capacity out of the WCSB. In the WCSB, rig activity declined 33% and 31% in the three and nine months ended September 30, 2019 from the 2018 comparative periods, and well completions decreased 21% and 23% in these same periods.

Oil purchase and resale revenue in the Midstream Infrastructure division for the three and nine months ended September 30, 2019 decreased by 11% and increased by 5% from the 2018 comparative periods to \$577.9 million and \$1.8 billion. In the year to date, the increase is attributable to Secure's expanded commercial operations, particularly related to the Kerrobert crude oil pipeline system. In the three months ended September 30, 2019, this impact was more than offset by lower volumes due to decreased rail activity and marketing opportunities due to flat differentials in the third quarter of 2019, and lower oil prices compared to the third quarter of 2018.

### **Cost of Sales (Midstream Infrastructure division)**

Cost of sales from Midstream Infrastructure services, excluding depreciation, depletion and amortization, increased by 11% in each the three and nine months ended September 30, 2019 from the prior year comparative periods to \$39.8 million and \$118.5 million. The increase in cost of sales is primarily a result of a higher number of facilities, including the addition of the Kerrobert crude oil pipeline system and the Cushing storage facility since the third quarter of 2018, commissioning costs for new facilities, expansions at existing facilities, and certain weather-related costs including leachate handling costs at landfills due to higher amounts of rainfall in 2019. These factors were partially offset by lower variable costs corresponding with decreased drilling and completion related volumes at certain facilities, and lease payments associated with the Corporation's rail car leases in the prior year, which were capitalized at January 1, 2019 in accordance with IFRS 16.

Operating depreciation, depletion and amortization ("DD&A") expense included within cost of sales relates primarily to the division's facilities, landfills, and rail car leases, and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. For the three and nine months ended September 30, 2019, operational DD&A increased due to the Cushing storage facility acquisition, new assets put into use since the third quarter of 2018, and depreciation related to the Midstream Infrastructure division's right-of-use assets added as a result of the adoption of IFRS 16. This increase was offset by an impairment charge in the prior year third quarter. As a result, in the three and nine months ended September 30, 2019, operational DD&A decreased by 12% and increased by 4% to \$21.0 million and \$63.3 million.

### **Segment Profit Margin (Midstream Infrastructure division)**

For the three months ended September 30, 2019, the Midstream Infrastructure division's segment profit margin decreased 10% to \$48.5 million. As a percentage of Midstream Infrastructure services revenue, segment profit margin was 55%, down from 60% in the third quarter of 2018. The decrease was primarily a result of lower drilling and completion revenue with ongoing fixed costs at existing facilities during the quarter. Profit margin percentages were also lower than the network average at Cushing, partly due to start-up costs.

The Midstream Infrastructure division's segment profit margin for the nine months ended September 30, 2019 of \$149.5 million increased by 4% from the prior year comparative period due primarily to higher revenues associated with new infrastructure. As a percentage of revenue, segment profit margin was 56%, down slightly from 57% for the nine months ended September 30, 2018.

### **General and Administrative Expenses (Midstream Infrastructure division)**

| (\$000's)                                                      | Three months ended Sept 30, 2019 |              |          | Nine months ended Sept 30, 2019 |               |           |
|----------------------------------------------------------------|----------------------------------|--------------|----------|---------------------------------|---------------|-----------|
|                                                                | 2019                             | 2018         | % Change | 2019                            | 2018          | % Change  |
| G&A expense excluding depreciation and amortization            | 6,081                            | 6,653        | (9)      | 17,720                          | 18,869        | (6)       |
| Depreciation and amortization                                  | 1,311                            | 320          | 310      | 4,595                           | 834           | 451       |
| <b>Total Midstream Infrastructure division G&amp;A expense</b> | <b>7,392</b>                     | <b>6,973</b> | <b>6</b> | <b>22,315</b>                   | <b>19,703</b> | <b>13</b> |

General and administrative ("G&A") expenses of \$7.4 million and \$22.3 million for the three and nine months ended September 30, 2019 increased from the respective 2018 comparative period balances of \$7.0 million and \$19.7 million.

Excluding depreciation and amortization, G&A expenses decreased 9% and 6% during the three and nine months ended September 30, 2019 from the respective 2018 comparative periods primarily due to the impact of IFRS 16 on office leases. The Corporation continues to minimize G&A costs by streamlining operations where possible.

Depreciation and amortization expenses have increased in the third quarter of 2019 and year to date over the respective 2018 comparative periods primarily due to intangible assets added as a result of the acquisition at Cushing, depreciation associated with property, plant and equipment put into use since the first quarter of 2018, and depreciation related to the right-of-use assets added as a result of the adoption of IFRS 16.

### Earnings Before Tax (Midstream Infrastructure division)

| (\$000's)           | Three months ended Sept 30, 2019 |        |          | Nine months ended Sept 30, 2019 |        |          |
|---------------------|----------------------------------|--------|----------|---------------------------------|--------|----------|
|                     | 2019                             | 2018   | % Change | 2019                            | 2018   | % Change |
| Earnings before tax | 19,668                           | 22,483 | (13)     | 62,539                          | 61,867 | 1        |

Earnings before tax of \$19.7 million for the three months ended September 30, 2019 decreased 13% from the three months ended September 30, 2018. The decrease is primarily a result of a \$5.2 million decrease in segment profit margin, partially offset by lower operating depreciation and amortization expense in the 2019 period. Earnings before tax of \$62.5 million for the nine months ended September 30, 2019 were relatively flat from the 2018 comparative period. Higher segment profit margin was offset by higher depreciation, depletion and amortization expense.

