

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months ended March 31, 2020 and 2019

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of SECURE Energy Services Inc. ("SECURE", the "Corporation", "we", or "our") has been prepared by management and reviewed and approved by the Board of Directors of SECURE (the "Board of Directors" or the "Board") on April 27, 2020. 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 months ended March 31, 2020, to the three months ended March 31, 2019, and should be read in conjunction with the Corporation's condensed consolidated financial statements and notes thereto for the three months ended March 31, 2020 and 2019 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2019 and 2018 ("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 and per 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 publicly traded energy business listed on the Toronto Stock Exchange ("TSX") 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.") 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.

For a complete description of services provided by the Corporation, please refer to the headings '*General Development of the Business*' and '*Description of Business*' in the Corporation's Annual Information Form for the year ended December 31, 2019 ("AIF").

Reporting Change

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 prior periods is the removal of landfills.

2. **Environmental and Fluid 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.

The new reporting structure provides a more direct connection between the Corporation's operations, the services it provides to customers and the ongoing strategic direction of the Corporation. 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. Refer to the *'Quarterly Review Summary'* for a breakdown of results by quarter for the past two years.

FIRST QUARTER SUMMARY

Global oil prices declined radically in the latter part of the first quarter of 2020 as a result of reduced demand driven by the novel coronavirus ("COVID-19") health pandemic, including government responses thereto, and over supply concerns stemming from failed negotiations between OPEC+ countries on production curtailments. As a result of the weak macro-economic environment, the prudent response from SECURE's customers has been to employ increased financial and capital discipline, resulting in reduced activity levels during March 2020 and a significant reduction to planned capital spending during the remainder of 2020.

Financial results

During the three months ended March 31, 2020, the Corporation recorded Adjusted EBITDA¹ of \$42.1 million, down 24% from the prior year comparative period. Higher year over year drilling and completion activity levels during January and February contributed to higher facility volumes and increased revenues from fluid management. However, this was more than offset by activity slowdowns in March as a result of the market conditions described above, and reduced year over year Adjusted EBITDA from marketing activities and crude-by-rail transactions.

The Corporation recognized a net loss of \$22.4 million during the three months ended March 31, 2020, compared to income of \$1.3 million during the prior year comparative period. In addition to lower Adjusted EBITDA, the Corporation incurred a non-cash impairment charge on intangible assets and one-time costs related to restructuring efforts, as described below, for a total of \$25.1 million.

Cost reduction initiatives

At the end of March 2020, SECURE undertook prudent measures to reduce our cost structure in response to further anticipated activity declines. These measures included reducing personnel costs by approximately 25%, to levels consistent with anticipated activity levels. Measures taken to reduce personnel costs included layoffs, salary reductions, modified work schedules and job sharing. SECURE recorded \$9.4 million of severance and related costs as a result of these measures and other restructuring plans underway during the three months ended March 31, 2020.

Solid financial position

Maintaining a strong balance sheet has always been a priority of SECURE as this allows the Corporation to effectively manage the business through periods of lower commodity pricing and industry activity. At March 31, 2020, the Corporation has \$272.7 million of available capacity on our First Lien Credit Facility, subject to covenant restrictions. The following table outlines SECURE's Senior and Total Debt to trailing twelve-month EBITDA ratios² at March 31, 2020, compared to the covenant thresholds outlined in our credit facility agreements. SECURE remains well within compliance of all covenants related to its credit facilities.

¹ Refer to the "Non-GAAP Measures" section herein.

² Refer to the "Liquidity and Capital Resources" section herein for details on the Corporation's covenant calculations.

	Mar 31, 2020	Threshold
Senior Debt to EBITDA	2.1	3.5
Total Debt to EBITDA	2.9	5.0

In addition, SECURE has a \$75 million letter of credit facility with \$45.8 million available for use under this facility as of March 31, 2020.

Low counterparty risk

The Corporation extends credit to customers, primarily comprised of oil and gas exploration and production companies, in the normal course of operations. SECURE has a robust credit review process and has successfully prevented any material credit losses during previous market downturns. Historically, bad debt expenses have been limited to specific customer circumstances. However, the sudden and severe decline in oil prices may result in higher collection risk on trade receivables. As a result, the Corporation has increased our expected credit loss provision at March 31, 2020, to \$3.3 million, an increase of \$1.9 million from December 31, 2019. The resulting loss allowance for expected credit losses has been included with general and administrative (“G&A”) expenses during the three months ended March 31, 2020.

Contracted midstream growth

During the first quarter of 2020, SECURE progressed construction of the East Kaybob Oil Pipeline, a 120-kilometre pipeline system gathering light oil and condensate from multiple producers and terminating at the Corporation’s Fox Creek midstream processing facility. The project provides SECURE with long-term fee-for-service revenues from pipeline tariffs, and reliable volumes at the Fox Creek facility. The pipeline is expected to be operational by the start of the third quarter.

Resilient business

SECURE’s midstream infrastructure growth over the past several years, including strategic investments in oil feeder pipelines, pipeline-connected produced water disposal facilities, and crude oil storage, have helped transform the nature and reliability of the Corporation’s cash flows by significantly increasing the Corporation’s exposure to production-based revenues supported by long-term contracts. The Corporation expects a certain degree of cash flow stability from our midstream infrastructure that is expected to partially offset the impact of reduced industry activity on drilling and completion volumes and demand for associated services throughout the remainder of the year. Please refer to ‘*Outlook*’ section of this MD&A.

Moving to a quarterly dividend

After the June monthly dividend expected to be paid on or about June 15, 2020, the Corporation will be moving to a quarterly dividend, with the first planned payment of 0.75 cents per share to occur on or about October 15, 2020, to shareholders of record on October 1, 2020.

