SECURE
energy services

Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(Expressed in Canadian Dollars)

To the Shareholders of Secure Energy Services Inc. (the "Corporation"):

Management is responsible for the preparation, integrity and fair presentation of the consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and necessarily include amounts based on management's informed judgments and estimates within the acceptable limits of materiality. Financial information contained in management's discussion and analysis is consistent with the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control systems. The Audit Committee is composed of independent directors who are not employees of the Corporation. The Audit Committee is responsible for reviewing the consolidated financial statements and recommending them to the Board of Directors for approval. To discharge its duties the Audit Committee meets regularly with management and MNP LLP to discuss internal controls, accounting and financial reporting processes, audit plans and financial matters. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers the independence of the external auditors and reviews their fees.

MNP LLP, an independent firm of Chartered Accountants, is responsible for auditing the consolidated financial statements and expressing their opinion thereon and their report is presented separately. The external auditors have full and free access to, and meet regularly with, management and the Audit Committee.

March 6, 2014

"SIGNED"	*"SIGNED"*
Rene Amirault	Allen Gransch
President & Chief Executive Officer	Executive Vice President & Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Secure Energy Services Inc.:

We have audited the accompanying consolidated financial statements of Secure Energy Services Inc. and its subsidiaries (the "Corporation") which comprise the consolidated statements of financial position as at December 31, 2013 and 2012 and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Secure Energy Services Inc. and its subsidiaries as at December 31, 2013 and 2012 and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter – Contingencies

We draw your attention to the disclosure made in note 22 of the consolidated financial statements concerning litigation involving the Corporation. This matter, as explained in note 22 of the consolidated financial statements, indicates the existence of a material contingency. No adjustment has been made to record this contingency. Our opinion is not qualified in respect of this matter.

MNP LLP

Chartered Accountants
March 6, 2014
Calgary, Alberta

SECURE ENERGY SERVICES INC.
Consolidated Statements of Financial Position
As at December 31,

($000's)	Notes	2013	2012
Assets			
Current assets			
Cash		12,019	7,506
Accounts receivable and accrued receivables	6	167,476	125,006
Prepaid expenses and deposits		6,014	3,997
Inventories	7	50,800	42,618
		236,309	179,127
Assets under construction	8	109,586	103,179
Property, plant and equipment	9	512,184	313,426
Intangible assets	10	79,722	79,663
Goodwill	11	101,924	92,516
Total Assets		1,039,725	767,911
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	120,145	106,233
Asset retirement obligations	14	2,807	-
Current income tax liability	18	5,277	263
Finance lease liabilities	22	6,249	4,114
		134,478	110,610
Long term borrowings	13	159,931	122,810
Asset retirement obligations	14	35,984	24,274
Finance lease liabilities	22	9,368	4,158
Deferred income tax liability	18	35,630	27,660
Total Liabilities		375,391	289,512
Shareholders' Equity			
Issued capital	15	562,306	415,288
Share-based payment reserve	16	14,659	9,400
Foreign currency translation reserve		4,424	(1,091)
Retained earnings		82,945	54,802
Total Shareholders' Equity		664,334	478,399
Total Liabilities and Shareholders' Equity		1,039,725	767,911

Approved by the Board of Directors:

"SIGNED" *"SIGNED"*
Rene Amirault *Kevin Nugent*

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Comprehensive Income
For the years ended December 31,

($000's except per share and share data)	Notes	2013	2012
Revenue	23	1,492,540	1,029,440
Operating expenses		1,360,930	929,048
General and administrative		60,372	44,518
Business development		9,482	3,916
Interest, accretion and finance costs		7,433	5,765
Total expenses		1,438,217	983,247
Other income	9	862	-
Earnings for the year before income taxes		55,185	46,193
Current income tax expense	18	12,624	7,286
Deferred income tax expense	18	3,598	5,855
		16,222	13,141
Net earnings for the year		38,963	33,052
Other comprehensive income/(expense)			
Foreign currency translation adjustment		5,515	(1,322)
Total comprehensive income for the year		44,478	31,730
Earnings per share			
Basic, earnings for the year per common share	17	0.36	0.34
Diluted, earnings for the year per common share	17	0.35	0.33

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31,

($000's)	Notes	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total Shareholders' Equity
Balance at January 1, 2013		**415,288**	**9,400**	**(1,091)**	**54,802**	**478,399**
Net earnings for the year		-	-	-	38,963	**38,963**
Dividends declared	**15**	-	-	-	(10,820)	**(10,820)**
Shares issued under dividend reinvestment plan	**15**	1,265	-	-	-	**1,265**
Foreign currency translation adjustment		-	-	5,515	-	**5,515**
Issue of share capital for business acquisition	**5**	29,236	-	-	-	**29,236**
Issue of share capital	**15**	110,000	-	-	-	**110,000**
Exercise of options	**15**	10,341	(2,499)	-	-	**7,842**
Share issue costs, net of tax	**15**	(3,824)	-	-	-	**(3,824)**
Share-based payments	**16**	-	7,758	-	-	**7,758**
Balance at December 31, 2013		**562,306**	**14,659**	**4,424**	**82,945**	**664,334**
Balance at January 1, 2012		**321,498**	**5,558**	**231**	**21,750**	**349,037**
Net earnings for the year		-	-	-	33,052	33,052
Foreign currency translation adjustment		-	-	(1,322)	-	(1,322)
Issue of share capital for business acquisition	**5**	5,753	-	-	-	5,753
Issue of share capital	**15**	86,275	-	-	-	86,275
Exercise of options and w arrants	**15**	5,434	(1,255)	-	-	4,179
Share issue costs, net of tax	**15**	(3,672)	-	-	-	(3,672)
Share-based payments	**16**	-	5,097	-	-	5,097
Balance at December 31, 2012		**415,288**	**9,400**	**(1,091)**	**54,802**	**478,399**

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Cash Flows
For the years ended December 31,

($000's)	Notes	2013	2012
Cash flows from operating activities			
Net earnings for the year		38,963	33,052
Adjustments for non-cash items:			
Depreciation, depletion and amortization		67,345	42,283
Accretion	14	729	364
Deferred income tax expense	18	3,598	5,855
Amortization of financing fees	13	772	1,172
Unrealized foreign exchange loss		144	(313)
Impairment loss	9	1,052	-
Share-based payments	16	8,411	5,383
Funds from operations		121,014	87,796
Change in accounts receivable and accrued receivables, and prepaid expenses and deposits		(31,942)	17,445
Change in inventories		(7,890)	(7,472)
Change in accounts payable, accrued liabilities and current income tax liability related to operating activities		18,420	1,497
Net cash flows from operating activities		99,602	99,266
Cash flows from investing activities			
Purchase of property, plant and equipment		(198,178)	(170,799)
Business combinations, net of cash acquired	5	(26,683)	(30,788)
Change in non-cash w orking capital		(9,760)	10,315
Net cash flows used in investing activities		(234,621)	(191,272)
Cash flows from financing activities			
Shares issued, net of share issue costs	15	113,899	85,562
Draw on credit facility	13	37,000	3,500
Financing fees	13	(651)	(932)
Dividends paid	15	(10,820)	-
Net cash flows from financing activities		139,428	88,130
Effect of foreign exchange on cash		104	14
Increase/(decrease) in cash		4,513	(3,862)
Cash, beginning of year		7,506	11,368
Cash, end of year		12,019	7,506
Taxes paid		11,383	8,281
Interest paid		6,360	3,243

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") is incorporated under the Business Corporations Act of Alberta. Secure operates through a number of wholly-owned subsidiaries (together referred to as the "Corporation") which are managed through three operating segments. The Processing, Recovery and Disposal services division ("PRD") is primarily engaged in providing services relating to clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal and oil purchase/resale service. The Drilling Services division ("DS") is primarily engaged in providing services relating to drilling fluids and supplying drilling equipment. The OnSite division ("OS") is primarily engaged in providing services that include the full life cycle of pipeline and facility operations, waste management and environmental sciences, asset management and recovery, civil, remediation and reclamation earthworks as well as integrated water solution services.