### ENVIRONMENTAL SOLUTIONS DIVISION

The Environmental Solutions division provides comprehensive environmental solutions, from initial assessment and planning, to construction, demolition and decommissioning, and reclamation and remediation. The operations of the Environmental Solutions division includes pipeline integrity projects (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and reclamation and remediation of former well sites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.), onsite integrated fluid solutions (water management, recycling, pumping and storage), Naturally Occurring Radioactive Material ("NORM") management, waste container services and emergency response services.

| (\$000's)                                                       | Three months ended Sept 30, 2019 |               |             | Nine months ended Sept 30, 2019 |               |             |
|-----------------------------------------------------------------|----------------------------------|---------------|-------------|---------------------------------|---------------|-------------|
|                                                                 | 2019                             | 2018          | % Change    | 2019                            | 2018          | % Change    |
| <b>Revenue</b>                                                  |                                  |               |             |                                 |               |             |
| Environmental Solutions                                         | 20,387                           | 29,617        | (31)        | 66,086                          | 87,824        | (25)        |
| <b>Cost of Sales</b>                                            |                                  |               |             |                                 |               |             |
| Environmental Solutions excluding depreciation and amortization | 15,308                           | 23,149        | (34)        | 53,343                          | 69,778        | (24)        |
| Depreciation and amortization                                   | 2,047                            | 1,801         | 14          | 7,037                           | 6,434         | 9           |
| <b>Total Environmental Solutions division cost of sales</b>     | <b>17,355</b>                    | <b>24,950</b> | <b>(30)</b> | <b>60,380</b>                   | <b>76,212</b> | <b>(21)</b> |
| <b>Segment Profit Margin <sup>(1)</sup></b>                     | <b>5,079</b>                     | <b>6,468</b>  | <b>(21)</b> | <b>12,743</b>                   | <b>18,046</b> | <b>(29)</b> |
| <b>Segment Profit Margin <sup>(1)</sup> as a % of revenue</b>   | <b>25%</b>                       | <b>22%</b>    |             | <b>19%</b>                      | <b>21%</b>    |             |

<sup>(1)</sup> Calculated as revenue less cost of sales excluding depreciation and amortization. Refer to "Non-GAAP Measures" for further information.

### Revenue (Environmental Solutions division)

The Environmental Solutions division revenue of \$20.4 million and \$66.1 million for the three and nine months ended September 30, 2019 decreased by 31% and 25% from the comparative periods of 2018. Project services revenue decreased as there were fewer large-scale job opportunities quarter over quarter. Revenue in the third quarter of 2018 included several large remediation and demolition jobs and revenue from an oil spill clean-up. The third quarter of 2019 did not have similar types of jobs occurring. Additionally, ongoing remediation and demolition programs during this quarter were delayed as wet conditions throughout the summer months and into September limited field access to continue these jobs. The programs are expected to resume during the fourth quarter. In addition, third quarter and year to date revenue from onsite water management and pumping services were negatively impacted by lower well completion activity in the WCSB. Increases in Oil Sands recurring revenue from scrap metal recycling agreements combined with new project work in the region partially offset the reduced revenue from the other service lines.

### Cost of Sales (Environmental Solutions division)

Cost of sales for the three and nine months ended September 30, 2019 decreased 34% and 24% to \$15.3 million and \$53.3 million from the 2018 comparative periods. Most of the Environmental Solutions division's cost of sales are variable with fluctuations corresponding to change in revenue and project mix. The Environmental Solutions division continues to strategically manage its cost structure to minimize operating overhead expenses while remaining flexible for periods of increased activity.

### Segment Profit Margin (Environmental Solutions division)

Segment profit margin for the three and nine months ended September 30, 2019 decreased by 21% and 29% to \$5.1 million and \$12.7 million from the prior year comparative periods due primarily to lower revenue. As a percentage of revenue, segment profit margin was 25% for the three months ended September 30, 2019, up from 22% in the prior year comparative period. The Environmental Solutions division's segment profit margin as a percentage of revenue can fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, metal recycling and other services in any given period.

During the three months ended September 30, 2019, segment profit as a percentage of revenue increased as a result of improving project type margins and higher margins associated with recurring revenue generated from the Oil Sands region despite a decline in completion related water pumping and fracing services. In the year to date, segment profit margin as a percentage of revenue decreased primarily due to lower proportion of revenue from water pumping and fracing services, which typically generates higher margins than project type work.

### General and Administrative Expenses (Environmental Solutions division)

| (\$000's)                                                     | Three months ended Sept 30, 2019 |              |             | Nine months ended Sept 30, 2019 |              |             |
|---------------------------------------------------------------|----------------------------------|--------------|-------------|---------------------------------|--------------|-------------|
|                                                               | 2019                             | 2018         | % Change    | 2019                            | 2018         | % Change    |
| G&A expense excluding depreciation and amortization           | 1,644                            | 1,844        | (11)        | 4,752                           | 5,759        | (17)        |
| Depreciation and amortization                                 | 163                              | 190          | (14)        | 489                             | 753          | (35)        |
| <b>Total Environmental Solutions division G&amp;A expense</b> | <b>1,807</b>                     | <b>2,034</b> | <b>(11)</b> | <b>5,241</b>                    | <b>6,512</b> | <b>(20)</b> |

G&A expense for the three and nine months ended September 30, 2019 decreased 11% and 20% from the 2018 comparative periods to \$1.8 million and \$5.2 million. The overall decrease is primarily a result of lower personnel costs due to headcount reductions to align staff with activity levels. Additionally, amortization expense decreased as certain intangible assets were fully amortized in the prior year.

### Earnings Before Tax (Environmental Solutions division)

| (\$000's)                  | Three months ended Sept 30, 2019 |              |             | Nine months ended Sept 30, 2019 |              |             |
|----------------------------|----------------------------------|--------------|-------------|---------------------------------|--------------|-------------|
|                            | 2019                             | 2018         | % Change    | 2019                            | 2018         | % Change    |
| <b>Earnings before tax</b> | <b>1,225</b>                     | <b>2,633</b> | <b>(53)</b> | <b>465</b>                      | <b>5,100</b> | <b>(91)</b> |

During the three and nine months ended September 30, 2019, the Environmental Solutions division had earnings before tax of \$1.2 million and \$0.5 million, respectively, down from \$2.6 million and \$5.1 million during the three and nine months ended September 30, 2018. The variances correspond primarily to the decrease in segment revenue and profit margin, offset by the positive impact of reduced G&A expense in the period.

