

SECURE ENERGY

Condensed Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2020

(Expressed in Canadian Dollars)

SECURE ENERGY SERVICES INC.
Consolidated Statements of Financial Position

(\$000's) (unaudited)	Notes	As at	
		March 31, 2020	December 31, 2019
Assets			
Current assets			
Cash		9,168	8,854
Accounts receivable and accrued receivables		172,499	228,468
Inventories		54,134	65,158
Prepaid expenses and other current assets		8,329	11,974
		244,130	314,454
Property, plant and equipment	3	1,251,874	1,232,775
Right-of-use assets		45,400	49,624
Intangible assets	4	21,889	39,671
Goodwill		11,127	11,127
Total Assets		1,574,420	1,647,651
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		147,535	189,178
Asset retirement obligations		3,066	3,060
Lease liabilities		16,828	18,030
		167,429	210,268
Long-term borrowings	6	451,036	453,414
Asset retirement obligations		86,194	91,332
Lease and other liabilities		28,773	31,303
Deferred tax liabilities		43,119	48,690
Total Liabilities		776,551	835,007
Shareholders' Equity			
Issued capital	7	1,036,531	1,017,990
Share-based compensation reserve		46,011	61,586
Foreign currency translation reserve		41,857	26,734
Non-controlling interest		32,648	32,954
Deficit		(359,178)	(326,620)
Total Shareholders' Equity		797,869	812,644
Total Liabilities and Shareholders' Equity		1,574,420	1,647,651

The accompanying notes are an integral part of these consolidated financial statements

SECURE ENERGY SERVICES INC.
Consolidated Statements of Comprehensive Loss

(\$000's except per share and share data) (unaudited)	Notes	For the three months ended	
		2020	2019
		March 31,	
Revenue	12	611,096	788,882
Cost of sales	9	580,808	748,976
Gross margin		30,288	39,906
General and administrative expenses	9	23,754	28,441
Impairment and restructuring costs	5	25,096	-
Operating (loss) income		(18,562)	11,465
Interest, accretion and finance costs		9,090	6,791
(Loss) income before tax		(27,652)	4,674
Current tax expense		529	298
Deferred tax (recovery) expense		(5,771)	3,117
Net (loss) income		(22,410)	1,259
Net (loss) income attributable to:			
Shareholders of SECURE		(21,952)	1,259
Non-controlling interest		(458)	-
Other comprehensive loss			
Foreign currency translation adjustment		15,688	(3,097)
Total comprehensive loss		(6,722)	(1,838)
Total comprehensive (loss) income attributable to:			
Shareholders of SECURE		(6,829)	(1,838)
Non-controlling interest		107	-
Basic and diluted (loss) income per common share		(0.14)	0.01
Weighted average shares outstanding - basic	7	158,513,800	160,440,879
Weighted average shares outstanding - diluted	7	158,513,800	163,456,268

The accompanying notes are an integral part of these consolidated financial statements

SECURE ENERGY SERVICES INC.

Consolidated Statements of Changes in Shareholders' Equity

<i>(\$000's) (unaudited)</i>	Note	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Non-controlling interest	Deficit	Total Shareholders' Equity
Balance at January 1, 2020		1,017,990	61,586	26,734	32,954	(326,620)	812,644
Net loss		-	-	-	(458)	(21,952)	(22,410)
Dividends declared	7	-	-	-	(413)	(10,606)	(11,019)
Foreign currency translation adjustment		-	-	15,123	565	-	15,688
Issue of share capital for business acquisition		-	-	-	-	-	-
Exercise of share units	7	20,072	(20,072)	-	-	-	-
Share-based compensation		-	4,497	-	-	-	4,497
Shares cancelled under normal course issuer bid ("NCIB")	7	(1,531)	-	-	-	-	(1,531)
Balance at March 31, 2020		1,036,531	46,011	41,857	32,648	(359,178)	797,869
Balance at January 1, 2019		1,031,189	64,413	33,982	-	(285,268)	844,316
Net income		-	-	-	-	1,259	1,259
Dividends declared		-	-	-	-	(10,806)	(10,806)
Foreign currency translation adjustment		-	-	(3,097)	-	-	(3,097)
Exercise of share units		19,207	(19,207)	-	-	-	-
Share-based compensation		-	5,731	-	-	-	5,731
Shares cancelled under NCIB		(893)	-	-	-	-	(893)
Balance at March 31, 2019		1,049,503	50,937	30,885	-	(294,815)	836,510