The following table summarizes the operating and financial highlights for the three months ending March 31, 2020 and 2019:

(\$000's except share and per share data)	Three months ended March 31,		
	2020	2019	% change
Revenue (excludes oil purchase and resale)	177,541	177,379	-
Oil purchase and resale	433,555	611,503	(29)
Total revenue	611,096	788,882	(23)
Adjusted EBITDA ⁽¹⁾	42,094	55,139	(24)
Per share (\$), basic	0.27	0.34	(21)
Net (loss) income attributable to shareholders of Secure	(21,952)	1,259	(1,844)
Per share (\$), basic and diluted	(0.14)	0.01	(1,500)
Cash flows from operating activities	45,850	57,302	(20)
Per share (\$), basic	0.29	0.36	(19)
Dividends per common share	0.0675	0.0675	-
Capital expenditures ⁽¹⁾	41,360	23,619	75
Total assets	1,574,420	1,648,660	(5)
Long-term liabilities	609,122	582,313	5
Common shares - end of period	158,444,194	161,437,474	(2)
Weighted average common shares			
Basic	158,513,800	160,440,879	(1)
Diluted	158,513,800	163,456,268	(3)

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

- REVENUE OF \$611.1 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2020
 - Midstream Infrastructure segment revenue (excluding oil purchase and resale) during the three months ended March 31, 2020, decreased by 6% over the comparative period of 2019 to \$80.1 million. The decrease is attributable to reduced crude oil marketing and rail activity as certain opportunities in the first quarter of 2019 resulting from volatile price differentials did not re-occur during the three months ended March 31, 2020. Partially offsetting this decrease is an unrealized gain resulting from crude oil futures and options contracts held at March 31, 2020, to help manage certain exposures to fluctuations in commodity prices. Facility revenues were relatively flat year over year as contributions from infrastructure additions in 2019 and higher drilling and completion activity at the beginning of the year were partially offset by the drop off in activity levels in March 2020.
 - Oil purchase and resale revenue during the three months ended March 31, 2020, decreased 29% over the 2019 comparative period to \$433.6 million as a result of reduced marketing activity and a 22% decrease in Canadian light oil benchmark pricing.
 - Environmental and Fluid Management segment revenue during the three months ended March 31, 2020, increased 5% over the 2019 comparative period to \$97.5 million due to higher drilling and completion activity in the Western Canadian Sedimentary Basin ("WCSB"), positively impacting revenue generated from service lines supporting these activities, including drilling and completion fluid services, solids control equipment rentals, drilling waste management, water management, and industrial landfill disposal.

- ADJUSTED EBITDA OF \$42.1 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2020
 - Adjusted EBITDA of \$42.1 million decreased 24% from the three months ended March 31, 2019, or 21% on a per share basis. Higher year over year drilling and completion activity levels during January and February contributed to higher facility volumes and increased revenues from fluid management. However, this was more than offset by activity slowdowns in March, and reduced year over year Adjusted EBITDA from marketing activities and crude-by-rail transactions. Extraordinary price volatility and large differentials during the first quarter of 2019 created considerable crude oil marketing and rail opportunities that did not re-occur in the current year period. Additionally, the Corporation recorded a \$1.9 million loss allowance for expected credit losses during the three months ended March 31, 2020, in light of the current macroeconomic environment.
- NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF SECURE OF \$22.0 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2020
 - For the three months ended March 31, 2020, there was a net loss attributable to shareholders of SECURE of \$22.0 million, compared to income of \$1.3 million in the three months ended March 31, 2019. The variance is primarily due to \$25.1 million of impairment and restructuring charges recorded in the current year period, and higher depreciation, depletion and amortization expense.
 - *Impairment of non-current assets:* In accordance with the accounting standards, the Corporation assesses at each reporting date whether there is an indication that an asset or cash generated unit (“CGUs”) may be impaired. With the rapid and significant decline in oil prices and planned producer spending, indicators of impairment were present for SECURE’s CGUs with cash flows tied primarily to drilling and completion activities. The value in use of the Technical Solutions CGU, determined using a five-year cash flow estimate discounted to March 31, 2020, exceeded the carrying amount of the CGU. Consequently, a \$15.7 million impairment charge was recorded against intangible assets in order to write the CGU down to its recoverable amount.
 - *Restructuring costs:* SECURE recorded an expense of \$9.4 million during the three months ended March 31, 2020, related primarily to employee termination benefits expected to result from restructuring plans undertaken by the Corporation in the period, including right sizing the Corporation’s workforce to anticipated activity levels and streamlining business processes resulting in the suspension or termination of certain functions.
 - *Depreciation, depletion and amortization (“DD&A”):* DD&A increased \$7.8 million as a result of new midstream infrastructure put into use in 2019 and the write-down of certain projects in development that may be delayed or suspended as a result of the current operating environment.
 - These negative variances were partially offset by lower income tax expense resulting primarily from lower pre-tax earnings.
- CASH FLOWS FROM OPERATING ACTIVITIES OF \$45.9 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2020
 - The Corporation generated cash flows from operating activities of \$45.9 million during the three months ended March 31, 2020, a decrease of \$11.5 million from the prior year comparative period. The impact of lower Adjusted EBITDA was partially offset by changes in non-cash working capital during the period. SECURE carried total net working capital at March 31, 2020, of \$96.6 million, down from \$125.3 million at December 31, 2019.

- CAPITAL EXPENDITURES OF \$41.4 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2020
 - SECURE incurred \$38.0 million of organic growth and expansion capital during the three months ended March 31, 2020, largely related to the East Kaybob Oil Pipeline System, as well as certain carryover costs related to expansion and optimization projects at existing facilities in the prior year. The Corporation also incurred sustaining capital of \$3.4 million during the period relating primarily to well and facility maintenance. SECURE is committed to maintaining capital discipline as we navigate this downturn.

OUTLOOK

The public health containment measures in place to limit the spread of COVID-19 have significantly reduced global oil demand, pressuring oil prices to the lowest levels seen in over 20 years. On April 12, 2020, a historic agreement to cut global oil production by almost 10% was finalized, which is expected to help balance the market and partially offset ongoing pressure on oil prices caused by such measures employed to control the COVID-19 outbreak. This health pandemic is an unprecedented situation whose ultimate duration and magnitude are unknown currently, and as a result raises a significantly higher degree of uncertainty on crude oil demand for the remainder of 2020.

It is however encouraging to have a historic agreement around longer term supply reductions and the potential to have further discussions when the 'return to normal' allows for greater insight on the true go forward demand for crude oil. While the supply cuts are expected to help in the back half of this year, the near-term issues of over supply are anticipated to have a significant impact on the crude oil market, specifically:

- Drilling and completion activity in the second quarter has historically been lower in Canada due to road bans and the effects of spring break up. We expect minimal drilling and completion volumes in the second quarter of 2020 and the typical ramp up in drilling and completion activity to be significantly lower in the back half of the year;
- Production in the second quarter of 2020 will be impacted by the current price of crude oil, crude oil differentials as well as storage constraints in both Canada and in the US. Storage constraints may be the largest factor contributing to production shut-ins if crude oil does not have a downstream destination and it physically has nowhere to be stored. Excluding the impact of storage, production shut-ins are difficult to predict as the decision to continue to produce may be a result of contract obligations or agreements, take or pay obligations, concern of well or reservoir damage, costs to shut-in/start up, bank covenants or cash flow requirements. In addition, there are producers that have risk management hedges to protect the downside throughout 2020.