The following entities have been consolidated within Secure's consolidated financial statements for the year ended December 31, 2013:

Subsidiary	Country	Functional currency	Segment	% Interest Dec 31, 2013	% Interest Dec 31, 2012
Secure Energy Services Inc. (parent company)	Canada	Canadian dollar	PRD/OS		
Marquis Alliance Energy Group Inc.	Canada	Canadian dollar	DS/OS	100%	100%
SES USA Holdings Inc.	USA	US dollar	PRD/DS/OS	100%	0%
Secure Energy Services USA LLC	USA	US dollar	PRD	100%	0%
Marquis Alliance Energy Group USA LLC	USA	US dollar	DS	100%	100%
Secure On-Site Services USA LLC	USA	US dollar	OS	100%	0%
Alliance Energy Services International Ltd.	Canada	Canadian dollar	DS	100%	100%
1658774 Alberta Inc.	Canada	Canadian dollar	DS	100%	100%
Frontline Integrated Services Ltd.	Canada	Canadian dollar	OS	100%	0%
Target Rentals Ltd.	Canada	Canadian dollar	DS	100%	0%

In Canada, the level of activity in the oilfield services industry 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. As a result, the movement of the heavy equipment required for drilling, well servicing, and other onsite activities may be restricted, and the level of activity of the Corporation's customers may be consequently 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

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in effect at the closing date of December 31, 2013.

Effective January 1, 2013, the Corporation adopted IFRS 10 – Consolidated Financial Statement, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities, IFRS 13 – Fair Value Measurement, IAS 1 – Presentation of Financial Statements, IAS 28 – Investment in Associates and Joint Ventures, and early adopted IAS 36 - Impairment of Assets (Amended).

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION (continued)

The adoption of these new standards had no recognition or measurement impacts on the Corporations consolidated financial statements. The new disclosure requirements are provided in the appropriate notes to these consolidated financial statements.

The consolidated financial statements of Secure are stated in and recorded in Canadian dollars ($) which is Secure's functional and presentation currency and have been prepared on a historical cost basis, except for certain financial instruments and share-based payment transactions that have been measured at fair value.

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Management reviews these judgments, estimates and assumptions on an ongoing basis, including those related to the determination of cash generating units, depreciation, depletion and amortization, asset retirement obligations, fair values of financial instruments, recoverability of assets, income taxes, and share-based payments. Actual results may differ from these estimates. See Note 3 for a description of significant estimates and judgments.

These consolidated financial statements were approved by the Board of Directors on March 6, 2014. The head office of the Corporation is located at 3600, 205 – 5th Avenue S.W., Calgary, Alberta, Canada, T2P 2V7. The registered office of the Corporation is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 4K7.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of Secure and its subsidiaries and the proportionate share of the assets, liabilities, revenues, expenses and cash flows of its joint operations as at December 31, 2013 and 2012. All inter-company balances and transactions have been eliminated on consolidation.

In the consolidated statements of financial position, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and the consolidated statements of cash flows, certain items are combined for the sake of clarity. These are explained in the notes. Assets and liabilities are classified by maturity. They are regarded as current if they mature within one year or within the normal business cycle of the Corporation. Cash, accounts receivable and accrued receivables, accounts payable and accrued liabilities, current tax assets and liabilities and inventories are always presented as current items; deferred tax assets and liabilities, assets under construction, property, plant and equipment, intangible assets and goodwill are presented as non-current items. Asset retirement obligations, prepaid expenses and deposits, borrowings, and finance lease obligations may be shown as both current and non-current, in connection with their respective maturities.

The following accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

b) Revenue recognition

Revenue is recognized in the period services are provided or performed and when collectability is reasonably assured, economic benefits will flow to the Corporation and revenue can be reliably measured. Processing and disposal revenues are recorded at the time of delivery.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from the sale of crude oil and natural gas liquids is recorded when title passes to the customer and collection is reasonably assured. Revenue from drilling services is recognized when services are provided and when rental equipment is delivered and materials are utilized. Materials that are delivered and not utilized are shown as drilling fluids inventory. Revenue from rentals is recognized over the term of the rental agreement at pre-determined rates. Revenue from onsite services is recognized when services are provided. The following specific recognition criteria must also be met before revenue is recognized:

- The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the products sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Corporation; and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

c) Share-based payments

Equity-settled transactions

The Corporation has a share-based payment plan. The Corporation follows the fair-value method to record share-based payment expense with respect to stock options granted. The fair value of each option granted is estimated on the date of grant and that value is recorded as share-based payment expense over the vesting period of those grants, with a corresponding increase to share-based payment reserve less an estimated forfeiture rate. The consideration received by the Corporation on the exercise of share options is recorded as an increase to issued capital together with corresponding amounts previously recognized in share-based payment reserve. Forfeitures are estimated for each reporting period, and adjusted as required to reflect actual forfeitures that have occurred in the period.

In order to record share-based payment expense, the Corporation estimates the fair value of share options granted using assumptions related to interest rates, expected lives of the options, volatility of the underlying security, forfeiture rates and expected dividend yields.

In March 2013, the Corporation implemented a performance share unit (“PSU”) plan for senior officers. The Board of Directors shall designate, at the time of grant, the date or dates which all or a portion of the PSUs shall vest and any performance conditions to such vesting. PSUs will be settled in equity or cash at the discretion of the Corporation, in the amount equal to the fair value of the PSU on that date. If the PSUs are equity settled, the fair value of the PSUs is determined on the grant date based on the market price of the common shares on the grant date. The fair value is expensed over the vesting term on a graded vesting basis and represents the fair value for the graded vested portion of the PSUs outstanding plus the graded vested portion of any dividends paid on common shares since the grant date. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of PSUs that vest.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Corporation also implemented a restricted share unit ("RSU") plan for eligible officers and employees of the Corporation. Under the terms of the RSU plan, the RSUs awarded will vest in three equal portions on the first, second and third anniversary of the grant date and will be settled in equity or cash at the discretion of the Corporation, in the amount equal to the fair value of the RSU on that date. If the RSUs are equity settled, the fair value of the RSUs issued is determined on the grant date based on the market price of the common shares on the grant date. The fair value is expensed over the vesting term on a graded vesting basis and represents the fair value for the graded vested portion of the RSUs outstanding plus the graded vested portion of any dividends paid on common shares since the grant date. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of RSUs that vest.

The Corporation does not intend to make cash payments under the PSU and RSU plans ("PSU/RSU plans") and, as such, the PSUs and RSUs are accounted for within shareholders' equity.

Cash-settled transactions

The Corporation has implemented a deferred share unit ("DSU") plan for its non-employee directors. The DSU's vest immediately and the fair value of the liability and the corresponding expense is charged to earnings in the consolidated statements of comprehensive income at the grant date. Subsequently, at each reporting date between the grant date and settlement date, the fair value of the liability is revalued with any changes in the fair value recognized in earnings for the period in the consolidated statements of comprehensive income. When the awards are surrendered for cash, the cash settlement paid reduces the outstanding liability. The liability is included in accounts payable and accrued liabilities in the consolidated statement of financial position and the expense is included in the general and administrative expenses in the consolidated statements of comprehensive income.

d) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss ("FVTPL"), available for sale, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial assets at initial recognition. The Corporation currently does not classify any financial instruments as available for sale.

All financial assets are recognized initially at fair value. Financial assets not recognized at FVTPL are recognized at fair value plus directly attributable transaction costs.

The Corporation accounts for its physical delivery purchase and sale contracts as executory contracts as they were entered into and continue to be held for the purpose of receipt or delivery of products in accordance with its expected purchase, sale or usage requirements. As such, these contracts are not considered to be derivative financial instruments. Settlement on these physical contracts is recognized in earnings over the term of the contracts as they occur.

The Corporation's financial assets include cash, and accounts receivable and accrued receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value through profit or loss

FVTPL include financial assets held for trading and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The Corporation does not designate any derivative financial instruments as hedging instruments. Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value, with changes in fair value recognized in finance income or finance cost in the consolidated statements of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of comprehensive income. Any losses arising from impairment are recognized in the consolidated statements of comprehensive income in interest, accretion and finance costs. The Corporation has classified cash, and accounts receivable and accrued receivables, as loans and receivables.

Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The rights to receive cash flows from the asset have expired; or,
- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default, or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with financial defaults.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Corporation first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future expected credit that has not yet been incurred. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the consolidated statements of comprehensive income. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Corporation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to interest, accretion and finance costs in the consolidated statements of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39, Financial Instruments: Recognition and Measurement are classified as financial liabilities at FVTPL, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value. Other financial liabilities are recognized at fair value plus directly attributable transaction costs.

The Corporation's financial liabilities include accounts payable and accrued liabilities and long term borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category could include derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives could also be classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of comprehensive income.

Other financial liabilities

After initial recognition, interest-bearing other financial liabilities are subsequently measured at amortized cost using the effective interest rate method ("EIR"). Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs on the consolidated statements of comprehensive income.