The accompanying notes are an integral part of these consolidated financial statements

SECURE ENERGY SERVICES INC.
Consolidated Statements of Cash Flows

(\$000's) (unaudited)	Notes	For the three months ended	
		March 31,	
		2020	2019
Cash flows (used in) from operating activities			
Net (loss) income		(22,410)	1,259
Adjustments for non-cash items:			
Depreciation, depletion and amortization	9	39,668	31,899
Interest, accretion and finance costs		9,090	6,791
Current and deferred tax (recovery) expense		(5,242)	3,415
Other non-cash (income) expense		(4,476)	4,490
Impairment of non-current assets		15,723	-
Share-based compensation		2,333	7,288
Interest paid		(5,330)	(5,212)
Income taxes recovered (paid)		4	(2,333)
Asset retirement costs incurred		(103)	(906)
Funds flow from operations		29,257	46,691
Change in non-cash working capital		16,593	10,611
Net cash flows from operating activities		45,850	57,302
Cash flows (used in) from investing activities			
Purchase of property, plant and equipment		(41,360)	(23,619)
Proceeds from dispositions		142	827
Partnership distributions to non-controlling interest		(413)	-
Change in non-cash working capital		14,868	(76)
Net cash flows used in investing activities		(26,763)	(22,868)
Cash flows used in financing activities			
Repurchase and cancellation of shares under NCIB	7	(1,531)	(893)
Repayment of credit facilities		(2,550)	(8,216)
Lease liability principal payments		(4,415)	(5,723)
Dividends paid	7	(10,606)	(10,806)
Net cash flows used in financing activities		(19,102)	(25,638)
Effect of foreign exchange on cash		329	(533)
Increase in cash		314	8,263
Cash, beginning of period		8,854	7,928
Cash, end of period		9,168	16,191

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

SECURE Energy Services Inc. (“SECURE” or “the Corporation”) is incorporated under the Business Corporations Act of Alberta. The Corporation’s common shares are traded on the Toronto Stock Exchange under the symbol “SES”.

SECURE provides industry leading customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States (“U.S.”) through its network of midstream processing and storage facilities, crude oil and water pipelines, and crude by rail terminals located throughout key resource plays in western Canada, North Dakota and Oklahoma. SECURE’s core midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE also provides comprehensive environmental and fluid management for landfill disposal, onsite abandonment, remediation and reclamation, drilling, completion and production operations for oil and gas producers in western Canada.

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 and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. This limits the movement of the heavy equipment required for drilling and well servicing activities, and the level of activity of the Corporation’s customers may, consequently, be reduced. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up. Historically, the Corporation’s first, third and fourth quarters represent higher activity levels and operations. 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.

Basis of Presentation

The condensed consolidated financial statements of SECURE have been prepared by management in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) in effect at the closing date of March 31, 2020. The condensed consolidated financial statements do not include all of the information required for full annual statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2019.

These consolidated financial statements are recorded and presented in Canadian dollars (\$), which is SECURE’s functional currency, and have been prepared on a historical cost basis, except for certain financial instruments and share-based compensation transactions that have been measured at fair value. All values are rounded to the nearest thousand dollars (\$000’s), except where otherwise indicated. The accounting policies described in Note 2 have been applied consistently to all periods presented in these consolidated financial statements. Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

These consolidated financial statements were approved by SECURE’s Board of Directors on April 27, 2020.

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these condensed consolidated financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2019. Unless otherwise stated, these policies have been consistently applied to all periods presented.