SECURE's business remains highly concentrated on production volumes or related services that represent approximately 75% of the Corporation's Adjusted EBITDA. A portion of these production volumes are contracted and/or fee-for-service contracts that are expected to provide a certain degree of cash flow stability. The factors noted above relating to production shut-ins may have a short-term impact on financial results for the second quarter, however the pricing environment and supply cuts should support fewer production shut-ins in the third and fourth quarters of 2020. The resulting reduction in revenues from production shut-ins are expected to be partially offset by opportunities to leverage SECURE's crude oil storage assets at both Kerrobert and Cushing. In addition, SECURE will complete and commission the East Kaybob Oil Pipeline in the third quarter which provides the Corporation with additional, long-term, fee-for-service revenues from pipeline tariffs, and reliable volumes at the Fox Creek facility.

On April 17, 2020, the Canadian Federal Government announced a \$1.7 billion fund to accelerate orphan and inactive well abandonments as part of an effort to reduce the economic fallout on oil-producing provinces from COVID-19. SECURE expects increased abandonment and remediation activity to positively impact all Canadian business units, particularly within the Environmental Management group as a result of higher demand for onsite abandonment, remediation and reclamation management and decommissioning work. Solid and waste volumes resulting from these operations will also require disposal; SECURE owns and operates six industrial landfills in Alberta capable of handling waste of this nature.

SECURE has also taken prudent measures to reduce costs to best position the Corporation for long-term success, including:

- Reduced the 2020 capital program by \$20 million, or 25%, from previously anticipated amounts to \$60 million, including approximately \$50 million of growth and expansion capital, and \$10 million of sustaining capital;
- Establishing a minimal preliminary capital program of \$15 million for 2021, comprised primarily of sustaining capital;
- Reduced the monthly dividend from 2.25 cents to 0.25 cents effective May 1, 2020;
- Assessed the Canadian Federal Government's wage subsidy program to reduce the impact of the downturn on our staffing levels. The Corporation intends to file an application once the system is in operation;
- Reduced personnel costs by approximately 25%, to levels consistent with anticipated activity levels. Measures taken to reduce personnel costs included layoffs, salary reductions, modified work schedules and job sharing;
- Restricted discretionary spending and suspended all non-essential travel;
- Restructured into two reporting segments and corporate that should allow for SECURE to gain cost efficiencies across all reporting segments; and
- Delayed timing for the completion of planned divestitures announced in late 2019 related to specific service lines that do not have recurring or production-related revenue streams in light of the current economic environment. SECURE will remain patient in executing any divestitures and is committed to obtaining a price for these service lines that is commensurate with their long-term value.

The outlook on oil prices and drilling and completion activity levels resulting from the COVID-19 pandemic is difficult to predict; however, SECURE has positioned the business to navigate this challenging time through 2020 and beyond. The majority of our midstream processing facilities are located in low cost light oil and gas related plays in western Canada, which supports ongoing production at lower benchmark pricing. This activity will support oil treating, production chemicals, water disposal and terminalling. Furthermore, SECURE's oil and water pipelines have committed volumes, which will provide a recurring revenue stream. In addition, SECURE's contracted operations in Fort McMurray also support recurring revenue.

SECURE will continue to protect the strength in the balance sheet and is well positioned to withstand the impact this commodity price cycle will have on our activity levels, and to respond when industry activity resumes. Our \$600 million first lien revolving credit facility matures June 2023 and had \$272.7 million of available capacity (subject to covenant restrictions) at March 31, 2020.

SECURE's key strategic priorities for 2020 include:

- Maintaining financial resilience, protecting a strong balance sheet by maximizing cash flows and monitoring credit exposure;
- Implementing restructuring plans and cost reductions to align the Corporation's cost structure with expected industry activity; and
- Continuing to work with our customers to deliver innovative midstream and environmental solutions that reduce their costs, lower emissions, and improve safety.

SECURE's greatest assets are our people and the relationships we have with our customers, investors and the communities in which we have a presence. The Corporation will continue to keep our stakeholders top of mind and supported as it navigates through these events.

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 income before finance costs, taxes, depreciation, depletion, 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 income, 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, 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 Mar 31,		
	2020	2019	% Change
Net (loss) income	(22,410)	1,259	(1,880)
Add:			
Depreciation, depletion and amortization ⁽¹⁾	39,668	31,899	24
Current tax expense	529	298	78
Deferred tax (recovery) expense	(5,771)	3,117	(285)
Share-based compensation ⁽¹⁾	2,333	7,288	(68)
Interest, accretion and finance costs	9,090	6,791	34
Unrealized (gain) loss on mark to market transactions ⁽²⁾	(6,441)	4,487	(244)
Impairment and restructuring costs	25,096	-	100
Adjusted EBITDA	42,094	55,139	(24)

⁽¹⁾ Included in cost of sales and general and administrative expenses on the Consolidated Statements of Comprehensive Loss.

⁽²⁾ Included in revenue and cost of sales on the Consolidated Statements of Comprehensive Loss.

SECURE ENERGY

Segment profit margin

Segment profit margin is calculated as the difference between revenue and cost of sales, excluding depreciation, depletion, amortization and share-based compensation expenses. 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 segment 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 to 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 Mar 31,		
	2020	2019	% Change
Gross margin	30,288	39,906	(24)
Add:			
Depreciation, depletion and amortization ⁽¹⁾	35,591	28,576	25
Share-based compensation ⁽¹⁾	870	1,476	(41)
Segment profit margin	66,749	69,958	(5)

⁽¹⁾ These charges are included in cost of sales on the Corporation's Consolidated Statements of Comprehensive 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 gravity) at Edmonton, Alberta. Western Texas Intermediary ("WTI") crude oil is the North American benchmark price for light crude oil.