The Corporation has designated accounts payable and accrued liabilities, and long term borrowings as other financial liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

f) Shareholders' equity

Common shares are presented in issued capital within shareholders' equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from issued capital, net of any tax effects.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Fair value measurement

On January 1, 2013 the Corporation adopted IFRS 13, "Fair Value Measurement", and applied the standard prospectively as required by the transitional provisions. The standard provides a consistent definition of fair value and introduces consistent requirements for disclosures related to fair value measurement. There has been no change to how the Corporation measures the fair value of financial instruments upon adoption of this standard.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. The Corporation does not hold any such instruments as at December 31, 2013 and 2012.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same (to the extent possible); discounted cash flow analysis; or other valuation models.

The Corporation has classified its financial instrument fair values based on the required three-level hierarchy:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and,
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

h) Transaction costs

Transaction costs for financial instruments other than FVTPL are capitalized in the period they are incurred. Transaction costs for loan facilities that have durations longer than one year are capitalized and amortized using the EIR method over the period that corresponds with the term of the loan facilities.

i) Property, plant and equipment

Land is measured at cost. Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such costs include geological and geophysical, drilling of wells, labour and materials, site investigation, equipment and facilities, contracted services and borrowing costs for long-term construction projects if the recognition criteria are met. Overhead costs which are directly attributable to bringing an asset to the location and condition necessary for it to be capable of use in the manner intended by management are capitalized. These costs include compensation costs paid to internal personnel dedicated to capital projects. When significant parts of plant and equipment are required to be replaced, the Corporation recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive income as incurred. The present value of the expected cost for the asset retirement obligation of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Note 14 for further information about the recognition and measurement of the asset retirement obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation, except for units of capacity, is based on a straight line basis and is calculated over the estimated useful life of the asset as follows:

Buildings	10 to 45 years
Landfill cells	Units of total capacity utilized in the period
Mobile equipment	5 years
Plant infrastructure and equipment	2 to 15 years
Rental equipment	2 to 15 years
Disposal wells	15 years
Furniture and fixtures	7.5 years
Leasehold improvements	10 years
Computer equipment and software	3 to 10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Costs related to assets under construction are capitalized when incurred. Assets under construction or refurbishment are not depreciated until they are complete and available for use in the manor intended by management. When this occurs, the asset is transferred to property, plant and equipment and classified by the nature of the asset.

j) Leases

Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statements of comprehensive income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis in the consolidated statements of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Corporation incurs in connection with the borrowing of funds.

l) Business combinations

Business combinations are accounted for using the acquisition method. Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. If the acquisition meets the definition of a business combination, the assets and liabilities are classified or designated based on the contractual terms, economic conditions, the Corporation's operating and accounting policies, and other factors that exist on the acquisition date. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in earnings or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured and its final settlement shall be accounted for within equity.

m) Intangible assets

Intangible assets acquired outside business combinations are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and the expenditure is reflected in the consolidated statements of comprehensive income in the period in which the expenditure is incurred.

Intangible assets resulting from a business combination are recorded at fair value. Fair value is estimated by management taking into account its highest and best use associated with the intangible asset. Intangible assets with a finite life are amortized over the estimated useful life and intangible assets with an indefinite life are not subject to amortization and are tested for impairment annually. Any impairment is identified by comparing the fair value of the indefinite life intangible asset to its carrying value. Any excess of the carrying value of the intangible asset over the implied fair value is the impairment amount and will be charged to earnings in the period of the impairment. The reversal of a previous impairment is permitted when there is an indication that the impairment loss may no longer exist and a new implied fair value is calculated. The reversal is limited so that the carrying amount of intangible asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the intangible asset in prior periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization is based on a straight line basis and is calculated over the estimated useful life of the intangible asset as follows:

Non-competition agreements	3 to 5 years
Customer relationships	5 to 15 years
Licenses	10 years
Patents	11 to 13 years

n) Goodwill

The Corporation measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and the liabilities assumed, all measured as of the acquisition date. Since goodwill results from the application of the acquisition method of accounting for a business combination, it is inherently imprecise and requires judgement in the determination of the fair value of assets and liabilities.

Goodwill is allocated to the Company's cash generating units or group of cash generating units that are expected to benefit from the synergies of the business combination. Goodwill is not amortized, but is tested for impairment at least annually. An impairment loss in respect of goodwill is not reversed. On the disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the gain or loss on disposal.

Any goodwill balances in subsidiaries whose functional currency is not the Canadian dollar are translated at period end exchange rates.

o) Inventories

Inventories are comprised of crude oil, natural gas liquids, drilling fluids and spare parts and are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The volume of oil held in inventory and the value of the oil in inventory will fluctuate based on the normal capacity of the facility and the market price of crude oil and natural gas liquids in any given month. Cost of drilling fluids is determined on a weighted-average basis. The cost of drilling fluids inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The amount of drilling fluids inventory held will fluctuate depending on activity levels during a given period. The reversal of previous net realizable value write-downs to inventories is permitted when there is a subsequent increase to the value of inventories.

p) Impairment of non-financial assets

IAS 36, Amendments, Recoverable Amount Disclosures for Non-Financial Assets, was published in May 2013. The amendments were issued to reverse the unintended requirement in IFRS 13, Fair Value Measurement, to disclose the recoverable amount of every CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments were required to be applied retrospectively for years beginning on or after January 1, 2014 with early adoption allowed. The Corporation has elected to early adopt these amendments effective January 1, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Corporation assesses at each reporting date whether there is an indication that an asset or cash generating unit ("CGU") may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The non-financial assets of the Corporation are comprised of assets under construction, property, plant and equipment, goodwill and intangible assets as at December 31, 2013 and 2012. Impairment losses of continuing operations are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function and nature of the impaired asset.

Goodwill is reviewed for impairment annually or more frequently if there are indications that impairment may have occurred. Goodwill impairment is tested at either the individual or group CGU level and is determined based upon the amount of future discounted cash flows generated by the individual CGU or group of CGU's compared to the individual CGU or group of CGUs' respective carrying amount(s). If the impairment loss exceeds the carrying amount of goodwill, the goodwill is written off completely. Any impairment loss left over is allocated to the remaining assets of the individual CGU or group of CGU's.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the non-financial asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior periods. Such reversal is recognized in the consolidated statements of comprehensive income. Any previously recognized impairment losses on goodwill are not reversed.

q) Provisions

Provisions are recognized when the Corporation has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a risk free rate. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Earnings per share

The Corporation uses the treasury method for outstanding options which assumes that the use of proceeds that could be obtained upon exercise of options in computing diluted per share are used to purchase the Corporation's common shares at the average market price during the period. The calculation of basic earnings per share has been calculated by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that would occur if in-the-money stock options were exercised. The calculation of diluted earnings per share has been calculated by dividing net earnings available to common shareholders by the total of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, utilizing the treasury method, arising from the exercise of in-the-money share options.

s) Investments in joint operations, consolidation, associates and disclosures

On January 1, 2013, the Corporation adopted IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", and IFRS 12, "Disclosures of Interests in Other Entities", and the amendments to IAS 28, "Investments in Associates and Joint Ventures". The adoption of IFRS 10, IFRS 12, and the amendments to IAS 28 did not result in a change to the consolidation of the Corporation's wholly owned subsidiaries or the related disclosures.

Under IFRS 11, a joint operation is a joint arrangement whereby two or more parties have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. A portion of the Corporation's activities are conducted jointly with others and therefore, the Corporation as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Corporation accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS applicable to the particular assets, liabilities, revenues and expenses. The adoption of the new standard had no impact on the accounting for joint arrangements.

t) Asset retirement obligations

Asset retirement obligations associated with well sites and facilities are measured at the present value of the expenditures expected to be incurred. The Corporation uses a risk-free rate in the measurement of the present value of its asset retirement obligations. The associated asset retirement cost is capitalized as part of the related asset. Changes in the estimated obligation resulting from revisions to estimated timing, amount of cash flows or changes in the discount rate are recognized as a change in the asset retirement obligation and the related asset retirement cost. Accretion is expensed as incurred and recognized in the consolidated statements of comprehensive income as interest, accretion and finance costs. The estimated future costs of the Corporation's asset retirement obligations are reviewed at each reporting period and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Foreign currency translation and transactions

For foreign entities whose functional currency is the Canadian dollar, the Corporation translates monetary assets and liabilities at period-end exchange rates and non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the period. Gains or losses from changes in exchange rates are recognized in earnings in the period of occurrence.

For foreign entities whose functional currency is not the Canadian dollar, the Corporation translates assets and liabilities at period-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in the consolidated statements of comprehensive income as foreign currency translation adjustments.