Significant Estimates and Judgments

The timely preparation of the Corporation's condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses, gains, losses, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and underlying assumptions are reviewed by management on an ongoing basis, with any adjustments recognized in the period in which the estimate is revised.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include those related to the determination of cash generating units, depreciation, depletion and amortization, recoverability of assets, asset retirement obligations and accretion, other provisions and contingent liabilities, inventories, share-based compensation, deferred income taxes, provision for expected credit losses, fair value of derivative financial instruments, purchase price equations, and net investments in foreign subsidiaries. Readers are cautioned that the preceding list is not exhaustive and other items may also be affected by estimates and judgments.

3. PROPERTY, PLANT AND EQUIPMENT

(\$000's)

Balance at December 31, 2019	1,232,775
Additions	44,037
Change in asset retirement cost	(6,566)
Disposals	(6,923)
Depreciation and depletion	(24,883)
Foreign exchange effect	13,434
Balance at March 31, 2020	1,251,874

4. INTANGIBLE ASSETS

(\$000's)

Balance at December 31, 2019	39,671
Additions	90
Amortization	(3,641)
Impairment (Note 5)	(15,723)
Foreign exchange effect	1,492
Balance at March 31, 2020	21,889

5. IMPAIRMENT

Each reporting period, the carrying amounts of non-current assets are reviewed to determine if there are any indications of impairment. If an indication of impairment exists, the recoverable amount of the asset is estimated. In light of the record quarterly declines in global oil prices during the three months ended March 31, 2020, and the anticipated impact on SECURE's customers activity levels, SECURE determined that indicators of impairment exist at March 31, 2020, for those cash generating units ("CGUs") with cash flows generated primarily from drilling and completion activity. Impairment tests were performed for the Technical Solutions, Industrial Landfills, and Water Management CGUs.

The Corporation used the value in use method to determine the recoverable amount of its CGUs for the purpose of impairment testing, determined by using discounted cash flows. Inherent in the value in use approach are key assumptions that are subjective and represent reasonable estimates with respect to factors affecting operating including economic, operational and market conditions. These conditions are sensitive to change and could affect fair value.

The cash flow projections included specific estimates for five years and a terminal valuation. Cash flows for the next fiscal year are based on the Corporation's most recent forecast, which was reviewed by management and the Board of Directors in April 2020. The forecast is based on past performance as well as management's assessment of economic conditions, including commodity prices, expected market trends, and growth strategy. For future years not included in the forecast, assumptions are made based on past performance, anticipated oil and gas industry activity, and the unique market characteristics of the CGU. The terminal valuation is determined based on management's estimate of the long-term compound growth rate of annual net earnings excluding depreciation, depletion, amortization, accretion, share-based compensation, interest, and taxes. The discount rate used to calculate the net present value of cash flows is based on estimates of the Corporation's weighted average cost of capital, adjusted to consider the nature of the assets being valued and their specific risk profile. Changes in the general economic environment could result in significant changes to this estimate. The Corporation used an after-tax discount rate range of 14%-15% and a terminal growth rate of 2%.

As a result of the impairment testing performed, \$15.7 million of impairment was recognized in the three months ended March 31, 2020, against the carrying value of intangible assets within the Technical Solutions CGU as the Corporation's drilling services are expected to be adversely impacted by lower levels of activity as a result of the severe weakening in crude oil prices.

At March 31, 2020, the macro economic conditions has created considerable uncertainty as to the level of exploration and development activity that will be undertaken by the Corporation's customers and considerably increases the estimation uncertainty associated with the future cash flows used in the impairment tests. Assumptions that are valid at the time of preparing the cash flow models may change significantly when new information becomes available.

The estimated value in use for the Technical Solutions CGU is particularly sensitive to changes in the discount rate used. An increase of 1% in the discount rate would have increased the impairment by approximately \$8.5 million. A decrease of 1% in the discount rate would have reduced the impairment by approximately \$9.9 million. A 1% change to the discount rate used in estimating the value in use for the remaining CGUs tested at March 31, 2020, would not have resulted in impairment.