SECURE ENERGY

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2020

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into two 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 segment excludes corporate expenses and share-based compensation, as senior management reviews each segment's earnings before these expenses in assessing profitability and performance. The table below outlines the results by reportable segment for the three months ended March 31, 2020 and 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.

MIDSTREAM INFRASTRUCTURE SEGMENT

The Midstream Infrastructure segment has two separate service lines: Midstream Infrastructure services and oil purchase and resale services.

Midstream Infrastructure services

The Midstream Infrastructure segment 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; processing of waste; and water treatment and disposal. SECURE also transports oil and water through pipelines direct to SECURE facilities. Processing services are primarily performed at full service terminals ("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. 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.

Oil purchase and resale

SECURE's oil purchase and resale services 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 meters the crude oil volumes and purchases the crude oil directly from customers. The Corporation then handles 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 resell crude oil to take advantage of marketing opportunities and increase profitability.

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
Midstream Infrastructure services revenue	80,091	84,818	(6)
Oil purchase and resale	433,555	611,503	(29)
Midstream Infrastructure Revenue	513,646	696,321	(26)
Cost of sales excluding items noted below	36,384	34,752	5
Depreciation and amortization	23,502	17,281	36
Oil purchase and resale	433,555	611,503	(29)
Midstream Infrastructure Cost of Sales	493,441	663,536	(26)
Segment Profit Margin ⁽¹⁾	43,707	50,066	(13)
Segment Profit Margin ⁽¹⁾ as a % of revenue (a)	55%	59%	

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

Revenue (Midstream Infrastructure segment)

Revenue generated from Midstream Infrastructure services decreased 6% for the three months ended March 31, 2020, from the respective 2019 comparative period. The decrease was due primarily to lower marketing and rail revenues in the current year period as certain opportunities presented in the first quarter of 2019 did not re-occur. Significant and volatile commodity price differentials at the beginning of 2019 created increased opportunities for price optimization at the Corporation's pipeline connected FSTs and supported economics for transporting crude by rail, resulting in higher revenues generated from the Corporation's crude oil marketing business and rail terminals during the prior year comparative period.

Infrastructure additions during 2019, including produced water pipelines added at Gold Creek and Tony Creek, crude oil storage at Kerrobert and Cushing, and the Pipestone facility, along with various expansions at existing facilities, positively contributed to revenues during the three months ended March 31, 2020, partially offsetting the decrease discussed above. Additionally, increased production, drilling and completion activity in January and February of 2020 resulted in higher processing and disposal volumes in the current year period. Partially offsetting the positive impact to facilities revenue was lower realized pricing on recovered oil volumes due to a 22% decrease in benchmark oil prices in Canada year over year.

The table below outlines volumes at the Corporation's facilities in the three months ended March 31, 2020 and 2019.

	Three months ended Mar 31,		
	2020	2019	% Change
Average Benchmark Prices and Volumes ⁽¹⁾			
WTI (US\$/bbl)	\$ 46.17	\$ 54.81	(16)
Canadian Light Sweet (\$/bbl)	\$ 52.02	\$ 66.92	(22)
Processing volumes (in 000's m ³)	485	450	8
Recovery volumes (in 000's m ³)	39	33	18
Crude oil terminalling and pipeline volumes (in 000's m ³)	970	825	18
Water disposal volumes (in 000's m ³)	1,719	1,469	17

Disposal volumes increased 17% during the three months ended March 31, 2020, from the respective 2019 comparative period due primarily to increased produced water disposal volumes delivered through pipelines added to the Corporation's Gold Creek and Pipestone facilities in 2019, along with expansions to increase water disposal capacity at various other facilities since the start of 2019 through additional disposal wells and improved injection rates.

Processing volumes, including emulsion treating, and various waste stream processing, increased 8% during the three months ended March 31, 2020, from the 2019 comparative period due primarily to higher drilling waste as a result of increased activity levels in the Corporation's operating areas.

Oil volumes recovered through our processing operations increased 18% during the three months ended March 31, 2020, from the 2019 comparative period as a result of higher overall volumes received at the Corporation's facilities. The impact of higher volumes on recovered oil revenue was offset by lower benchmark oil pricing in the current year period.

Crude oil terminalling and pipeline volumes increased 18% during the three months ended March 31, 2020, from the 2019 comparative period as a result of the Corporation's best quarter to date for the Kerrobert crude oil pipeline system. During the first quarter, there were 20 approved shippers on the pipeline, with nearly 600,000 cubic metres shipped during the period, up 43% from the prior year.

Oil purchase and resale revenue in the Midstream Infrastructure segment decreased 29% to \$433.6 million for the three months ended March 31, 2020, from the respective 2019 comparative period. The decrease in the three months ended March 31, 2020, relates to reduced marketing activities and lower commodity prices in the current period.

Cost of Sales (Midstream Infrastructure segment)

Cost of sales from Midstream Infrastructure services, excluding depreciation, depletion and amortization, increased 5% to \$36.4 million for the three months ended March 31, 2020, from the respective 2019 comparative period. The increase in cost of sales is primarily a result of a higher number of facilities, including the addition of the Cushing storage facility and Pipestone facility since the first quarter of 2020, and expansions at existing facilities.

Operating DD&A expense included in cost of sales relates primarily to the Midstream Infrastructure segment's facilities and rail car leases, and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. Operational DD&A increased by \$6.2 million to \$23.5 million for the three months ended March 31, 2020, from the respective 2019 comparative period due to new assets put into use since the first quarter of 2019, as well as non-cash impairments related to certain projects in development that may be delayed or suspended as a result of the current operating environment.

SECURE ENERGY

Segment Profit Margin (Midstream Infrastructure segment)

The Midstream Infrastructure segment's segment profit margin decreased 13% to \$43.7 million for the three months ended March 31, 2020, from the 2019 comparative period. As a percentage of Midstream Infrastructure services revenue, segment profit margin was 55% for the three months ended March 31, 2020, down from 59% in the 2019 comparative period. The decrease was primarily a result of reduced marketing and rail revenue described above and associated blending margins due to lower stream pricing and flat differentials.

General and Administrative Expenses (Midstream Infrastructure segment)

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
G&A expense excluding depreciation and amortization	4,575	5,405	(15)
Depreciation and amortization	2,093	1,573	33
Midstream Infrastructure G&A expense	6,668	6,978	(4)

G&A expenses decreased by 4% to \$6.7 million for the three months ended March 31, 2020, from the respective 2019 comparative period. The decrease is mainly due to lower personnel costs partially offset by an increased loss allowance on trade receivables.