### TECHNICAL SOLUTIONS DIVISION

The Technical Solutions division provides innovative, customer focused solutions, along with technical expertise and experience, to enhance the performance and productivity of drilling, completions and production operations. The drilling fluids and equipment 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 chemicals and EOR line focuses on providing equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets.

| (\$000's)                                                     | Three months ended Sept 30, 2019 |               |             | Nine months ended Sept 30, 2019 |                |             |
|---------------------------------------------------------------|----------------------------------|---------------|-------------|---------------------------------|----------------|-------------|
|                                                               | 2019                             | 2018          | % Change    | 2019                            | 2018           | % Change    |
| <b>Revenue</b>                                                |                                  |               |             |                                 |                |             |
| Technical Solutions                                           | 45,444                           | 63,273        | (28)        | 136,311                         | 166,662        | (18)        |
| <b>Cost of Sales</b>                                          |                                  |               |             |                                 |                |             |
| Technical Solutions excluding depreciation and amortization   | 37,507                           | 50,191        | (25)        | 114,297                         | 137,495        | (17)        |
| Depreciation and amortization                                 | 5,734                            | 5,096         | 13          | 17,603                          | 15,582         | 13          |
| <b>Total Technical Solutions division cost of sales</b>       | <b>43,241</b>                    | <b>55,287</b> | <b>(22)</b> | <b>131,900</b>                  | <b>153,077</b> | <b>(14)</b> |
| <b>Segment Profit Margin <sup>(1)</sup></b>                   | <b>7,937</b>                     | <b>13,082</b> | <b>(39)</b> | <b>22,014</b>                   | <b>29,167</b>  | <b>(25)</b> |
| <b>Segment Profit Margin <sup>(1)</sup> as a % of revenue</b> | <b>17%</b>                       | <b>21%</b>    |             | <b>16%</b>                      | <b>18%</b>     |             |

<sup>(1)</sup> Calculated as revenue less cost of sales excluding depreciation and amortization. Refer to "Non-GAAP Measures" for further information.

### Revenue (Technical Solutions division)

The Technical Solutions division's revenue of \$45.4 million and \$136.3 million in the three and nine months ended September 30, 2019 decreased 28% and 18% compared to the three and nine months ended September 30, 2018. The division's drilling fluids and equipment revenue correlates with oil and gas drilling activity in the WCSB. During the three and nine months ended September 30, 2019, rig activity in the WCSB decreased 33% and 31%, respectively, compared to the three months ended September 30, 2018. As a result, drilling services revenue was negatively impacted by fewer operating days and rigs serviced. Secure was able to partially mitigate the impact of reduced activity levels higher contributions from production chemicals as the Corporation expands its customer base and product offerings.

### Cost of Sales (Technical Solutions division)

The Technical Solutions division's cost of sales for the three and nine months ended September 30, 2019 decreased by 25% and 17% from the 2018 comparative periods to \$37.5 million and \$114.3 million. The change in cost of sales is primarily a result of reduced year over year activity levels and is consistent with the revenue changes discussed above.

### Segment Profit Margin (Technical Solutions division)

The Technical Solutions division's segment profit margin of \$7.9 million and \$22.0 million for the three and nine months ended September 30, 2019 decreased 39% and 25% from the comparative periods of 2018. Segment profit margin as a percentage of revenue was 17% and 16% for the three and nine months ended September 30, 2019, down from 21% and 18% in the prior year comparative periods. The decrease is attributable to reduced revenue with relatively flat overhead costs. Improved production services margins resulting from margin improvement initiatives to lower materials costs, a favorable product mix, and the adoption of IFRS 16 resulting in the capitalization of certain production chemical blending plants operated under lease agreements partially offset these factors.

### General and Administrative Expenses (Technical Solutions division)

| (\$000's)                                                 | Three months ended Sept 30, 2019 |              |            | Nine months ended Sept 30, 2019 |               |            |
|-----------------------------------------------------------|----------------------------------|--------------|------------|---------------------------------|---------------|------------|
|                                                           | 2019                             | 2018         | % Change   | 2019                            | 2018          | % Change   |
| G&A expense excluding depreciation and amortization       | 4,882                            | 5,193        | (6)        | 14,494                          | 15,833        | (8)        |
| Depreciation and amortization                             | 307                              | 285          | 8          | 1,051                           | 939           | 12         |
| <b>Total Technical Solutions division G&amp;A expense</b> | <b>5,189</b>                     | <b>5,478</b> | <b>(5)</b> | <b>15,545</b>                   | <b>16,772</b> | <b>(7)</b> |

Overall G&A expenses decreased 5% and 7% to \$5.2 million and \$15.5 million as a result of the Corporation's continued efforts to manage costs efficiently and proactively while still responding to customer demands and activity levels. This is partially offset by costs associated with research and development projects as Secure continues its focus on expanding the value chain of services offered to customers, including innovative and cost-effective solutions to reduce waste in the drilling and production processes.

### Loss (Earnings) Before Tax (Technical Solutions division)

| (\$000's)                         | Three months ended Sept 30, 2019 |              |              | Nine months ended Sept 30, 2019 |                |              |
|-----------------------------------|----------------------------------|--------------|--------------|---------------------------------|----------------|--------------|
|                                   | 2019                             | 2018         | % Change     | 2019                            | 2018           | % Change     |
| <b>Loss (earnings) before tax</b> | <b>(2,986)</b>                   | <b>2,508</b> | <b>(219)</b> | <b>(11,134)</b>                 | <b>(3,187)</b> | <b>(249)</b> |

During the three months ended September 30, 2019, the Technical Solutions division had losses before tax of \$3.0 million compared to earnings before taxes of \$2.5 million in the prior year. During the nine months ended September 30, 2019, the Technical Solutions division had losses before tax of \$11.1 million compared to \$3.2 million in the comparative period of the prior year. These variances were primarily a result of lower segment profit margin as described above.