Transactions of Canadian entities in foreign currencies are translated at rates in effect at the time of the transaction. Foreign currency monetary assets and liabilities are translated at current rates. Gains or losses from the changes in exchange rates are recognized in earnings in the period of occurrence. Foreign exchange gains or losses arising from a monetary item that is receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in the foreign currency translation reserve in the cumulative amount of foreign currency translation differences.

v) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities in the various jurisdictions in which the Corporation operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the various jurisdictions where the Corporation operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate in accordance with IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

Deferred income tax

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable earnings will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is expected to be settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items relating to items recognized outside of earnings are recognized in correlation to the underlying transaction either in other comprehensive income or directly in shareholders' equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

Goods and Services tax (“GST”) and Sales Tax

Revenues, expenses, liabilities and assets are recognized net of the amount of GST and sales tax. The net amount of GST and sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

w) Segment reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses. All operating segments’ operating results are reviewed regularly by the Corporation’s CEO in order to make decisions regarding the allocation of resources to the segment.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

x) Presentation of items in comprehensive income

On January 1, 2013, the Corporation adopted the amendments to IAS 1, “Presentation of Financial Statements”. These amendments require the Corporation to group other comprehensive income (“OCI”) items by those that will be reclassified subsequently to earnings and those that will not. These changes did not result in any adjustments to OCI or comprehensive income.

y) Reclassification of prior period amounts

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Corporation’s consolidated financial statements requires management to make, at the end of the reporting period, judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities. However, 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. Revisions to required estimates are recognized in the year in which the estimate is revised.

The key estimates and judgements 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 are outlined below. Readers are cautioned that the following list is not exhaustive and other items may also be affected by estimates and judgements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Significant judgements

Determining cash generating units ("CGU's")

For the purpose of assessing impairment of tangible and intangible assets, assets are grouped at the lowest level of separately identified cash flows which make up the CGU. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of tangible and intangible assets, each CGU's carrying value is compared to the greater of its fair value less costs to sell and value in use. Management has determined that the appropriate CGU's for the Corporation is each service line in the DS division and OS division, and each facility that comprises the PRD division. The Corporation aggregates each service line in the DS division to test for impairment at the group CGU level.

Significant estimates and assumptions

Depreciation, depletion and amortization

Amounts recorded for depreciation and amortization are based on estimates including economic life of the asset and residual values of the asset at the end of its economic life. The actual lives of the assets and residual values are assessed annually taking into account factors such as technological innovation and maintenance programs. Amounts recorded for depletion on the landfill cells are based on estimates of the total capacity utilized in the period.

Recoverability of assets

The Corporation assesses impairment on its assets that are subject to amortization when it has determined that a potential indicator of impairment exists. Goodwill is tested annually for impairment. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The Corporation used the calculation of value in use to determine the fair value of its CGU's for the purpose of goodwill impairment testing, determined by using discounted cash flows. The cash flow projections included specific estimates for five years and a terminal valuation. 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 and accretion, share-based payments expense, interest, and taxes ("EBITDA"), consistent with the assumption that a market participant would make. 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, with reference to an approximate industry peer group. Changes in the general economic environment could result in significant changes to this estimate.

The Corporation used the calculation of fair value less costs to sell to determine the fair value of its tangible assets and finite life intangibles for the purpose of impairment testing. In determining the fair value less costs to sell, the Corporation used recent transactions, comparable data in the market and applied weighted averages, to determine an implied fair value of the asset being tested.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Asset retirement obligations and accretion

The amounts recorded for asset retirement obligations and the related accretion expenses are based on management's best estimate of the costs to abandon and reclaim the wells and facilities and the estimated time period in which these costs are expected to be incurred in the future. In determining the fair value of the asset retirement obligation, assumptions and estimates are made in relation to discount rates, the expected cost for the reclamation, the expected cost to recover the asset and the expected timing of those costs. The Corporation's operations are affected by federal, provincial and local laws and regulations concerning environmental protection. The Corporation's provisions for future site restoration and reclamation are based on known requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

Share - based payments

The Corporation provides share-based awards to certain employees in the form of stock options and restricted share unit plan (the "Awards"). The Corporation follows the fair-value method to record share-based payment expense with respect to the Awards granted. The fair value of each Award granted is estimated based on the date of grant and a provision for the costs is provided for with a corresponding credit to reserves in shareholders' equity over the vesting period of the agreement. Share-based payment expense associated with Awards issued to employees, consultants, officers and non-employee directors of the Corporation are expensed. The consideration received by the Corporation on the exercise of the Awards is recorded as an increase to issued capital together with corresponding amounts previously recognized in reserves in shareholders' equity. Forfeitures are estimated for each tranche, and adjusted as required to reflect actual forfeitures that have occurred in the period. In order to record share-based payment expense, the Corporation estimates the fair value of the Awards granted using assumptions related to interest rates, expected lives of the Awards, volatility of the underlying security, forfeitures and expected dividend yields.

Deferred income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Corporation establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Provision for doubtful accounts

The provision for doubtful accounts is reviewed by management on a monthly basis. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. Management makes these assessments after taking into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Corporation's historical bad debt expenses have not been significant and are usually limited to specific customer circumstances. However, given the cyclical nature of the oil and natural gas industry along with the current economic operating environment, a customer's ability to fulfill its payment obligations can change suddenly and without notice.

Purchase price allocations

The acquired assets and assumed liabilities are recognized at fair value on the date the Corporation effectively obtains control. The measurement of each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets (including goodwill), property, plant and equipment, other assets and the liabilities assumed are based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing IFRS standards have been published but are not yet effective, and have not been adopted early by the Corporation. Management anticipates that all of the pronouncements will be adopted in the Corporation's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's consolidated financial statements.

In 2010, the IASB issued IFRS 9 Financial Instruments, which addresses the classification and measurement of financial assets. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Corporation's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. An embedded derivative in a structured product will no longer have to be assessed for possible separate accounting treatment unless the host is a non-financial contract. A hybrid contract that includes a financial host must be classified and measured in its entirety. In July 2013, the IASB deferred the mandatory effective date of IFRS 9 and has left this date open pending the finalization of the impairment and classification and measurement requirements. IFRS 9 is still available for early adoption. The full impact of the standard on the Corporation's consolidated financial statements will not be known until the project is complete.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

In December 2011, the IASB issued amendments to IFRS 7, Financial Instruments: Disclosures and IAS 32, Financial Instruments: Presentation to clarify the current offsetting model and develop common disclosure requirements to enhance the understanding of the potential effects of offsetting arrangements. Amendments to IFRS 7 are effective for the Corporation on January 1, 2015 with required retrospective application and early adoption permitted. Amendments to IAS 32 are effective for the Corporation on January 1, 2014 with required retrospective application and early adoption permitted. The adoption of these amended standards is not expected to have a material impact on the Corporation's consolidated financial statements.

5. BUSINESS COMBINATION

a) New West Drilling Fluids

On January 25, 2012, the Corporation closed an asset purchase agreement with New West Drilling Fluids Inc. ("New West"), a wholly owned subsidiary of New West Energy Services Inc. to acquire the operating assets of New West (excluding working capital) for aggregate cash consideration of $3.4 million. New West specializes in providing drilling fluid systems and products for the oil sands industry, and is most well-known for a patented Steam Assisted Gravity Drainage system ("SAGD") called "BITUDRIL", the first bitumen encapsulating polymer based system on the market. The acquisition of New West allows the Corporation, through its subsidiary Marquis Alliance Energy Group Inc., to expand its existing patented and proprietary SAGD product line and to increase Marquis Alliance Energy Group Inc.'s ability to provide cost effective drilling fluid solutions in the SAGD market.

The acquisition has been accounted for using the acquisition method of accounting with an effective date of January 25, 2012, whereby the assets acquired and the liabilities assumed are recorded at their fair values.

Balance, January 25, 2012	Amount ($000's)
Cash paid	3,405
	3,405

Balance, January 25, 2012	Amount ($000's)
Inventory	105
Property, plant and equipment	21
Intangible assets	3,347
	3,473
Deferred income tax liability	(68)
	3,405

The Corporation incurred acquisition-related costs of $0.1 million relating to due diligence costs and legal fees. These costs have been expensed and included in business development costs on the consolidated statements of comprehensive income.