Earnings Before Tax (Midstream Infrastructure segment)

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
Midstream Infrastructure Earnings before Tax	9,850	25,485	(61)

Earnings before tax decreased 61% to \$9.9 million for the three months ended March 31, 2020, from the respective 2019 comparative period. The decrease is a result of lower segment profit margin and increased depreciation and amortization expense in the 2020 period, as described above, as well as restructuring costs of \$3.4 million related to right sizing the Corporation's workforce to anticipated activity levels and streamlining business processes resulting in the suspension or termination of certain functions.

ENVIRONMENTAL AND FLUID MANAGEMENT SEGMENT

The Environmental and Fluid Management segment 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.

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
Environmental and Fluid Management Revenue	97,450	92,561	5
Cost of sales excluding depreciation, depletion and amortization	74,408	72,669	2
Depreciation, depletion and amortization	12,089	11,294	7
Environmental and Fluid Management Cost of Sales	86,497	83,963	3
Segment Profit Margin ⁽¹⁾	23,042	19,892	16
Segment Profit Margin ⁽¹⁾ as a % of revenue	24%	21%	

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

Revenue (Environmental and Fluid Management segment)

The Environmental and Fluid Management segment revenue increased 5% to \$97.5 million for the three months ended March 31, 2020, from the 2019 comparative period. The impact of reduced decommissioning, site reclamation and abandonment jobs on the Environmental Solution group was more than offset by greater project work awarded in Fort McMurray as the Corporation gains a reputation as a preferred service provider in the Oil Sands region, and higher contributions from Fluids Management resulting from production chemicals work awarded at the end of 2019. Also, drilling activity improvements from the first two months of the year drove higher drilling fluid sales and water pumping jobs.

Cost of Sales (Environmental and Fluid Management segment)

Cost of sales excluding depreciation, depletion and amortization increased 2% to \$74.4 million for the three months ended March 31, 2020, from the 2019 comparative period. The majority of the Environmental and Fluid Management segment's cost of sales are variable with fluctuations corresponding to change in activity levels and job mix. Reduced costs associated with lower decommissioning, site reclamation and abandonment activity were offset by higher costs associated with Fluids Management, consistent with the revenue changes discussed above. Fixed costs included in the segment relate primarily to costs associated with operating drilling fluid and production chemical blending and distribution facilities, and leachate management at the Corporation's industrial landfills. Landfill costs were down year over year despite an increase in revenue as a result of favourable weather conditions impacting leachate disposal volumes.

Operating DD&A expense increased by \$0.8 million to \$12.1 million during the three months ended March 31, 2020, from the 2019 comparative period. Charges relate primarily to landfill cell depletion, depreciation expense associated with facilities and mobile equipment. DD&A expense is relatively flat year over year as there have been no significant asset adds or dispositions in the past year.

Segment Profit Margin (Environmental and Fluid Management segment)

Segment profit margin increased 16% for the three months ended March 31, 2020, to \$23.0 million from the 2019 comparative period due to higher revenues, a favourable job mix, and reduced fixed costs. The current year period had a greater proportion of higher margin business, including completion related water pumping and fracing services, and projects work in the Fort McMurray region. Segment profit margin as a percentage of revenue was 24% for the three months ended March 31, 2020, compared to 21% for the 2019 comparative period.

General and Administrative Expenses (Environmental and Fluid Management segment)

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
G&A expense excluding depreciation and amortization	7,489	7,348	2
Depreciation and amortization	568	553	3
Environmental and Fluid Management G&A Expense	8,057	7,901	2

G&A expense increased 2% to \$8.1 million for the three months ended March 31, 2020, from the 2019 comparative period. The increase is primarily due to higher allowance for expected credit losses resulting from macro-economic factors at March 31, 2020, partially offset by lower personnel related costs as the Corporation manages costs in the current operating environment.

(Loss) Earnings Before Tax (Environmental and Fluid Management segment)

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
Environmental and Fluid Management (Loss) Earnings before Tax	(17,738)	545	(3,355)

The Environmental and Fluid Management segment had a loss before tax of \$17.7 million for the three months ended March 31, 2020, compared to earnings of \$0.6 million during the comparative period of 2019. The loss is largely attributable to a non-cash impairment charge recorded for the three months ended March 31, 2020. 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 reduced outlook for drilling and completion activity described in the 'Outlook' section of this MD&A, SECURE determined that indicators of impairment exist at March 31, 2020, for those CGUs with cash flows generated primarily from drilling and completion activity, including the Technical Solutions, Industrial Landfills, and Water Management CGUs within the Environmental and Fluid Management segment.

The Corporation used the value in use method to determine the recoverable amount of each of these CGUs for the purpose of impairment testing, determined by using discounted cash flows. 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 respective 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. The Corporation used an after-tax discount rate range of 14%-15% and a terminal growth rate of 2%.

SECURE ENERGY

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.

CORPORATE INCOME AND EXPENSES

Corporate Cost of Sales

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
Cost of Sales			
Share-based compensation expense	870	1,476	(41)

Corporate cost of sales of \$0.9 million for the three months ended March 31, 2020, 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 March 31,		
	2020	2019	% Change
General and administrative expenses excluding items noted below	6,150	6,553	(6)
Depreciation and amortization	1,416	1,198	18
Share-based compensation expense	1,463	5,812	(75)
Total Corporate G&A expenses	9,029	13,563	(33)

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 operational business segments, and share-based compensation for all employees, other than as recorded to Corporate cost of sales as noted above.

Corporate G&A expenses excluding depreciation and amortization and share-based compensation expense decreased 6% to \$6.2 million in the three months ended March 31, 2020, from the 2019 comparative period primarily as a result of lower promotional and travel costs.

Share-based compensation included in G&A expenses decreased \$4.3 million to \$1.5 million for the three months ended March 31, 2020, from the 2019 comparative period as a result of a lower share price applied to 2020 grants of units, and the impact of a lower stock price on the mark to market value of cash-settled share units at period end.

Interest and Finance Costs

(\$000's)	Three months ended March 31,		
	2020	2019	% Change
Interest and finance costs	8,667	6,317	37

Interest 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 interest rate swaps on the Corporation's credit facilities.