## CORPORATE INCOME AND EXPENSES

### Corporate Cost of Sales

| (\$000's)                        | Three months ended Sept 30, 2019 |       |          | Nine months ended Sept 30, 2019 |       |          |
|----------------------------------|----------------------------------|-------|----------|---------------------------------|-------|----------|
|                                  | 2019                             | 2018  | % Change | 2019                            | 2018  | % Change |
| <b>Cost of Sales</b>             |                                  |       |          |                                 |       |          |
| Share-based compensation expense | 1,437                            | 1,711 | (16)     | 4,391                           | 5,066 | (13)     |

Corporate cost of sales of \$1.4 million and \$4.4 million for the three and nine months ended September 30, 2019 is comprised of share-based compensation for employees directly associated with the revenue generating operations of the Corporation. Share-based compensation fluctuates based on the share price at the time of grant, any forfeitures of share-based awards, and the effects of vesting.

## Corporate General and Administrative Expenses

| (\$000's)                                                       | Three months ended Sept 30, 2019 |               |             | Nine months ended Sept 30, 2019 |               |          |
|-----------------------------------------------------------------|----------------------------------|---------------|-------------|---------------------------------|---------------|----------|
|                                                                 | 2019                             | 2018          | % Change    | 2019                            | 2018          | % Change |
| General and administrative expenses excluding items noted below | 5,722                            | 5,948         | (4)         | 17,963                          | 18,497        | (3)      |
| Depreciation and amortization                                   | 1,155                            | 339           | 241         | 3,508                           | 1,018         | 245      |
| Share-based compensation expense                                | 2,835                            | 4,750         | (40)        | 11,783                          | 12,510        | (6)      |
| <b>Total Corporate division G&amp;A expenses</b>                | <b>9,712</b>                     | <b>11,037</b> | <b>(12)</b> | <b>33,254</b>                   | <b>32,025</b> | <b>4</b> |

Included in corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, business development costs, any support services that are shared across all three operational business units, and share-based compensation for all employees, other than as recorded to Corporate cost of sales as noted above.

Compared to the same periods in 2018, Corporate G&A expenses excluding depreciation and amortization and share-based compensation expense decreased 4% and 3% in the three and nine months ended September 30, 2019 to \$5.7 million and \$18.0 million. These decreases are primarily due to the impact of IFRS 16 on leased office space and lower personnel costs.

Corporate depreciation and amortization expense of \$1.2 million and \$3.5 million during the three and nine months ended September 30, 2019 increased \$0.8 million and \$2.5 million from the comparative periods of 2018 as a result of leased office space accounted for in accordance with IFRS 16 at January 1, 2019.

Share-based compensation included in G&A expenses for the three months ended September 30, 2018 of \$2.8 million decreased \$1.9 million from the 2018 comparative period as a result of a lower share price associated with 2019 grants and the impact of recording the deferred share units at fair value at period end. In the year to date period, share-based compensation included in G&A expenses decreased 6% from the comparative period of 2018 due to the same factors impacting the quarter over quarter change.

## Interest and Finance Costs

| (\$000's)                                    | Three months ended Sept 30, 2019 |              |            | Nine months ended Sept 30, 2019 |               |           |
|----------------------------------------------|----------------------------------|--------------|------------|---------------------------------|---------------|-----------|
|                                              | 2019                             | 2018         | % Change   | 2019                            | 2018          | % Change  |
| <b>Interest, accretion and finance costs</b> | <b>6,458</b>                     | <b>2,935</b> | <b>120</b> | <b>18,567</b>                   | <b>11,161</b> | <b>66</b> |

Interest, accretion and finance costs includes interest expense, amortization of financing fees, interest expense related to lease liabilities, all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive income and all realized and unrealized gains or losses related to cross currency swaps and interest rate swaps on the Corporation's credit facilities.

Overall interest, accretion and finance costs of \$6.5 million and \$18.6 million for the three and nine months ended September 30, 2019 increased by \$3.5 million and \$7.4 million from the prior year comparative periods. The increase is a result of a 23% and 37% increase in the average long-term borrowings, interest associated with a higher lease liability due to the adoption of IFRS 16, and unrealized losses on the Corporation's interest rate and cross currency swaps.

## Foreign Currency Translation Adjustment

| (\$000's)                                                   | Three months ended Sept 30, 2019 |              |              | Nine months ended Sept 30, 2019 |                |              |
|-------------------------------------------------------------|----------------------------------|--------------|--------------|---------------------------------|----------------|--------------|
|                                                             | 2019                             | 2018         | % Change     | 2019                            | 2018           | % Change     |
| <b>Foreign currency translation (gain) loss, net of tax</b> | <b>(2,520)</b>                   | <b>2,509</b> | <b>(200)</b> | <b>4,693</b>                    | <b>(4,405)</b> | <b>(207)</b> |

Included in other comprehensive income is a gain of \$2.5 million for the three months ended September 30, 2019, and a loss of \$4.7 million for the nine months ended September 30, 2019. These charges relate to foreign currency translation adjustments resulting from the conversion of the assets, liabilities and financial results of the Corporation's ongoing U.S. operations for the three and nine months ended September 30, 2019. The foreign currency translation adjustment included in the consolidated statements of comprehensive income does not impact net income for the period.

## Income Taxes

| (\$000's)                                  | Three months ended Sept 30, 2019 |              |             | Nine months ended Sept 30, 2019 |              |              |
|--------------------------------------------|----------------------------------|--------------|-------------|---------------------------------|--------------|--------------|
|                                            | 2019                             | 2018         | % Change    | 2019                            | 2018         | % Change     |
| <b>Income taxes</b>                        |                                  |              |             |                                 |              |              |
| Current tax expense                        | 438                              | 841          | (48)        | 394                             | 1,963        | (80)         |
| Deferred tax expense (recovery)            | 1,006                            | 4,291        | (77)        | (2,724)                         | 7,580        | (136)        |
| <b>Total income tax expense (recovery)</b> | <b>1,444</b>                     | <b>5,132</b> | <b>(72)</b> | <b>(2,330)</b>                  | <b>9,543</b> | <b>(124)</b> |

Income tax expense for the three months ended September 30, 2019 was \$1.4 million, a decrease of \$3.7 million from the comparative period in 2018. Income tax recovery for the nine months ended September 30, 2019 was \$2.3 million compared to an expense of \$9.5 million in the 2018 comparative period. The overall decreases in income tax expense is due primarily to a higher pre-tax loss for the three and nine months ended September 30, 2019 from the respective 2018 comparative periods. Additionally, a deferred tax recovery of \$5.9 million recorded in the second quarter of 2019 related to step reductions to the Alberta corporate income tax rates over a four year period effective July 1, 2019.