Restructuring costs

The Corporation has also recorded restructuring costs of \$9.4 million associated with severance and related costs as a result of measures taken to reduce the Corporation's cost structure to align with expected industry activity declines.

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Notes to the Condensed Consolidated Financial Statements (unaudited)
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6. LONG-TERM BORROWINGS

(\$000's)	Mar 31, 2020	Dec 31, 2019
Amount drawn on first and second lien credit facilities	451,772	454,322
Unamortized transaction costs	(736)	(908)
Total long-term borrowings	451,036	453,414
Credit Facilities	805,000	805,000
Amount drawn on first and second lien credit facilities	(451,772)	(454,322)
Letters of credit	(34,718)	(38,562)
Available amount ⁽¹⁾	318,510	312,116

⁽¹⁾ Subject to covenant restrictions discussed below.

SECURE's credit facilities at March 31, 2020, consist of a \$600 million first lien credit facility ("First Lien Facility") with a syndicate of ten financial institutions and Chartered banks, a \$130 million second lien credit facility ("Second Lien Facility") with a syndicate of three financial institutions and Canadian Chartered banks, and a \$75 million bilateral Letter of Credit Facility ("LC Facility") with a syndicate of two financial institutions and Chartered banks (collectively, the "Credit Facilities"). The Credit Facilities are subject to customary terms, conditions and covenants, including the following financial covenants:

- the Senior Debt to EBITDA ratio is not to exceed 3.5 to 1.0;
- the Total Debt to EBITDA ratio is not to exceed 5.0 to 1.0; and
- the EBITDA to Financing Charges ratio is not less than 2.5 to 1.0.

Senior Debt is defined in the lending agreement to include amounts drawn under the First Lien Facility and finance leases entered into by the Corporation as defined by IAS 17, less cash balances in excess of \$5 million. Total Debt includes Senior Debt plus amounts drawn under the Corporation's Second Lien Facility. Should the Corporation issue any unsecured notes in the future, Total Debt would also include the principal amount of the notes. EBITDA is defined in the lending agreement as trailing twelve months earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis. Financing Charges are defined to include interest expense on Total Debt.

The Corporation also covenants the following:

- the aggregate principal amount of unsecured notes, if any, will not exceed \$500 million; and
- the aggregate principal amount of any unsecured notes, principal amount outstanding under the First Lien Facility and the principal amount outstanding under second lien credit facility will not exceed \$1 billion.

At March 31, 2020, and December 31, 2019, the Corporation was in compliance with all financial covenants contained in the lending agreements. The following table outlines the Corporation's covenant ratios as at March 31, 2020, and December 31, 2019.

	Mar 31, 2020	Dec 31, 2019	Covenant
Senior debt to EBITDA	2.1	2.0	3.5
Total debt to EBITDA	2.9	2.8	5.0
Interest coverage	6.9	7.4	2.5

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2020 and 2019

7. SHAREHOLDERS' EQUITY

	Number of Shares	Amount (\$000's)
Balance at December 31, 2019	156,460,158	1,017,990
Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") exercised	2,320,536	-
Transfer from reserves in equity	-	20,072
Shares repurchased and cancelled under NCIB	(336,500)	(1,531)
Balance at March 31, 2020	158,444,194	1,036,531

The Corporation declared dividends to holders of common shares for the three months ended March 31, 2020 of \$10.6 million (three months ended March 31, 2019: \$10.8 million).

Subsequent to March 31, 2020, the Corporation paid dividends to holders of common shares of record on April 1, 2020, in the amount of 2.25 cents per common share and declared dividends to holders of common shares in the amount of 0.25 cents per common share which is payable on May 15, 2020, for shareholders of record on May 1, 2020.