SECURE ENERGY

Overall interest and finance costs increased 37% to \$8.7 million for the three months ended March 31, 2020, from the 2019 comparative period due primarily to a larger unrealized loss associated with the Corporation's interest rate swap on the Second Lien Facility, and higher unrealized foreign exchange losses. Interest expense associated with the Corporation's credit facilities was relatively flat year over year as lower rates offset the 11% increase in the average long-term borrowings.

Foreign Currency Translation Adjustment

(\$000's)	Three months ended March 31,		
	2020	2019	% Change
Foreign currency translation loss, net of tax	15,688	3,097	407

Included in other comprehensive losses for the three months ended March 31, 2020, are foreign currency translation losses of \$15.7 million. 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 months ended March 31, 2020, at a lower period end rate due to the depreciation of the Canadian dollar relative to the U.S. dollar. The foreign currency translation adjustment included in the consolidated statements of comprehensive (loss) income does not impact net loss for the period.

Income Taxes

(\$000's)	Three months ended March 31,		
	2020	2019	% Change
Income taxes			
Current tax expense	529	298	78
Deferred tax (recovery) expense	(5,771)	3,117	(285)
Total income tax (recovery) expense	(5,242)	3,415	(253)

Income tax recovery was \$5.2 million for the three months ended March 31, 2020, compared to an expense of \$3.4 million for the three months ended March 31, 2019. The overall decrease in income tax expense is due primarily to lower pre-tax income as previously discussed for the three months ended March 31, 2020, compared to the 2019 comparative period.

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, completions 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.

	2020		2019				2018		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Revenue (excluding oil purchase and resale)	177,541	162,014	154,147	138,869	177,379	192,756	182,469	141,249	
Oil purchase and resale	433,555	596,073	577,877	654,618	611,503	490,295	646,565	578,674	
Total revenue	611,096	758,087	732,024	793,487	788,882	683,051	829,034	719,923	
Net (loss) income attributable to shareholders of SECURE	(21,952)	2,658	(500)	(1,678)	1,259	13,944	6,809	(6,901)	
Per share - basic	(0.14)	0.02	(0.00)	(0.01)	0.01	0.09	0.04	(0.04)	
Per share - diluted	(0.14)	0.02	(0.00)	(0.01)	0.01	0.08	0.04	(0.04)	
Weighted average shares - basic	158,513,800	157,097,902	158,075,674	160,371,354	160,440,879	161,251,096	162,286,387	164,524,360	
Weighted average shares - diluted	158,513,800	159,430,711	158,075,674	160,371,354	163,456,268	164,374,324	164,911,044	164,524,360	
Adjusted EBITDA ⁽¹⁾	42,094	46,894	43,173	34,966	55,139	57,810	53,746	31,158	

⁽¹⁾ 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 other factors as well.

In the last several months of 2018, crude oil benchmark price and commodity price differential volatility resulted in a pull back on producer budgets in 2019. Activity levels remained depressed during 2019 as producers remained cautious until there was clarity of incremental pipeline egress out of the WCSB. Weather-related issues also had an impact on activity levels during 2019, with a prolonged spring break-up and an unusually wet third quarter. Producers were unwilling to incur additional costs due to weather related issues if the oil and gas activity could be delayed until ground conditions improved. The poor weather also impacted the execution of planned remediation and demolition programs and landfill disposal volumes in the Environmental and Fluid Management segment. As described throughout this MD&A, the rapid and dramatic decline in crude oil prices in March 2020 began to have an adverse impact on the Corporation's results in March 2020, and is expected to result in negative quarter over quarter variances moving forward into 2020.

Each previous quarter was also impacted by the date at which an acquisition occurred or any one of the constructed or acquired facilities commenced operations. For a complete description of SECURE's assets and operations, please refer to the heading 'Description of Business' in the AIF which includes a description of the date of acquisitions or the dates on which each of SECURE's facilities commenced operations.

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

- o In June 2018, the Corporation's Gold Creek and Tony Creek water disposal facilities commenced operations;
- o In October 2018, the Corporation's Kerrobert crude oil pipeline system commenced operations;
- o In April 2019, SECURE acquired a 27% interest in a storage facility in Cushing, Oklahoma; and
- o In October 2019, the Corporation's Pipestone water disposal facility 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, activity levels, and the number of pipeline connected facilities.

During the three months ended March 31, 2020, the Corporation realigned its reporting structure into two reportable segments: Midstream Infrastructure, and Environmental and Fluid Management. The new reporting structure provides a more direct connection between the Corporation's operations, the services it provides to customers and the ongoing strategic direction of the Corporation. 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 following tables outline the quarterly results for each of these reportable segments by quarter for 2019 and 2018.

Midstream Infrastructure

(\$000's)	2019				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue from services	84,818	77,555	80,096	84,166	67,423	71,167	78,553	92,415
Oil purchase and resale service	611,503	654,618	577,877	596,073	523,747	578,674	646,565	490,295
Total revenue	696,321	732,173	657,973	680,239	591,170	649,841	725,118	582,710
Cost of sales excluding items listed separately below	(646,255)	(689,007)	(611,286)	(631,350)	(552,638)	(610,617)	(675,797)	(524,848)
Segment profit margin	50,066	43,166	46,687	48,889	38,532	39,224	49,321	57,862
G&A expenses excluding items listed separately below	(5,405)	(5,476)	(5,646)	(5,468)	(5,253)	(5,693)	(6,085)	(3,713)
Depreciation, depletion and amortization	(18,854)	(20,625)	(19,856)	(20,237)	(13,403)	(13,876)	(19,798)	(18,390)
Interest, accretion and finance costs	(322)	(316)	(331)	(284)	(295)	(298)	(300)	(417)
Earnings (loss) before tax	25,485	16,749	20,854	22,900	19,581	19,357	23,138	35,342

Environmental and Fluid Management

(\$000's)	2019				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue from services	92,561	61,314	74,051	77,848	114,275	70,082	103,916	100,341
Oil purchase and resale service	-	-	-	-	-	-	-	-
Total revenue	92,561	61,314	74,051	77,848	114,275	70,082	103,916	100,341
Cost of sales excluding items listed separately below	(72,669)	(51,671)	(59,235)	(59,804)	(85,405)	(58,941)	(80,021)	(76,255)
Segment profit margin	19,892	9,643	14,816	18,044	28,870	11,141	23,895	24,086
G&A expenses excluding items listed separately below	(7,348)	(6,131)	(6,961)	(6,695)	(8,204)	(7,621)	(7,605)	(8,555)
Depreciation, depletion and amortization	(11,847)	(12,195)	(10,678)	(13,103)	(13,572)	(13,145)	(11,666)	(10,376)
Interest, accretion and finance costs	(152)	(134)	(124)	(139)	(118)	(133)	(138)	(159)
Earnings (loss) before tax	545	(8,817)	(2,947)	(1,893)	6,976	(9,758)	4,486	4,996

LIQUIDITY AND CAPITAL RESOURCES

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

Management considers capital to be the Corporation's long-term borrowings less cash plus 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 spending 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.