5. BUSINESS COMBINATION (continued)

b) DRD Saltwater Disposal LLC

On July 2, 2012, the Corporation closed an asset purchase agreement with DRD Saltwater Disposal LLC ("DRD") to acquire the operating assets of DRD for total cash and share consideration of $26.3 million. The operating assets acquired include two recently constructed fully operational standalone water disposal facilities serving the Bakken oil play. The acquisition of DRD allows the Corporation to expand its geographical presence of its PRD division into the United States, and to continue to expand on the Corporation's growth strategy in underserviced markets. The Corporation paid $20.5 million in cash and issued 1,168,519 common shares of the Corporation at a closing price per share of $7.90 for consideration of $9.2 million, which was adjusted to fair value consideration for accounting purposes of $5.8 million. The fair value for accounting purposes was determined using a discounted cash flow analysis and was adjusted after considering such factors as the escrow period and liquidity of the Corporation's shares in the market place. Accordingly, the $5.8 million used in the purchase price allocation is the difference between the $9.2 million at closing and the fair value adjustment of $3.4 million.

The acquisition has been accounted for using the acquisition method of accounting with an effective date of July 2, 2012, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair value of the identifiable net assets allocated to goodwill.

Balance, July 2, 2012	Amount ($000's)
Common shares issued (1,168,519 shares)	5,753
Cash paid	20,499
	26,252

Balance, July 2, 2012	Amount ($000's)
Property, plant and equipment	9,235
Intangible assets	7,313
Goodwill	11,837
	28,385
Deferred income tax liability	(2,133)
	26,252

The amounts recorded on the DRD acquisition above are based upon information available to management as of the date of this report and the preparation of these consolidated financial statements.

The goodwill arises as a result of the assembled workforce, the synergies existing within the acquired business and also the synergies expected to be achieved as a result of combining DRD with the rest of the Corporation. The goodwill is expected to be deducted straight-line over 15 years for US tax purposes.

The Corporation incurred acquisition-related costs of $0.1 million relating to due diligence costs and legal fees. These costs have been expensed and included in business development costs on the consolidated statements of comprehensive income.

5. BUSINESS COMBINATION (continued)

c) Imperial Drilling Fluids Engineering Inc.

On August 15, 2012, the Corporation closed an asset purchase agreement with Imperial Drilling Fluids Engineering Inc. ("IDF") to acquire the operating assets of IDF (excluding working capital) for aggregate cash consideration of $6.9 million. IDF specializes in drilling fluids in Colorado, predominately in the Niobrara and Cordell Shale plays. The acquisition of IDF allows the Corporation, through its subsidiary Marquis Alliance, to expand its geographical presence and take advantage of a growing market opportunity in the region.

The acquisition has been accounted for using the acquisition method of accounting with an effective date of August 15, 2012, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair value of the identifiable net assets allocated to goodwill.

Balance, August 15, 2012	Amount ($000's)
Cash paid	6,882
	6,882

Balance, August 15, 2012	Amount ($000's)
Inventories	564
Property, plant and equipment	393
Intangible assets	5,482
Goodwill	443
	6,882

The amounts recorded on the IDF acquisition above are based upon information available to management as of the date of this report and the preparation of these consolidated financial statements.

The goodwill arises as a result of the assembled workforce, the synergies existing within the acquired business and also the synergies expected to be achieved as a result of combining IDF with the rest of the Corporation. The goodwill is expected to be deducted straight-line over 15 years for US tax purposes.

Pursuant to the IDF acquisition agreement (the "IDF agreement"), the Corporation is obligated to pay additional consideration consisting of a series of three annual earn out payments ("contingent payments") beginning in September 2013 to certain selling shareholders based on the achievement of a certain gross margin percentage. The potential annual earn out payments range from US$0.9 million to US$2.7 million for total earn out payments over the three year period ranging from US$2.7 million to US$8.0 million. Since the obligation to pay the contingent payments is conditional upon the continued employment of the former shareholders, the payments are considered compensation expense and, accordingly, are included in operating expenses on the consolidated statements of comprehensive income in accordance with the applicable IFRS.

The Corporation incurred acquisition-related costs of $0.1 million relating to due diligence costs and legal fees. These costs have been expensed and included in business development costs on the consolidated statements of comprehensive income.

5. BUSINESS COMBINATION (continued)

d) Frontline Integrated Services Ltd.

On April 1, 2013, the Corporation acquired all of the issued and outstanding shares of Frontline Integrated Services Ltd. ("Frontline") for total cash consideration of $2.7 million, assumption of $2.7 million of debt, and the issuance of 1,394,616 common shares of the Corporation at a closing price of $12.19 per share for consideration of $22.4 million, which was adjusted to fair value consideration for accounting purposes to $19.3 million. The fair value for accounting purposes was determined using a discounted cash flow analysis and was adjusted after considering such factors as the escrow period (shares to be released over various periods, see Note 9a) and liquidity of the Corporation's shares in the market place.

Frontline is an integrated service provider servicing the energy, resource, and civil construction industries. Frontline core services include pipeline integrity, repair, replacement, rehabilitation, remediation and reclamation, demolition and decommissioning. The Frontline acquisition is a continuation of the Corporation's strategy to add complementary services along the energy services value chain; it will support and expand the existing environmental and project management services of the Corporation's OS division.

The following summarizes the major classes of consideration transferred at the acquisition date:

Balance, April 1, 2013	Amount ($000's)
Cash paid	2,658
Shares issued	13,931
Assumption of bank debt (net of $1.1 million cash acquired)	2,690
	19,279

The acquisition has been accounted for using the acquisition method on April 1, 2013, whereby the assets acquired and the liabilities assumed were recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The Corporation assessed the fair values of the net assets acquired based on management's best estimate of the market value, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received from the assets as well as the amount it is expected to cost to settle the outstanding liabilities. Subsequent to the acquisition date, Frontline's operating results have been included in the Corporation's revenues, expenses and capital spending.

The following summarized the allocation of the aggregate consideration for the Frontline acquisition:

Balance, April 1, 2013	Amount ($000's)
Net working capital (excluding cash)	1,839
Property and equipment	5,610
Intangible assets	8,726
Goodwill	3,914
Deferred tax liability	(810)
	19,279

The allocations and determinations of the consideration described above are preliminary and subject to changes upon final adjustments. Pursuant to the purchase and sale agreement, $1.5 million of the cash consideration is held under trust conditions to account for any potential material accounts receivable allowances.

5. BUSINESS COMBINATION (continued)

Trade receivables, included in net working capital, are comprised of gross contractual amounts due of $5.4 million, all of which are considered to be collectible.

The goodwill arises as a result of the assembled workforce, the synergies existing within the acquired business and also the synergies expected to be achieved as a result of combining Frontline with the rest of the Corporation. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of acquisition to December 31, 2013 Frontline contributed an estimated $28.1 million of revenue and $0.7 million of losses before tax for the Corporation. If the business combination had been completed on January 1, 2013, the estimated revenue and losses before income tax for the year ending December 31, 2013 would have been $33.6 million and $0.7 million, respectively.

The Corporation incurred costs related to the acquisition of Frontline of $0.2 million relating to due diligence and external legal fees. These costs have been included in business development costs on the consolidated statements of comprehensive income.

e) Target Rentals Ltd.

On July 2, 2013, the Corporation, through its wholly owned subsidiary Marquis Alliance Energy Group Inc., acquired all of the issued and outstanding shares of Target Rentals Ltd. (“Target”) for a total consideration of $40.1 million, comprising: total cash consideration of $18.7 million; assumption of $2.6 million of debt; and the issuance of 1,367,047 common shares of the Corporation at a closing price of $13.72 per share, which was adjusted to fair value consideration for accounting purposes to $15.3 million.

The fair value for accounting purposes was determined using a discounted cash flow analysis and was adjusted after considering such factors as the escrow period (shares to be released over various periods, see Note 15b) and liquidity of the Corporation’s shares in the market place.

Target is a privately owned oilfield service company headquartered in Grande Prairie, AB offering a complete line of equipment rental and support services in both the drilling and completions sectors. Their core service is the supply of a patented dual containment fluid storage tank system, for oil based drilling fluid applications. The Target acquisition is a continuation of the Corporation’s strategy to add complementary services along the energy services value chain; it will support and expand the existing services of the Corporation’s DS division.

The following summarized the major classes of consideration transferred at the acquisition date:

Balance, July 2, 2013	Amount ($000's)
Cash paid	18,989
Shares issued	15,305
Assumption of bank debt	2,602
	36,896

5. BUSINESS COMBINATION (continued)

The acquisition has been accounted for using the acquisition method on July 2, 2013, whereby the assets acquired and the liabilities assumed were recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The Corporation assessed the fair values of the net assets acquired based on management's best estimate of the market value, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received from the assets as well as the amount it is expected to cost to settle the outstanding liabilities. Subsequent to the acquisition date, Target's operating results have been included in the Corporation's revenues, expenses and capital spending.