In May 2019, SECURE renewed the previous NCIB which ended on May 27, 2018. Under the renewed NCIB, SECURE may purchase for cancellation up to a maximum of 8,028,468 common shares of the Corporation from May 28, 2019 to May 27, 2020, or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or terminated at the Corporation's election. In total, 3,874,500 common shares have been repurchased and cancelled under the renewed NCIB, representing 48% of the maximum number. The following table outlines the shares repurchased and cancelled during the three months ended March 31, 2020 and 2019.

	For the three months ended,	
	Mar 31, 2020	Mar 31, 2019
Shares repurchased and cancelled under the NCIB	336,500	131,500
Total cost	\$ 1,531	\$ 893

Basic and Diluted Earnings Per Share

The following reflects the share data used in the basic and diluted income per share computations for the three months ended March 31, 2020 and 2019:

	March 31, 2020	March 31, 2019
Weighted average number of shares - basic	158,513,800	160,440,879
Effect of dilution:		
Options, RSUs, and PSUs	-	3,015,389
Weighted average number of shares - diluted	158,513,800	163,456,268

The above table excludes the effect of all options, RSUs and PSUs for the three months ended March 31, 2020, as they are considered to be anti-dilutive. For the three months ended March 31, 2019, the effect of 2,213,527 options are excluded as they are considered to be anti-dilutive.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2020 and 2019

8. SHARE-BASED COMPENSATION PLANS

The Corporation has a Unit Incentive Plan (“UIP”) under which the Corporation may grant incentive units, comprised of RSUs and PSUs (collectively, “Incentive Units”) to employees and consultants, and a deferred share unit (“DSU”) plan for non-employee directors of the Corporation. The terms of these plans remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2019.

During the first quarter of 2019, SECURE eliminated the Corporation’s Option Plan, removing the Corporation’s ability to issue new stock options. Outstanding options remain subject to the terms and conditions of the plan in effect at the time of the grant.

Incentive Units and DSUs

The following table summarizes the units outstanding:

	RSUs	PSUs	DSUs
Balance at December 31, 2019	3,150,759	2,468,681	490,642
Granted	1,109,895	1,234,817	-
Reinvested dividends	67,420	67,957	11,323
Redeemed for common shares	(1,315,672)	(1,004,864)	-
Forfeited	(65,730)	-	-
Balance at March 31, 2020	2,946,672	2,766,591	501,965

The fair value of the RSUs and PSUs issued were determined using the five-day volume weighted average share price at the grant date.

Options

A summary of the status of the Corporation’s share options is as follows:

	Outstanding options	Weighted average exercise price (\$)
Balance at December 31, 2019	2,078,586	9.25
Expired	(318,936)	15.48
Balance at March 31, 2020	1,759,650	8.12
Exercisable at March 31, 2020	1,759,650	8.12

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2020 and 2019

9. COST OF SALES AND GENERAL AND ADMINISTRATIVE EXPENSES

The below table summarizes the disaggregation of cost of sales and general and administrative expenses for the three months ended March 31, 2020 and 2019:

(\$000's)		General and Administrative	
For the three months ended March 31, 2020	Cost of Sales	Expense	Total
Employee compensation and benefits	31,701	13,679	45,380
Share-based compensation	870	1,463	2,333
Depreciation, depletion and amortization	35,591	4,077	39,668
Business development expenses	-	1,392	1,392
Oil purchase/resale services expense	433,554	-	433,554
Other ⁽¹⁾	79,092	3,143	82,235
Total	580,808	23,754	604,562

(\$000's)		General and Administrative	
For the three months ended March 31, 2019 □	Cost of Sales	Expense	Total
Employee compensation and benefits	31,681	11,150	42,831
Share-based compensation	1,477	5,811	7,288
Depreciation, depletion and amortization	28,575	3,324	31,899
Business development expenses	-	2,188	2,188
Oil purchase/resale services expense	611,503	-	611,503
Other ⁽¹⁾	75,740	5,968	81,708
Total	748,976	28,441	777,417

⁽¹⁾ Other includes the remaining expenses not listed separately in the table above. The majority of these expenses are cost of products, repairs and maintenance, trucking and disposal, rent and utilities.