SECURE's credit facilities consist of a \$600 million first lien credit facility ("First Lien facility"), a \$130 million second lien credit facility ("Second Lien facility") and a \$75 million letter of credit facility. At March 31, 2020, the Corporation had drawn \$321.8 million on the First Lien facility, resulting in available capacity of \$272.7 million, subject to covenant restrictions. The First Lien facility matures June 30, 2023. The Corporation's Second Lien facility, maturing July 31, 2021, was fully drawn at March 31, 2020. The Corporation had issued \$29.2 million letters of credit against the letter of credit facility at March 31, 2020, relating primarily to transportation and regulatory obligations.

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.

SECURE ENERGY

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 the old lease accounting standard International Accounting Standard 17 Leases ("IAS 17"), less cash balances above \$5 million. Total Debt is equal to Senior Debt plus amounts drawn under the Corporation's Second Lien 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 March 31, 2020, 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 at March 31, 2020, and December 31, 2019.

	Mar 31, 2020	Dec 31, 2019	% Change
Senior Debt to EBITDA	2.1	2.0	5
Total Debt to EBITDA	2.9	2.8	4
Interest coverage	6.9	7.4	(7)

Issued capital of \$1.0 billion increased 2% at March 31, 2020, compared to December 31, 2019, 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 the three months ended March 31, 2020, more than offset share repurchases under the Corporation's normal course issuer bid.

Liquidity risk is the risk that the Corporation will not be able to meet our 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.

As described throughout this MD&A, the recent market events resulting in low oil prices may result in lower revenue and cash flows for the Corporation due to reduced drilling, completion and production volumes and demand for associated services as customer's reduce spending levels and shut-in uneconomic production. SECURE's business is highly concentrated on production volumes or related services that represent approximately 75% of the Corporation's Adjusted EBITDA. A portion of these production volumes are contracted and/or fee for service contracts that are expected to provide a degree of cash flow stability. Additionally, prudent measures were taken at the end of March 2020 to reduce our cost structure to align with expected activity levels for the remainder of the year. As a result, the Corporation expects sufficient liquidity to fund its operations, working capital requirements, dividends and capital program with cash flow from operations, with excess cash flow available to pay down debt. However, the ultimate duration and magnitude of the impact on the economy of COVID-19 and the financial effect to the Corporation is not known at this time, creating a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's forecasts.

On March 24, 2020, the Corporation announced that the monthly dividend would be reduced to 0.25 cents per common share, effective for the May dividend. This reduction of the dividend results in annualized cash savings of approximately \$38 million. SECURE believes the sharing of excess cash flows with shareholders is a core business principle; as a result, management and the Board of Directors of the Corporation will continue to monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease and tax payments, and will look for opportunities to increase the dividend as business conditions warrant.

To meet financial obligations, the Corporation may further adjust the amount of its dividends, draw on its First Lien 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.

SECURE ENERGY

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 March 31, 2020.

The following provides a summary and comparison of the Corporation's operating, investing and financing cash flows for the three months ended March 31, 2020, and 2019.

Net Cash Flows from Operating Activities

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
Net cash flows from operating activities	45,850	57,302	(20)

Net cash flows from operating activities decreased 20% to \$45.9 million in the three months ended March 31, 2020, from the 2019 comparative period due primarily to lower Adjusted EBITDA, partially offset by changes in non-cash working capital. Changes in non-cash working capital correspond to changes in activity levels and timing differences in payment and collection.

Investing Activities

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
Capital expenditures ⁽¹⁾			
Growth and expansion capital expenditures	37,999	20,653	84
Sustaining capital expenditures	3,361	2,966	13
Total capital expenditures	41,360	23,619	75

⁽¹⁾ Refer to "Operational definitions" for further information.

The Corporation's growth and expansion capital expenditures of \$38.0 million for the three months ended March 31, 2020, increased \$17.3 million from the 2019 comparative period. During the three months ended March 31, 2020, SECURE's largest capital expenditures related to progressing construction of the East Kaybob oil pipeline system; and certain carryover costs related to the tie in of two disposal wells drilled and completed in 2019 in North Dakota; and increasing processing and disposal capacity and creating efficiencies at various other facilities. Growth and expansion projects in the prior year comparative period of \$20.7 million included construction of the additional crude oil storage at the receipt terminal in Kerrobert, facility upgrades at the Big Mountain water disposal facility, produced water transfer and injection pipelines from a customer plant, continued work on two new disposal wells and long lead items including upfront engineering related to future projects.

There were no business acquisitions completed during the three months ended March 31, 2020 or 2019.

Sustaining capital was \$3.4 million during the three months ended March 31, 2020, compared to \$3.0 million in the 2019 comparative period. Sustaining capital 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 approximately \$10 million on sustaining capital in 2020.

Financing Activities

(\$000's)	Three months ended Mar 31,		
	2020	2019	% Change
Repurchase and cancellation of shares under NCIB	(1,531)	(893)	71
Repayment on credit facility	(2,550)	(8,216)	(69)
Lease liability principal payment	(4,415)	(5,723)	(23)
Dividends paid	(10,606)	(10,806)	(2)
Net cash flows used in financing activities	(19,102)	(25,638)	(25)

As at March 31, 2020, the Corporation had drawn \$451.8 million on its credit facilities compared to \$454.3 million as at December 31, 2019. The decrease relates to cash flows from operating activities in excess of capital expenditures and dividend payments. Subject to covenant restrictions, as at March 31, 2020, the Corporation had \$272.7 million of available credit capacity under its First Lien facility, and \$45.8 million available under its letter of credit facility. At March 31, 2020, the Corporation was in compliance with all covenants related to its credit facilities.