## SUMMARY OF QUARTERLY RESULTS

### Seasonality

In Canada, the level of activity in the oilfield is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads. As a result, road bans are implemented prohibiting heavy loads from being transported in certain areas, limiting the movement of heavy equipment required for drilling and well servicing activities. In addition, the transportation of heavy waste loads is restricted resulting in smaller loads and a general reduction in the volume of waste delivered to Secure's facilities. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's activity levels. In the areas in which Secure operates, the second quarter has generally been the slowest quarter as a result of spring break-up. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter over quarter analysis of performance.

The table below summarizes unaudited consolidated quarterly information for each of the eight most recently completed fiscal quarters.

|                                                   | 2019        |             |             |             | 2018        |             |             | 2017        |
|---------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                   | Q3          | Q2          | Q1          | Q4          | Q3          | Q2          | Q1          | Q4          |
| Revenue (excluding oil purchase and resale)       | 154,147     | 138,869     | 177,379     | 192,756     | 182,469     | 141,249     | 181,698     | 184,740     |
| Oil purchase and resale                           | 577,877     | 654,618     | 611,503     | 490,295     | 646,565     | 578,674     | 523,747     | 494,816     |
| Total revenue                                     | 732,024     | 793,487     | 788,882     | 683,051     | 829,034     | 719,923     | 705,445     | 679,556     |
| Net income attributable to shareholders of Secure | (639)       | (1,678)     | 1,259       | 13,944      | 6,809       | (6,901)     | 6,077       | (23,934)    |
| Per share - basic                                 | (0.00)      | (0.01)      | 0.01        | 0.09        | 0.04        | (0.04)      | 0.04        | (0.15)      |
| Per share - diluted                               | (0.00)      | (0.01)      | 0.01        | 0.08        | 0.04        | (0.04)      | 0.04        | (0.15)      |
| Weighted average shares - basic                   | 158,075,674 | 160,371,354 | 160,440,879 | 161,251,096 | 162,286,387 | 164,524,360 | 164,009,829 | 163,352,572 |
| Weighted average shares - diluted                 | 158,075,674 | 160,371,354 | 163,456,268 | 164,374,324 | 164,911,044 | 164,524,360 | 166,079,649 | 163,352,572 |
| Adjusted EBITDA <sup>(1)</sup>                    | 43,173      | 34,966      | 55,139      | 57,810      | 53,746      | 31,158      | 47,807      | 51,177      |

<sup>(1)</sup> Refer to "Non-GAAP measures" for further information.

### Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's historical growth and acquisitions, and fluctuating commodity prices impacting industry activity, variations in quarterly results are attributable to several factors.

During 2016, the Corporation's customers significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas. In 2017, customers began ramping up activity levels as oil prices stabilized at higher levels, and activity remained at similar levels until near the end of 2018. These higher activity levels, combined with facility additions and expansions, and acquisitions positively impacted results. In the last several months of 2018, crude oil benchmark price and differential volatility resulted in a pull back on activity by producers. Activity levels have remained depressed during the 2019 year to date as producers remain cautious about ramping up spending until there is greater assurance around incremental pipeline egress out of the WCSB.

Each previous quarter was also impacted by the date at which an acquisition occurred or any one of the constructed or acquired FSTs, water disposal facilities or landfills commenced operations. For a complete description of Secure's Midstream Infrastructure, Environmental Solutions and Drilling and Production Services division business assets and operations, please refer to the heading '*Description of Business*' in the AIF which includes a description of the date of acquisitions or on which each of Secure's facilities commenced operations.

The following summarizes the facilities commissioned and acquisitions completed in 2018 that have impacted the quarterly results for the past two years:

- In the third quarter of 2018, the Corporation's Gold Creek and Tony Creek water disposal facilities commenced operations;
- In the fourth quarter of 2018, the Corporation's Kerrobert crude oil pipeline system commenced operations.

In addition to the above, Secure has completed several improvements and expansions to increase capacity and capabilities at existing facilities, primarily in the Montney and Duvernay regions of Alberta, and in the Bakken region of North Dakota.

By offering the oil purchase and resale service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. Revenue from this service is impacted by the change in oil prices and the number of pipeline connected facilities.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Corporation's objective in capital program management is to ensure adequate sources of capital are available to carry out its capital plan, while maintaining operational growth, payment of dividends and stable cash flow so as to sustain future development of the business.

Secure expects cash flow to increase as a result of contributions from capital investments made by Secure in key areas and/or with committed volumes over the past several years. Given annual sustaining capital, cash interest expense and lease obligations of approximately \$20 million each and minimal cash taxes, the amount of cash flow generated by the Corporation's assets can adequately fund annual dividends while still providing cash to fund growth capital, buy back shares, increase the dividend, and/or pay down debt.

Management considers capital to be the Corporation's net debt and shareholders' equity. The Corporation's overall capital management strategy remains unchanged from prior periods. Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures. This includes the Board of Directors reviewing the Corporation's results on a monthly basis, and capital costs to approved limits on a quarterly basis.

The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized limits, Adjusted EBITDA on all of its operations, and Senior and Total Debt to Adjusted EBITDA.

The amount drawn on Secure's credit facilities increased by 8% to \$448.5 million at September 30, 2019 compared to \$413.5 million at December 31, 2018. The increase relates to draws on the Corporation's credit facilities in order to fund the Corporation's capital program, repurchase shares under the NCIB and pay out Secure's regular monthly dividend, which more than offset cash flows from operating activities. Refer to the '*Financing Activities*' section below for further information.

Issued capital was relatively flat at \$1.0 billion at September 30, 2019 compared to December 31, 2018 as capital issued through the conversion of restricted share units and performance share units into common shares under the Corporation's Unit Incentive Plan during period, was offset by 3,781,500 shares repurchased in the nine months ended September 30, 2019 for \$27.3 million under the Corporation's NCIB.