10. CAPITAL MANAGEMENT

(\$000's)	Mar 31, 2020	Dec 31, 2019
Current assets	244,130	314,454
Current liabilities	167,429	(210,268)
Amount drawn on credit facilities	451,772	454,322
Shareholders' equity	797,869	812,644
	1,661,200	1,371,152

The Corporation's objective in capital management is to ensure adequate sources of capital are available to carry out its planned capital program, while maintaining operational growth, payment of dividends and stable cash flow so as to sustain the business for the long-term. Management considers the Corporation's current assets less current liabilities, total amounts drawn on debt facilities and shareholders' equity as the components of capital to be managed.

The Corporation's overall capital management strategy remained unchanged from prior periods. Management controls its capital structure through detailed financial and operating budgets and forecasts, as well as established policies and processes over monitoring planned capital and operating expenditures. The forecasts are regularly updated based on various factors that could influence activity levels and cash flows, including, among other things, changes in commodity prices, and drilling, completion and production expectations. In light of the current volatility in commodity prices and uncertainty regarding the timing for recovery in such prices, along with the effect of the novel coronavirus COVID-19 pandemic on global crude oil demand, the forecast results, including cash flows, working capital and debt levels, are subject to material changes.

SECURE ENERGY SERVICES INC.

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10. CAPITAL MANAGEMENT (continued)

Management will closely monitor changes in the external environment and will adjust the Corporation's operating strategy in a timely manner, maintaining stringent cost controls and reduction initiatives in order to strengthen cash flow and continue the Corporation's stable operation.

11. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

(\$000's)	1 year or less	1-5 years	5 years and thereafter	Total
Crude oil transportation	40,645	143,478	47,176	231,299
Capital commitments	10,040	-	-	10,040
Total contractual obligations	50,685	143,478	47,176	241,339

Crude oil transportation commitments

Included in this number are committed crude oil volumes for pipeline throughput at certain of the Corporation's pipeline connected full service terminals. This amount reflects the total payment that would have to be made should the Corporation not fulfill the committed pipeline volumes.

Capital commitments

The amounts relate to various capital purchases for use in the Corporation's current and future capital projects. All amounts are current and due within one year.

12. SEGMENT REPORTING

During the three months ended March 31, 2020, the Corporation realigned its reporting structure to reflect changes in the aggregation of operating segments based on the economic prospects of these operating segments. The results of the Corporation are now being reported in the following two reportable segments:

1. **Midstream Infrastructure** includes a network of midstream infrastructure assets that includes oil and water pipelines, midstream processing facilities, oil storage terminals, and crude by rail terminals throughout western Canada, North Dakota and Oklahoma. The Midstream Infrastructure segment services include clean oil terminalling and storage, rail transloading, pipeline transportation, crude oil marketing, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, and oil purchase/resale service. The only change to this segment from the audited consolidated financial statements for the year ended December 31, 2019 is the removal of landfills.
2. **Environmental and Fluids Management** includes a network of landfill disposal facilities; onsite abandonment, remediation and reclamation management; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and drilling, completion and production fluid operations management for oil and gas producers in western Canada. Services offered include secure disposal of oilfield and industrial solid wastes into SECURE's owned or managed landfill network located in western Canada and North Dakota; project assessment and planning; demolition and decommissioning; and reclamation and remediation.

These reportable segments of the Corporation have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Corporation's chief operating decision maker, identified as the Corporation's Chairman, President and Chief Executive Officer, to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. The Corporation has aggregated certain operating segments into the above noted reportable segments through examination of the Corporation's performance which is based on the similarity of services and goods provided and economic characteristics exhibited by the operating segments.

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12. SEGMENT REPORTING (continued)

The Corporation reports activities not directly attributable to an operating segment under Corporate. Corporate division expenses consist of public company costs, share-based compensation, interest and finance costs, and personnel, office and other administrative costs relating to corporate employees and officers.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Corporation's condensed consolidated financial statements. Comparative information has been recast to conform to the current segmented reporting information. No changes were implemented with respect to the consolidated data as a result of the recast.