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

During the three months ended March 31, 2020, the Corporation declared monthly dividends of \$0.0225 per common share, for a total of \$10.6 million. Since March 31, 2020, the Corporation paid dividends to holders of common share of record on April 1, 2020, in the amount of \$0.0225 per common share, and declared dividends to holders of common shares in the amount of 0.25 cents per common share which are payable on May 15, 2020, for shareholders of record on May 1, 2020.

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 'Risk Factors', which 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.

The dramatic decline in oil prices during the three months ended March 31, 2020, and the ongoing COVID-19 pandemic has resulted in an unprecedented situation. The prudent response from SECURE's customers has been to significantly reduce capital spending in 2020. This decision will impact both drilling and completions activity in 2020 and will also have an impact on production volumes that are shut-in due to uneconomic crude oil prices or production that naturally declines due to lower capital spending. The current challenging economic climate may have significant adverse impacts on the Corporation, including, but not limited to:

- Material declines in revenue and cash flows due to reduced drilling, completion and production volumes and demand for associated services as customers reduce spending levels and shut-in uneconomic production;
- Declines in revenue and operating activities could result in increased impairment charges on long-term assets;

- Increased risk of non-performance by the Corporation's customers which could materially increase collection risk of accounts receivable and customer defaults on contracts; and
- Increased restructuring charges as the Corporation aligns its structure and personnel to the dynamic environment.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect the Corporation is not known at this time. Estimates and judgements made by management in the preparation of the Interim financial Statements are subject to a higher degree of measurement uncertainty during this volatile period.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the Corporation's Interim 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 Interim 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 2 of the Interim Financial Statements and Note 3 of the Annual Financial Statements.

OUTSTANDING SHARE CAPITAL

As at April 27, 2020, there are 158,444,194 common shares issued and outstanding. In addition, as at April 27, 2020, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at April 27, 2020	Issued	Exercisable
Share Options	1,759,650	1,759,650
Restricted Share Units	2,998,228	-
Performance Share Units	2,814,766	-

OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2020, and December 31, 2019, 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.

FINANCIAL AND OTHER INSTRUMENTS

As at March 31, 2020, 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 'Risk Factors' and a discussion of the corresponding classification and amounts of income, expenses, gains and losses associated with these financial instruments and their fair value can be found in Note 18 of the Corporation's Annual Financial Statements. 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 is appropriately managing its credit risk, however with the severe and sudden decline in oil prices in March 2020, the Corporation has taken measures to address increased collection risk on trade receivables.

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 facility are managed through a combination of bankers' acceptance loans and US dollar London Inter-bank Offered Rate ("LIBOR") loans which 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 and foreign exchange rates. Exposure to foreign exchange rate changes is mitigated using cross currency swaps to hedge foreign exchange exposure on U.S. denominated long-term debt, fixing the exchange rate on the US dollar loan amounts for the purposes of interest and principal repayments. 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.

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 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; and
- 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 March 31, 2020, that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

In accordance with the requirements of NI 52-109, an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at March 31, 2020. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at March 31, 2020.

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, global economic events arising from COVID-19 and the OPEC decisions and operating performance and speak only as of the date of this document.

In particular, this document contains or implies forward-looking statements pertaining but not limited to: management's expectations with respect to the impact of COVID-19, including government responses thereto on demand for oil and our operations generally; the outlook for oil prices; spending by producers and the impact of this on SECURE's activity levels; the impact OPEC+ supply cuts may have on crude oil pricing; the impact of over supply on the crude oil market; the oil and natural gas industry in Canada and the U.S., including drilling, completion and production activity levels for the remainder of 2020 and beyond, and the impact of this on SECURE's business, operations and financial results; the benefits of midstream infrastructure and production concentrated volumes on SECURE's cash flow and the expected stability of such sources of cash flow; opportunities for the Corporation's storage assets; the timing of completion for projects underway, in particular the East Kaybob Oil Pipeline, and the timing and stability of contributions from new projects; the impact the Canadian Federal Government's orphan and inactive well fund may have to the business, operations and results of the Corporation; timing associated with potential divestitures related to specific service lines that do not have recurring or production-related revenue streams and the outcome of such sales process; activity levels in the Corporation's operating areas; the benefits of contracted and/or fee for service contracts on SECURE's cash flow and the expected stability of such sources of cash flow; the Corporation's proposed 2020 and 2021 capital expenditure programs, including growth and expansion and sustaining capital expenditures; the Corporation's ability to execute our restructuring plans and align the Corporation's cost structure with expected industry activity levels; the expected impacts of the Corporation's cost and capital expenditure reductions; future dividend payments and expected cash savings resulting from the reduction of the Corporation's cash dividend payments; debt service; and the Corporation's ability to meet obligations and commitments and operate within any credit facility restrictions, including the financial covenants related to our debt facilities; expectations that our capital investment, share repurchases and cash dividends will be funded from internally generated cash flows; the Corporation's credit risk levels and its ability to collect on trade receivables; expected benefits customers will receive from our midstream and environmental solutions; key factors driving the Corporation's success; demand for the Corporation's services and products; industry fundamentals driving the success of SECURE's core operations;; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; and access to capital.

Forward-looking statements are based on certain assumptions that SECURE has made in respect thereof as at the date of this document regarding, among other things: the impact of COVID-19, including related government responses related thereto and lower global energy pricing on oil and gas industry exploration and development activity levels and production volumes (including as a result of demand and supply shifts caused by COVID-19 and the actions of OPEC and non-OPEC countries); the success of SECURE's operations and growth projects; the Corporation's competitive position remaining substantially unchanged; future acquisition and sustaining costs will not significantly increase from past acquisition and sustaining costs; that counterparties comply with contracts in a timely manner; that there are no unforeseen events preventing the performance of contracts or the completion of the relevant facilities; that there are no unforeseen material costs relation to the Corporation's facilities; and that prevailing regulatory, tax and environmental laws and regulations apply.

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 AIF. In addition, the effects and impacts of the COVID-19 outbreak, the rapid decline in global energy prices and the length of time to significantly reduce the global threat of COVID-19 on SECURE's business, the global economy and markets are unknown at this time and could cause SECURE's actual results to differ materially from the forward-looking statements contained in this document.

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 and on the Corporation's website at www.SECURE-energy.com.