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions. The Corporation intends to fund its operations, working capital requirements, dividends and capital program primarily with cash flow from operations and its credit facilities. On April 29, 2019, Secure closed an amendment to its First Lien Credit Facility, extending the maturity date by two years to September 30, 2023, and increasing the borrowing capacity by \$130 million. The amended First Lien Credit Facility also includes an accordion feature, which, if exercised and approved by the Corporation's lenders,

would increase the revolving credit facility by an additional \$100 million. In connection with the First Lien Credit Facility amendments, the Corporation also added a new \$75 million bilateral Letter of Credit Facility. As a result, at September 30, 2019, the Corporation had \$318.9 million available under its credit facilities, subject to covenant restrictions.

The Corporation's credit facilities require that Secure maintain certain coverage ratios, as follows:

- The Senior Debt to EBITDA ratio shall not exceed 3.5:1;
- The Total Debt to EBITDA ratio shall not exceed 5.0:1; and
- The interest coverage ratio, defined as EBITDA divided by interest expense on Total Debt, shall not be less than 2.5:1.

Senior and Total Debt and EBITDA are defined in the Corporation's lending agreements. Senior Debt is calculated as the amounts drawn on the Corporation's First Lien Credit Facility and finance leases entered into by the Corporation as defined by IAS 17, less cash balances above \$5 million. Total Debt is equal to Senior Debt plus amounts drawn under the Corporation's Second Lien Credit Facility and any unsecured debt. EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, less any operating lease payments as defined by IAS 17, minority interest losses, non-recurring losses, non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis.

At September 30, 2019, Secure was in compliance with all covenant requirements under the Corporation's credit facilities. The following table outlines the Corporation's financial covenant ratios as September 30, 2019 and December 31, 2018.

|                       | Sept 30, 2019 | Dec 31, 2018 | % Change |
|-----------------------|---------------|--------------|----------|
| Senior Debt to EBITDA | 1.8           | 1.6          | 13       |
| Total Debt to EBITDA  | 2.5           | 2.2          | 14       |
| Interest coverage     | 8.0           | 9.3          | (14)     |

Refer to Note 18 of the Annual Financial Statements for further disclosure of the Corporation's liquidity risk and Note 11 of the Interim Financial Statements for details of the Corporation's contractual obligations and contingencies at September 30, 2019.

Management expects that the Corporation has sufficient liquidity and capital resources to meet the Corporation's obligations and commitments while managing within these covenants. However, oil and gas prices over the past several years, and egress challenges lowering new investment in the WCSB continue to create a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's forecasts. In light of this uncertainty, Secure will continue its prudent approach to capital spending and reduce operating costs where it does not impact safety, operations and environmental performance. To meet financial obligations, the Corporation may also adjust its dividends, draw on its first lien credit facility up to the covenant restrictions, divest assets, issue subordinated debt, or obtain equity financing.

While the Corporation has had success in obtaining financing in the past, access to capital may be more difficult in the current or future economic and operating environment. Refer to the 'Access to Capital' discussion in the 'Risk Factors' section of the Corporation's AIF.

The following provides a summary and comparative of the Corporation's operating, investing and financing cash flows for the three and nine months ended September 30, 2019 and 2018.

### Net Cash Flows from Operating Activities

| (\$000's)                                | Three months ended Sept 30, 2019 |        |          | Nine months ended Sept 30, 2019 |         |          |
|------------------------------------------|----------------------------------|--------|----------|---------------------------------|---------|----------|
|                                          | 2019                             | 2018   | % Change | 2019                            | 2018    | % Change |
| Net cash flows from operating activities | 35,976                           | 19,879 | 81       | 147,204                         | 127,205 | 16       |

Net cash flows from operating activities of \$36.0 million in the three months ended September 30, 2019 increased 81% from the 2018 comparative period due primarily to working capital variances, partially offset by lower Adjusted EBITDA. Changes in non-cash working capital correspond to changes in activity levels and timing differences in payment and collection. Net cash flows from operating activities increased 16% in the year to date compared to the first nine months of 2018 as a result of changes in non-cash working capital and increased interest and taxes paid, with relatively flat Adjusted EBITDA year over year.

## Investing Activities

| (\$000's)                                 | Three months ended Sept 30, 2019 |        |          | Nine months ended Sept 30, 2019 |         |          |
|-------------------------------------------|----------------------------------|--------|----------|---------------------------------|---------|----------|
|                                           | 2019                             | 2018   | % Change | 2019                            | 2018    | % Change |
| Capital expenditures <sup>(1)</sup>       |                                  |        |          |                                 |         |          |
| Growth and expansion capital expenditures | 24,446                           | 37,677 | (35)     | 77,785                          | 124,390 | (37)     |
| Business acquisitions                     | -                                | -      | 100      | 13,866                          | -       | 100      |
| Sustaining capital expenditures           | 6,279                            | 5,801  | 8        | 11,305                          | 11,932  | (5)      |
| Total capital expenditures                | 30,725                           | 43,478 | (29)     | 102,956                         | 136,322 | (24)     |

<sup>(1)</sup> Refer to "Operational definitions" for further information.

The Corporation's growth and expansion capital expenditures for the three months ended September 30, 2019 of \$24.4 million decreased 35% from the third quarter of 2018. Secure employs a prudent approach to capital spending and will continue to evaluate and allocate capital to projects which will generate the highest risk adjusted rates of return and provide stable, recurring cash flows underpinned by contracts. During the three months ended September 30, 2019, Secure's largest capital expenditures related to progressing construction of the new Montney water disposal facility; completing construction of a produced water transfer and injection pipeline in the Montney region; commencing the tie in of two disposal wells drilled and completed in the first half of 2019 in North Dakota; and increasing processing and disposal capacity and creating efficiencies at various other facilities.

In the nine months ended September 30, 2019, growth and expansion capital expenditures of \$77.8 million decreased 37% from the comparative period of 2018. In addition to the above, capital was incurred for the construction of 260,000 barrels of additional crude oil storage at Kerrobert, the addition of three water disposal wells at existing facilities (Tony Creek, Keene and 13 Mile), and the construction of a new landfill cell at Willesden Green.