The following summarized the allocation of the aggregate consideration for the Target acquisition:

Balance, July 2, 2013	Amount ($000's)
Net working capital	911
Property and equipment	33,000
Intangible assets	3,049
Goodwill	4,636
Deferred tax liability	(4,700)
	36,896

The allocations and determinations of the consideration described above are preliminary and subject to changes upon final adjustments.

Trade receivables, included in net working capital, are comprised of gross contractual amounts due of $1.7 million, all of which are considered to be collectible.

The goodwill arises as a result of the assembled workforce, the synergies existing within the acquired business and also the synergies expected to be achieved as a result of combining Target with the rest of the Corporation. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of acquisition, Target contributed an estimated $7.8 million of revenue and $2.1 million of earnings for the period before tax of the Corporation. If the business combination had been completed on January 1, 2013, an estimated $21.8 million of revenue and $6.4 million of earnings before tax for the year ending December 31, 2013 would have been recorded, respectively.

The Corporation incurred costs related to the acquisition of Target of $0.2 million relating to due diligence and external legal fees. These costs have been included in business development costs on the consolidated statements of comprehensive income.

6. ACCOUNTS RECEIVABLE AND ACCRUED RECEIVABLES

($000's)	Dec 31, 2013	Dec 31, 2012
Trade accounts receivable and accruals	167,915	122,877
Related party receivables (Note 21)	50	2,444
Allowance for doubtful accounts	(489)	(315)
Total accounts receivable and accrued receivables	**167,476**	**125,006**

As at December 31, 2013, $0.5 million (2012 - $0.3 million) of trade receivables were considered impaired (Note 19).

7. INVENTORIES

($000's)	Dec 31, 2013	Dec 31, 2012
Drilling fluids	44,545	39,077
Crude oil and natural gas liquids	5,595	3,192
Spare parts and supplies	660	349
Total inventories	**50,800**	**42,618**

Inventories are shown at the lower of cost and net realizable value. Crude oil, natural gas liquids and drilling fluids inventories recognized as operating expenses in the consolidated statements of comprehensive income for the year ended December 31, 2013 were $1,129 million (2012: $773.7 million).

Inventories are included in the general security agreements held by the banks as security for the Corporation's credit facility (Note 13).

8. ASSETS UNDER CONSTRUCTION

($000's)	Dec 31, 2013	Dec 31, 2012
Projects under construction	106,155	101,339
Long lead items and equipment under refurbishment	3,431	1,840
Total assets under construction	**109,586**	**103,179**

The amounts included in the categories above consist of assets associated with a variety of ongoing projects. During the year ended December 31, 2013, $5.5 million (2012: $2.6 million) of directly attributable capitalized salaries and overhead were added to assets under construction.

The Corporation's policy is to capitalize borrowing costs on projects with a substantial time to completion. Typically, borrowing costs are only capitalized on the construction of the Corporation's full-service terminals. The amount of borrowing costs capitalized to assets under construction for the year ended December 31, 2013 was $1.3 million (2012: $0.4 million) based on a capitalized borrowing rate of 3.42% (2012: 3.37%).

9. PROPERTY, PLANT AND EQUIPMENT

Included in operating expenses on the consolidated statements of comprehensive income for the year ended December 31, 2013 is $52.2 million (2012: $32.3 million) of depreciation and depletion expense for the Corporation's property, plant and equipment.

During the year ended December 31, 2013, $188.9 million (2012: $104.7 million) was transferred from assets under construction to property, plant and equipment for completed projects.

Included in property, plant, and equipment is equipment under finance lease arrangements with a net book value of $16.2 million at December 31, 2013 (December, 31 2012 - $14.5 million). The finance lease commitments over the next five years are disclosed in Note 22.

In June 2013, the Corporation's Brazeau standalone water disposal facility was struck by lightning which caused extensive damage to specific assets at the facility. All fluids on site were contained without incident. The facility reopened in the fourth quarter of 2013. The Corporation estimates the net book value of the damage to assets at the facility to be $1.0 million, which resulted in an impairment write-down on that facility based on fair value less costs of disposal. The Corporation has received $1.4 million of insurance proceeds and expects to be fully reimbursed up to the replacement value for the remaining repair related costs through its insurance coverage and has therefore accrued additional insurance proceeds of $0.4 million.

Both the impairment loss on assets of $1.0 million and insurance recoverable of $1.9 million are recorded in other income on the consolidated statements of comprehensive income for the year ended December 31, 2013. The impairment affects the PRD segment only and is recorded against plant infrastructure, equipment and landfill cells, and buildings. The above estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control.

9. PROPERTY, PLANT AND EQUIPMENT (continued)

($000's)	Land	Buildings	Plant, Infrastructure, Equipment, and Landfill Cells	Rental Equipment	Mobile Equipment	Disposal Wells	Furniture and Fixtures, and leasehold improvements	Computer Equipment and Software	Total
Cost:									
At December 31, 2011	3,114	21,622	178,140	15,073	3,519	41,268	1,673	2,941	**267,350**
Additions from business combinations (Note 5a)	-	-	20	-	-	-	-	1	**21**
Additions from business combinations (Note 5b)	-	479	4,632	-	-	4,100	12	12	**9,235**
Additions from business combinations (Note 5c)	-	-	385	-	-	-	-	8	**393**
Additions	708	7,867	74,579	15,138	3,040	10,375	1,055	2,974	**115,736**
Transfers between divisions	-	-	19	-	112	-	-	-	**131**
Change in asset retirement cost	-	-	115	-	-	154	-	-	**269**
Disposals	-	-	(1,698)	-	(237)	-	-	-	**(1,935)**
Foreign exchange effect	(5)	(2)	48	(141)	(1)	35	(2)	(1)	**(69)**
December 31, 2012	3,817	29,966	256,240	30,070	6,433	55,932	2,738	5,935	**391,131**
Additions from business combinations (Note 5d)	-	-	5,403	-	-	-	74	133	**5,610**
Additions from business combinations (Note 5e)	-	-	-	32,822	-	-	150	28	**33,000**
Additions	589	14,549	155,058	13,235	1,361	20,530	1,161	6,310	**212,793**
Impairment	-	(90)	(962)	-	-	-	-	-	**(1,052)**
Change in asset retirement cost	-	-	8	-	-	713	-	-	**721**
Disposals	(249)	(124)	(3,870)	-	(291)	(782)	-	(2)	**(5,318)**
Foreign exchange effect	36	281	1,629	472	5	582	(30)	14	**2,989**
December 31, 2013	**4,193**	**44,582**	**413,506**	**76,599**	**7,508**	**76,975**	**4,093**	**12,418**	**639,874**
Accumulated depreciation and depletion:									
At December 31, 2011	-	(1,875)	(34,472)	(1,128)	(1,266)	(5,625)	(276)	(1,184)	**(45,826)**
Depreciation and depletion	-	(1,720)	(22,700)	(2,777)	(1,095)	(2,996)	(274)	(779)	**(32,341)**
Transfers between divisions	-	-	1	-	(87)	-	-	-	**(86)**
Disposals	-	-	444	-	100	-	-	-	**544**
Foreign exchange effect	-	-	(4)	8	-	-	-	-	**4**
December 31, 2012	-	(3,595)	(56,731)	(3,897)	(2,348)	(8,621)	(550)	(1,963)	**(77,705)**
Depreciation and depletion	-	(2,490)	(36,978)	(4,692)	(1,391)	(4,452)	(594)	(1,572)	**(52,169)**
Disposals	-	25	1,728	727	98	24	-	-	**2,602**
Foreign exchange effect	-	(21)	(199)	(148)	(2)	(34)	(5)	(9)	**(418)**
December 31, 2013	**-**	**(6,081)**	**(92,180)**	**(8,010)**	**(3,643)**	**(13,083)**	**(1,149)**	**(3,544)**	**(127,690)**
Net book value:									
December 31, 2013	**4,193**	**38,501**	**321,326**	**68,589**	**3,865**	**63,892**	**2,944**	**8,874**	**512,184**
December 31, 2012	3,817	26,371	199,509	26,173	4,085	47,311	2,188	3,972	**313,426**

10. INTANGIBLE ASSETS

Amortization expense relating to intangible assets is included in operating expenses on the consolidated statements of comprehensive income.