The Corporation disaggregates revenue from contracts with customers by type of service or good to reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following tables present the financial performance by reportable segment and includes a measure of segment profit or loss regularly reviewed by management for the three months ended March 31, 2020, and March 31, 2019.

(\$000's)	Midstream Infrastructure	Environmental and Fluids Management	Corporate	Total
Three months ended March 31, 2020				
Revenue from services	80,091	97,450	-	177,541
Oil purchase and resale service	433,555	-	-	433,555
Total revenue	513,646	97,450	-	611,096
Cost of sales excluding items listed separately below	(469,939)	(74,408)	-	(544,347)
Segment profit margin	43,707	23,042	-	66,749
G&A expenses excluding items listed separately below	(4,575)	(7,489)	(6,150)	(18,214)
Depreciation, depletion and amortization ⁽¹⁾	(25,595)	(12,657)	(1,416)	(39,668)
Share-based compensation ⁽¹⁾	-	-	(2,333)	(2,333)
Interest, accretion and finance costs	(276)	(147)	(8,667)	(9,090)
Impairment and restructuring costs	(3,411)	(20,487)	(1,198)	(25,096)
Earnings (loss) before tax	9,850	(17,738)	(19,764)	(27,652)

(\$000's)	Midstream Infrastructure	Environmental and Fluids Management	Corporate	Total
Three months ended March 31, 2019				
Revenue from services	84,818	92,561	-	177,379
Oil purchase and resale service	611,503	-	-	611,503
Total revenue	696,321	92,561	-	788,882
Cost of sales excluding items listed separately below	(646,255)	(72,669)	-	(718,924)
Segment profit margin	50,066	19,892	-	69,958
G&A expenses excluding items listed separately below	(5,405)	(7,348)	(6,553)	(19,306)
Depreciation, depletion and amortization ⁽¹⁾	(18,854)	(11,847)	(1,198)	(31,899)
Share-based compensation ⁽¹⁾	-	-	(7,288)	(7,288)
Interest, accretion and finance costs	(322)	(152)	(6,317)	(6,791)
Earnings (loss) before tax	25,485	545	(21,356)	4,674

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

The following tables present the financial performance by reportable segment for the years ended December 31, 2019 and 2018.

(\$000's)	Midstream Infrastructure	Environmental and Fluids Management	Corporate	Total
Year ended December 31, 2019				
Revenue from services	326,635	305,774	-	632,409
Oil purchase and resale service	2,440,071	-	-	2,440,071
Total revenue	2,766,706	305,774	-	3,072,480
Cost of sales excluding items listed separately below	(2,577,898)	(243,379)	-	(2,821,277)
Segment profit margin	188,808	62,395	-	251,203
G&A expenses excluding items listed separately below	(21,995)	(27,135)	(26,180)	(75,310)
Depreciation, depletion and amortization ⁽¹⁾	(79,572)	(47,823)	(4,857)	(132,252)
Share-based compensation ⁽¹⁾	-	-	(19,449)	(19,449)
Interest, accretion and finance costs	(1,253)	(549)	(23,113)	(24,915)
Earnings (loss) before tax	85,988	(13,112)	(73,599)	(723)

⁽¹⁾ Depreciation, depletion and amortization and share-based compensation have been allocated to cost of sales and general and administrative expenses based on function of the underlying asset or individual to which the charge relates.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three months ended March 31, 2020 and 2019
12. SEGMENT REPORTING (continued)