In the prior year comparative period, Secure had finished construction of the Gold Creek and Tony Creek water disposal facilities, completed the Kerrobert crude oil pipeline system, completed significant upgrades and expansions at the Big Mountain water disposal facility SWD, and constructed new cells at the Saddle Hills, Tulliby Lake and Williston landfills.

During the second quarter of 2019, Secure incurred \$13.9 million to acquire a 27% interest in a crude oil storage facility located in Cushing, Oklahoma, and a 51% interest in an adjacent 80-acre parcel of undeveloped land. The facility was constructed in 2015 and is strategically located on 10 acres of land in South Cushing with long-term connection agreements in place, ultimately providing connectivity to all major inbound and outbound pipelines in Cushing. Having access to multiple Canadian crude streams and well-connected tankage will benefit our customers getting their product to market at the optimum price. Secure's majority investment in the 80-acre parcel of land provides the Corporation with significant optionality to develop additional midstream infrastructure in one of North America's key trading hubs. There were no business acquisitions completed during the three months ended September 30, 2019, or the three and nine months ended September 30, 2018.

During the three and nine months ended September 30, 2019, sustaining capital was \$6.3 million and \$11.3 million compared to \$5.8 million and \$11.9 million in the 2018 comparative periods. Sustaining capital in the three and nine months ended September 30, 2019 related primarily to operating equipment upgrades and maintenance on Secure's disposal wells. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new or refurbished equipment. The Corporation expects to spend a similar amount on sustaining capital in 2019 as 2018.

## Financing Activities

| (\$000's)                                          | Three months ended Sept 30, 2019 |          |          | Nine months ended Sept 30, 2019 |          |          |
|----------------------------------------------------|----------------------------------|----------|----------|---------------------------------|----------|----------|
|                                                    | 2019                             | 2018     | % Change | 2019                            | 2018     | % Change |
| Shares issued, net of share issue costs            | -                                | -        | -        | -                               | 55       | (100)    |
| Repurchase and cancellation of shares under NCIB   | (3,973)                          | (12,126) | (67)     | (27,268)                        | (20,870) | 31       |
| Draw on credit facility                            | 11,492                           | 58,296   | (80)     | 35,042                          | 89,109   | (61)     |
| Financing fees                                     | 66                               | -        | (100)    | (1,360)                         | -        | (100)    |
| Lease liability principal payment                  | (4,260)                          | (2,240)  | 90       | (15,673)                        | (5,571)  | 181      |
| Dividends paid                                     | (10,674)                         | (10,965) | (3)      | (32,336)                        | (33,133) | (2)      |
| Net cash flows (used in) from financing activities | (7,349)                          | 32,965   | (122)    | (41,595)                        | 29,590   | (241)    |

As at September 30, 2019, the Corporation had drawn \$448.5 million on its credit facilities compared to \$413.5 million as at December 31, 2018. The increase relates to funding for growth and expansion capital. Subject to covenant restrictions, as at September 30, 2019, the Corporation had \$318.9 million of available credit capacity, including \$276.1 million available under its First Lien Credit Facility, and \$42.8 million available under its bilateral Letter of Credit Facility. The Corporation is well positioned, based on this available amount and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the 2019 capital program. At September 30, 2019, the Corporation was in compliance with all covenants.

In May 2018, Secure received approval from the Toronto Stock Exchange for an NCIB permitting the Corporation to repurchase up to a maximum of 8,227,359 from May 28, 2018 to May 27, 2019, subject to daily limits in accordance with the terms of the NCIB. Within that period, Secure repurchased 90% of the NCIB maximum for a total of \$55.0 million, representing a weighted average share cost of \$7.44. During the second quarter of 2019, Secure received approval from the TSX for a second NCIB whereby the Corporation can repurchase up to a maximum of 8,028,468 shares from May 29, 2019 to May 29, 2020, subject to daily limits in accordance with the terms of the NCIB. Transactions under the NCIB will depend on future market conditions. Secure retains the discretion whether to make purchases under the NCIB, and to determine the timing, amount and acceptable price of any such purchases, subject at all times to applicable TSX and other regulatory requirements. The following table outlines the shares repurchased and cancelled during the three and nine months ended September 30, 2019 and 2018.

|                                                 | For the three months ended, |               | For the nine months ended |               |
|-------------------------------------------------|-----------------------------|---------------|---------------------------|---------------|
|                                                 | Sept 30, 2019               | Sept 30, 2018 | Sept 30, 2019             | Sept 30, 2018 |
| Shares repurchased and cancelled under the NCIB | 579,900                     | 1,613,400     | 3,781,500                 | 2,806,573     |
| Average price per share repurchased             | \$ 6.85                     | \$ 7.52       | \$ 7.21                   | \$ 7.44       |

Subsequent to September 30, 2019, the Corporation purchased 1,002,100 additional shares at a weighted average price per share of \$4.57 for a total \$4.6 million.

During the three and nine months ended September 30, 2019, the Corporation declared monthly dividends of \$0.0225 per common share, for a total of \$10.7 million and \$32.3 million. In the three and nine months ended September 30, 2018, \$11.0 million and \$33.1 million of dividends were declared.

Management and the Board of Directors of the Corporation will monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, total and net debt, capital expenditures and other investment opportunities, as well as expected interest, lease and tax payments.

Subsequent to September 30, 2019, the Corporation paid dividends to holders of common share of record on October 1, 2019 in the amount of \$0.0225 per common share, and declared dividends to holders of common shares in the amount of \$0.0225 per common share which are payable on November 15, 2019 for shareholders of record on November 1, 2019.

## CONTRACTUAL OBLIGATIONS

Refer to Note 11 of the Interim Financial Statements for disclosure related to contractual obligations.

## BUSINESS RISKS

A discussion of Secure's business risks is set out in the Corporation's AIF under the heading '*Business Risks*', which section is incorporated by reference herein. This section does not describe all risks applicable to the Corporation, its industry or its business, and is intended only as a summary of certain material risks. If any of such risks or uncertainties actually occur, the Corporation's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements discussed in this MD&A.

## OUTSTANDING SHARE CAPITAL

As at October 30, 2019, there are 156,979,502 common shares issued and outstanding. In addition, as at October 30, 2019, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

| Balance as at October 30, 2019 | Issued    | Exercisable |
|--------------------------------|-----------|-------------|
| Share Options                  | 2,301,261 | 2,284,595   |
| Restricted Share Units         | 3,428,523 | -           |
| Performance Share Units        | 2,514,385 | -           |

## OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2019 and December 31, 2018, the Corporation did not have any material off-balance sheet arrangements.

## ACCOUNTING POLICIES

Secure's significant accounting policies are set out in Note 2 of the Annual Financial Statements, other than as described in Note 3 of the Corporation's condensed consolidated financial statements and notes thereto for the three months ended March 31, 2019 and 2018.

## FINANCIAL AND OTHER INSTRUMENTS

As at September 30, 2019, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, long-term borrowings, lease liabilities and derivative instruments. The fair values of these financial instruments approximate their carrying amount due to the short-term maturity of these instruments except long-term borrowings and derivative instruments. Long-term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. Derivative instruments are fair valued at each period end in accordance with their classification of fair value through profit or loss. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices, foreign currency exchange rates and interest rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity price curves, foreign currency exchange rates and interest rates. The estimated fair value of all derivative financial instruments is based on observable market data. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, interest rate and market risk. A discussion of how these and other risks are managed can be found in the AIF under the heading '*Business Risks*'. Further information on how the fair value of financial instruments is determined is included in the '*Critical Accounting Estimates and Judgments*' section of this MD&A.

Of the Corporation's financial instruments, cash, accounts receivable, and derivative instruments contain credit risk. The credit risk associated with cash is minimized as all cash is held at major financial institutions. The Corporation provides credit to customers in the normal course of operations. The Corporation's credit risk policy includes performing credit evaluations of its customers. Substantially all of the Corporation's accounts receivable are due from companies in the oil and natural gas industry and are subject to normal industry credit risks. Given the policies and procedures in place, management views the credit risk related to accounts receivable as low. The Corporation's exposure to losses in the event that counterparties to derivative instruments are unable to meet the terms of the contracts is considered very low as commodity derivative trades are all done with a large commodity futures exchange, and interest rate and foreign exchange hedges are done with major financial institutions.

Funds drawn under the first lien credit facility bear interest at a floating interest rate. Therefore, to the extent that the Corporation borrows under this facility, the Corporation is at risk to rising interest rates. The Corporation has managed a portion of its interest rate risk through derivative instruments to effectively fix the interest rate on the \$130 million second lien credit facility until July 31, 2021.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the Corporation's Annual Financial Statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the condensed consolidated financial statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Corporation's Interim Financial Statements have been set out in Note 3 of the Corporation's Annual Financial Statements.

## **NEW ACCOUNTING POLICIES**

On January 1, 2019, the Corporation adopted IFRS 16 Leases. Refer to Note 3 of the Corporation's condensed consolidated financial statements and notes thereto for the three months ended March 31, 2019 and 2018 for a description of the new standard and the impact to the Corporation's financial statements. There were no other revised standards or amendments to IFRS issued that impacted the Interim Financial Statements.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") means the controls and other procedures of Secure that are designed to provide reasonable assurance that information required to be disclosed by Secure in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by Secure in its annual filings or other reports filed or submitted under securities legislation is accumulated and communicated to Secure's management including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting ("ICFR"), as defined in NI 52-109 means a process designed by, or under the supervisions of Secure's CEO and CFO, and effected by the Secure's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Corporation used the Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission in the design of its ICFR. Secure's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Secure;
- Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of Secure are being made only in accordance with authorizations of management;
- Are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Secure's assets that could have a material effect on the financial statements.

There was no change to the Corporation's ICFR that occurred during the most recent interim period ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Refer to Note 21 of the Corporation's Annual Financial Statements for disclosure related to legal proceedings and regulatory actions.

## **RELATED PARTIES**

Refer to Note 20 of the Corporation's Annual Financial Statements for disclosure related to related parties.

## **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: management's expectations with respect to the business, financial prospects and future opportunities for the Corporation; the Corporation's growth and expansion strategy; the Corporation's ability to continue to grow the business organically and execute on strategic growth opportunities based on current financial position; sales process for the divestiture of specific service lines that do not have recurring or production-related revenue streams, including outcome of the sales process, proceeds and timing of proposed divestitures, and the announcements, anticipated proceeds and use of proceeds therefrom; the Corporation's proposed 2019 and 2020 capital expenditure programs including growth and expansion and sustaining capital expenditures, and the timing of completion for projects, in particular the Pipestone water disposal facility and East Kaybob pipeline; key factors driving the Corporation's success; the oil and natural gas industry in Canada and the U.S., including 2019 and 2020 activity levels, spending by producers and the impact of this on Secure's activity levels; the impact of new facilities, and new service offerings, potential acquisitions, and prior year acquisitions on the Corporation's future financial results; demand for the Corporation's services and products; industry fundamentals driving the success of Secure's core operations, including increased outsourcing of midstream work by producers, drilling, completion and production trends, opportunities relating to crude oil logistics, well density and economics for pipeline connecting production volumes to midstream facilities, and global oil and gas demand; debt service; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; access to capital; 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 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 known and unknown 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 annual information form for the year ended December 31, 2018 and in the MD&A for the year ended December 31, 2018 and also includes risks associated with general economic conditions in Canada and the U.S.; changes in the level of capital expenditures made by oil and natural gas producers and the resultant

effect on demand for oilfield services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; risks inherent in the Corporation's ability to generate sufficient cash flow from operations to meet its current and future obligations; increases in debt service charges; the Corporation's ability to access external sources of debt and equity capital; changes in legislation and the regulatory environment, including uncertainties with respect to implementing binding targets for reductions of emissions and the regulation of hydraulic fracturing services; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; competition; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; ability to integrate technological advances and match advances of completion; credit risk to which the Corporation is exposed in the conduct of its business; Secure's ability to complete anticipated divestiture transactions on acceptable terms or at all; updates or changes to Secure's strategy; 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; and other factors, many of which are beyond the control of the Corporation.

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.

#### **ADDITIONAL INFORMATION**

Additional information, including the AIF, is available on available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.secure-energy.com](http://www.secure-energy.com).