(\$000's)				
Year ended December 31, 2018	Midstream Infrastructure	Environmental and Fluids Management	Corporate	Total
Revenue from services	309,558	388,614	-	698,172
Oil purchase and resale service	2,239,281	-	-	2,239,281
Total revenue	2,548,839	388,614	-	2,937,453
Cost of sales excluding items listed separately below	(2,363,900)	(300,622)	-	(2,664,522)
Segment profit margin	184,939	87,992	-	272,931
G&A expenses excluding items listed separately below	(20,744)	(31,985)	(26,078)	(78,807)
Depreciation, depletion and amortization ⁽¹⁾	(65,467)	(48,759)	(1,382)	(115,608)
Share-based compensation ⁽¹⁾	-	-	(22,963)	(22,963)
Interest, accretion and finance costs	(1,310)	(548)	(17,606)	(19,464)
Earnings (loss) before tax	97,418	6,700	(68,029)	36,089

⁽¹⁾ Depreciation, depletion and amortization and share-based compensation have been allocated to cost of sales and general and administrative expenses based on function of the underlying asset or individual to which the charge relates.

Assets and liabilities

(\$000's)				
As at March 31, 2020	Midstream Infrastructure	Environmental and Fluids Management	Corporate	Total
Current assets	109,302	134,828	-	244,130
Property, plant and equipment	1,065,091	181,023	5,760	1,251,874
Right-of-use assets	15,359	19,836	10,205	45,400
Intangible assets	21,325	564	-	21,889
Goodwill	-	11,127	-	11,127
Total assets	1,211,076	347,379	15,965	1,574,420
Current liabilities	125,668	41,761	-	167,429
Total liabilities	242,891	82,624	451,036	776,551

(\$000's)				
As at December 31, 2019	Midstream Infrastructure	Environmental and Fluids Management	Corporate	Total
Current assets	186,846	127,608	-	314,454
Property, plant and equipment	1,039,439	187,377	5,959	1,232,775
Right-of-use assets	17,664	20,811	11,149	49,624
Intangible assets	20,490	19,181	-	39,671
Goodwill	-	11,127	-	11,127
Total assets	1,264,439	366,104	17,108	1,647,651
Current liabilities	169,078	41,190	-	210,268
Total liabilities	295,171	86,422	453,414	835,007

Information about geographic areas

(\$000's)	Canada		U.S.		Total	
Three months ended March 31,	2020	2019	2020	2019	2020	2019
Revenue	592,070	772,966	19,026	15,916	611,096	788,882
As at March 31, 2020 and December 31, 2019	2020	2019	2020	2019	2020	2019
Total non-current assets	1,138,858	1,152,397	191,432	180,800	1,330,290	1,333,197

CORPORATE INFORMATION

DIRECTORS

Rene Amirault – Chairman
Murray Cobbe ⁽⁴⁾ ⁽⁵⁾
Michele Harradence ⁽⁴⁾
David Johnson ⁽²⁾
Brad Munro ⁽¹⁾ ⁽²⁾ ⁽³⁾
Kevin Nugent ⁽¹⁾ ⁽³⁾
Shaun Paterson ⁽¹⁾ ⁽⁴⁾
Daniel Steinke ⁽⁴⁾
Richard Wise ⁽²⁾ ⁽³⁾
Deanna Zumwalt ⁽¹⁾

¹ Audit Committee

² Compensation Committee

³ Corporate Governance and Nominating
Committee

⁴ Health, Safety, Sustainability & Environment
Committee

⁵ Lead Director

OFFICERS

Rene Amirault
President & Chief Executive Officer

Michael Callihoo
*Corporate Secretary and VP Commercial
Operations/Legal*

David Engel
Executive Vice President, Operations

Allen Gransch
Chief Operating Officer Midstream

Corey Higham
*Executive Vice President, Corporate
Development*

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

KPMG LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

LEAD BANKERS

ATB Financial
National Bank of Canada

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company
Calgary, Alberta

Chad Magus
Executive Vice President & Chief Financial Officer

David Mattinson
*Executive Vice President, Environmental
Solutions*

Brian McGurk
Executive Vice President, Corporate Services

Mike Mikuska
*Executive Vice President, Commercial &
Transportation*

George Wadsworth
Executive Vice President, Technical Solutions