($000's)	Non-competition agreements	Customer relationships	Licenses	Patents	Total
Cost:					
At December 31, 2011	**14,784**	**54,172**	**3,245**	**4,795**	**76,996**
Additions through business combinations (Note 5a)	-	999	-	2,348	**3,347**
Additions through business combinations (Note 5b)	4,247	3,066	-	-	**7,313**
Additions through business combinations (Note 5c)	1,318	4,164	-	-	**5,482**
Foreign exchange effect	64	84	-	-	**148**
At December 31, 2012	**20,413**	**62,485**	**3,245**	**7,143**	**93,286**
Additions through business combinations (Note 5d)	6,313	2,413	-	-	8,726
Additions through business combinations (Note 5e)	621	2,178	-	250	3,049
Removals	(348)	-	-	-	(348)
Foreign exchange effect	623	291	-	-	914
At December 31, 2013	**27,622**	**67,367**	**3,245**	**7,393**	**105,627**
Accumulated amortization:					
At December 31, 2011	**(1,690)**	**(2,180)**	**(541)**	**(224)**	**(4,635)**
Amortization	(3,772)	(4,316)	(324)	(578)	**(8,990)**
Foreign exchange effect	2	-	-	-	**2**
At December 31, 2012	**(5,460)**	**(6,496)**	**(865)**	**(802)**	**(13,623)**
Amortization	(6,368)	(5,257)	(324)	(519)	**(12,468)**
Removals	348	-	-	-	348
Foreign exchange effect	(145)	(17)	-	-	**(162)**
At December 31, 2013	**(11,625)**	**(11,770)**	**(1,189)**	**(1,321)**	**(25,905)**
Net book value:					
At December 31, 2013	**15,997**	**55,597**	**2,056**	**6,072**	**79,722**
At December 31, 2012	**14,953**	**55,989**	**2,380**	**6,341**	**79,663**

11. GOODWILL

($000's)	Dec 31, 2013	Dec 31, 2012
Balance - beginning of year	92,516	77,820
Additions through business combination	-	2,269
Additions through business comination (Note 5b)	-	11,837
Additions through business comination (Note 5c)	-	443
Additions through business comination (Note 5d)	3,914	-
Additions through business comination (Note 5e)	4,636	-
Foreign exchange effect	858	147
Balance - end of year	101,924	**92,516**

The Corporation tests goodwill annually for impairment or more frequently if there are indications that the asset may be impaired. At December 31, 2013, an impairment test was performed at the group CGU level or individual CGU level as applicable, and no impairment was recognized (Note 3). The aggregate carrying amount of goodwill allocated to the DS division is $85.2 million (2012: $80.7 million) with the remaining goodwill allocated to CGUs within the PRD and OS divisions.

The recoverable amounts of the individual or group of CGU's were estimated as their value in use, determined by using discounted cash flows. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter (ranging from 3% to 7.5%). The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make. The discount rate used to calculate the net present value of cash flows is 19.4% (before tax) and is based on estimates of the Corporation's weighted average cost of capital, with reference to an approximate industry peer group. The recoverable amount of each cash generating unit was in excess of the carrying amount. No impairment was recorded during the annual impairment testing process in the year ended December 31, 2013 (2012 - no impairment).

12. ACCOUNTS PAYABLE AND ACCRUED LIABLITIES

($000's)	Dec 31, 2013	Dec 31, 2012
Accounts payable and accrued liabilities	120,143	105,637
Related party payables (Note 21)	2	596
Total accounts payable and accrued liabilities	120,145	**106,233**

The Company's exposure to currency and liquidity risk related to accounts payable and accrued liabilities is disclosed in Note 19.

13. LONG TERM BORROWINGS

($000's)	Dec 31, 2013	Dec 31, 2012
Amount drawn on credit facility	160,500	123,500
Unamortized transaction costs	(569)	(690)
Total long term borrowings	**159,931**	**122,810**

On October 29, 2013, the Corporation entered into an amended and extended $400.0 million revolving credit facility (the "credit facility") including an accordion feature which, if exercised, would increase the new credit facility by $50 million. The credit facility consists of a $390.0 million extendible revolving term credit facility and a $10.0 million revolving operating facility. The Corporation can borrow by way of Canadian dollar advances through Canadian Prime Rate Loans or Bankers Acceptances or United States dollar advances through US Base Rate Loans or Libor or letters of credit denominated in Canadian or U.S. dollars. The credit facility provides that the Corporation may borrow, repay, draw on and convert between types of borrowings at any time.

Prime loans bear interest ranging from 0.50% to 1.75% above the Canadian prime rate or US base rate. Bankers Acceptances and LIBOR loans range from 1.50% to 2.75% above the Bankers' Acceptance rate or LIBOR. The rate depends on the Corporation's prevailing funded debt to EBITDA ratio, with any unused amounts subject to standby fees ranging from 0.34% to 0.69%. Funded debt includes all outstanding debt, including finance leases, and any outstanding letters of credit. The credit facility is to be used for working capital, to refinance existing debt, for capital expenditures including permitted acquisitions, and for general corporate purposes.

The credit facility is due on July 31, 2016 (the "maturity date"), and includes an option for the Corporation to extend the maturity date (once per annum) to a maximum of three years from the extension request date, subject to the approval of the Corporation's lenders. Repayment of any amounts drawn on the facility would therefore be repayable on the maturity date if the credit facility was not extended.

In conjunction with obtaining the credit facility, the Corporation incurred transaction costs in the amount of $0.6 million, of which the unamortized amount has been offset against the outstanding principle balance of the debt. Amortization of the transaction costs recognized in interest, accretion and finance costs on the consolidated statements of comprehensive income for the year ended December 31, 2013 is $0.8 million (2012: $1.2 million) of which $0.5 million in transaction costs related to the previous revolving credit facility that were expensed and included in interest, accretion and finance costs on the consolidated statements of comprehensive income.

The following covenants apply to the existing credit facility:

- The Funded Debt to EBITDA Ratio shall not exceed 3:00:1; where EBITDA is adjusted for acquisitions on a pro-forma trailing twelve month basis;
- The ratio of Senior Debt to Senior Debt plus Equity shall not exceed 40%; and
- The Fixed Charge Coverage Ratio shall not be less than 1:00:1.

At December 31, 2013, and December 31, 2012, the Corporation was in compliance with all covenants.

13. LONG TERM BORROWINGS (continued)

As security for the credit facility, the Corporation granted its lenders a security interest over all of its present and after acquired property. A $1.0 billion debenture provides a first fixed charge over the Corporation's real properties and a floating charge over all present and after acquired property not subject to the fixed charge.

The available credit facility is reduced by any outstanding letters of credit. As at December 31, 2013, the Corporation has $19.2 million (2012: $19.6 million) in letters of credit issued by the Corporation's lenders. The letters of credit are issued to various government authorities for potential reclamation obligations in accordance with applicable regulations (Note 14) and crude oil marketing contracts.

($000's)	Dec 31, 2013	Dec 31, 2012
Credit facility	400,000	300,000
Amount drawn on credit facility	(160,500)	(123,500)
Letters of credit	(19,221)	(19,552)
Available amount	**220,279**	**156,948**

14. ASSET RETIREMENT OBLIGATIONS

($000's)	
December 31, 2011	**15,005**
Arising during the year through development activities	6,503
Arising during the year through acquisitions	2,133
Accretion	364
Change in discount rate	269
December 31, 2012	**24,274**
Arising during the year through development activities	12,742
Revisions during the year	3,745
Accretion	729
Change in discount rate	(3,024)
Foreign exchange effect	325
December 31, 2013	**38,791**

The Corporation's asset retirement obligations were estimated by a third party or management based on the Corporation's estimated costs to remediate, reclaim and abandon the Corporation's facilities and estimated timing of the costs to be incurred in future periods. The Corporation has estimated the net present value of its asset retirement obligations at December 31, 2013 to be $38.8 million (December 31, 2012: $24.3 million) based on a total future liability of $60.9 million as at December 31, 2013 (December 31, 2012: $32.3 million). The Corporation used its risk-free interest rates of 0.94% to 4.23% (December 31, 2012: 1.14% to 2.36%) and an inflation rate of 3.00% to calculate the net present value of its asset retirement obligations at December 31, 2013 (December 31, 2012 - 3.00%).

14. ASSET RETIREMENT OBLIGATIONS (continued)

The Corporation expects to incur the majority of the costs over the next twenty-five years. The amount expected to be incurred within the next twelve months is related to the capping of a number of the Corporation's landfill cells.

($000's)	Dec 31, 2013	Dec 31, 2012
Current	2,807	-
Non-current	35,984	24,274
	38,791	24,274

The Corporation has letters of credit issued by the Corporation's banker in relation to the Corporation's asset retirement obligations (Note 13).

15. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common voting shares of no par value

Unlimited number of preferred shares of no par value

	Number of Shares	Amount ($000's)
Balance, December 31, 2011	90,156,688	321,498
Options exercised	1,683,536	3,236
Warrants exercised	628,497	943
Transfer from reserves in equity	-	1,255
Bought-deal equity financing (Note 15e)	10,987,262	86,250
Shares issued as consideration for business combination (Notes 5 and 15d)	1,168,519	5,753
Other	2,500	25
Share issue costs (net of tax of $1,220)	-	(3,672)
Balance, December 31, 2012	104,627,002	415,288
Options exercised	1,947,249	7,842
Transfer from reserves in equity	-	2,499
Shares issued through DRIP (Note 15f)	92,363	1,265
Adjustment to shares issued as consideration for business combination	(20,253)	-
Shares issued as consideration for business combination (Notes 5 and 15a)	1,394,616	13,931
Shares issued as consideration for business combination (Notes 5 and 15b)	1,367,047	15,305
Bought-deal equity financing (Note 15c)	7,166,123	110,000
Share issue costs (net of tax of $1,304)	-	(3,824)
Balance, December 31, 2013	**116,574,147**	**562,306**

As at December 31, 2013, there were 10,145,914 (December 31, 2012: 10,764,197) common shares of the Corporation held in escrow in conjunction with the Corporation's business combinations.

15. SHAREHOLDERS' EQUITY (continued)

a) On April 1, 2013, the Corporation acquired 100% of the issued and outstanding shares of Frontline for an aggregate purchase price of approximately $19.3 million including the issuance of 1,394,616 common shares of the Corporation (Note 5). The Frontline agreement provides that 1,217,903 common shares issued by the Corporation will be held in escrow pursuant to which 1,139,080 of such shares will be released on a straight line basis annually over five years, 61,822 released 40% on the first anniversary after closing, and 30% on the second and third anniversaries after closing, and the remaining 17,001 shares released 60% on the first anniversary from closing, and 40% on the second anniversary after closing. Accordingly, as at December 31, 2013, 1,217,903 common shares were held in escrow.
b) On July 2, 2013, the Corporation acquired 100% of the issued and outstanding shares of Target for an aggregate purchase price of approximately $36.6 million including the issuance of 1,367,047 common shares of the Corporation (Note 5). The Target agreement provides that 1,367,047 common shares issued by the Corporation will be held in escrow pursuant to which such shares will be released on a straight line basis annually over five years. Accordingly, as at December 31, 2013, 1,367,047 common shares were held in escrow.
c) On November 20, 2013, the Corporation entered into an agreement on a bought deal basis (the "offering") with a syndicate of underwriters, pursuant to which the underwriters agreed to purchase for resale to the public 7,166,123 common shares (including overallotment) of the Corporation at a price of $15.35 per common share for gross proceeds of $110.0 million. In connection with the offering, the Corporation incurred approximately $5.1 million in transaction costs which included $3.8 million in agent fees. These costs, net of tax, were applied against the proceeds in share capital during the year ended December 31, 2013.
d) On July 2, 2012, The Corporation closed an asset purchase agreement to acquire the operating assets of DRD for total cash and share consideration of $26.3 million. The purchase price consisted of $20.5 million in cash consideration and $5.8 million consideration by way of issuance of 1,168,519 common shares of the Corporation (Note 5). The DRD agreement provides that 1,148,519 of the common shares issued by the Corporation will be held in escrow with twenty five percent being released on each anniversary of the closing date.
e) On July 24, 2012, the Corporation entered into an agreement on a bought deal basis (the "2012 offering") with a syndicate of underwriters, pursuant to which the underwriters agreed to purchase for resale to the public 10,987,262 common shares (including overallotment) of the Corporation at a price of $7.85 per common share for gross proceeds of $86.3 million. In connection with the 2012 offering, the Corporation incurred approximately $4.8 million in transaction costs which included $4.3 million in agent fees. These costs, net of tax, were applied against the proceeds in share capital during the year ended December 31, 2012.
f) In March 2013, the Corporation's Board of Directors approved a monthly dividend to be paid to holders of common shares of the Corporation.

   In conjunction with the approval of a monthly dividend, the Corporation's Board of Director's approved the adoption of a Dividend Reinvestment Plan ("DRIP") that provides eligible shareholders with the opportunity to reinvest their cash dividends, on each dividend payment date, in additional Common Shares ("Plan Shares"), which will be issued from treasury.

15. SHAREHOLDERS' EQUITY (continued)

Under the terms of the DRIP, plan shares issued from treasury will be issued on the applicable dividend payment date to eligible shareholders at a 3% discount to the average market price of the Common Shares. Average market price is defined in the DRIP to be the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days preceding the dividend payment date.

The Corporation declared dividends to holders of common shares for the year ended December 31, 2013, as follows:

	Dividend record date	Dividend payment date	Per common share ($)	Amount ($000's)
May	May 1, 2013	May 15, 2013	0.0125	1,333
June	June 1, 2013	June 14, 2013	0.0125	1,338
July	July 1, 2013	July 15, 2013	0.0125	1,339
August	Aug 1, 2013	Aug 15, 2013	0.0125	1,357
September	Sept 1, 2013	Sept 16, 2013	0.0125	1,362
October	Oct 1, 2013	Oct 15, 2013	0.0125	1,361
November	Nov 1, 2013	Nov 15, 2013	0.0125	1,363
December	Dec 1, 2013	Dec 16, 2013	0.0125	1,367
Total dividends declared during the period			**0.1000**	**10,820**

Of the dividends declared, $1.3 million for the year ended December 31, 2013, was reinvested in additional common shares through the DRIP. The Corporation has 557,637 common shares reserved for issue under the DRIP as at December 31, 2013.

Subsequent to December 31, 2013, the Corporation declared dividends to holders of common shares in the amount of $0.0125 per common share payable on January 15, February 15, and March 15, 2014, for shareholders of record on January 1, February 1, and March 1, 2014, respectively. In addition, on March 6, 2013, the Corporation's Board of Directors approved a $0.05 increase to the annual dividend for a total annualized dividend of $0.20, effective April 2014.

16. SHARE-BASED PAYMENT PLANS

The Corporation has share-based payment plans (the "Plans") under which the Corporation may grant share options, Restricted Share Units and Performance Share Units to its employees, employee directors and consultants. In addition the Corporation has a Deferred Share Unit plan for non-employee directors of the Corporation.

The aggregate number of common shares issuable pursuant to the exercise of options granted under the Plans shall not exceed ten percent of the issued and outstanding common shares of Secure calculated on a non-diluted basis at the time of the grant.

Share Option Plan

The exercise price of options granted under the Plan is calculated as the five-day weighted average trading price of the common shares for the five trading days immediately preceding the date the options are granted. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant.

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

	Dec 31, 2013		Dec 31, 2012	
	Outstanding options	Weighted average exercise price ($)	Outstanding options	Weighted average exercise price ($)
Balance - beginning of year	7,230,522	6.04	6,788,685	4.25
Granted	2,597,962	13.52	2,560,142	8.35
Exercised	(1,947,249)	4.03	(1,683,536)	1.92
Forfeited	(361,935)	8.50	(434,769)	7.64
Balance - end of year	**7,519,300**	9.03	**7,230,522**	**6.04**
Exercisable - end of year	**2,970,444**	**5.63**	**2,991,579**	**3.90**

The following table summarizes information about share options outstanding as at December 31, 2013:

	Options outstanding			Options exercisable	
Exercise price ($)	Outstanding options	Weighted average exercise price ($)	Weighted average remaining term (years)	Outstanding options	Weighted average exercise price ($)
2.50 - 4.00	1,463,758	2.95	1.06	1,463,758	2.95
4.01 - 5.50	104,535	5.02	1.91	104,535	5.02
5.51 - 7.00	95,720	6.10	2.19	63,813	6.10
7.01 - 8.50	1,776,738	7.89	3.18	569,636	7.87
8.51 - 10.00	1,347,856	9.05	2.88	701,298	9.01
10.01 - 11.50	202,203	10.09	3.93	67,404	10.09
11.51 - 13.00	729,698	11.55	4.19	-	-
13.01 - 14.50	1,417,134	13.81	4.40	-	-
14.51 - 16.00	144,158	15.39	4.89	-	-
16.01 - 17.50	237,500	16.77	4.94	-	-
	7,519,300	**9.03**	**4.89**	**2,970,444**	**5.63**

16. SHARE-BASED PAYMENT PLANS (continued)

The fair value of options granted to employees, employee directors and consultants was estimated at the date of grant using the Black-Scholes Option Pricing Model, including the following assumptions:

	Dec 31, 2013	Dec 31, 2012
Volatility factor of expected market price (%)	39.64	42.57
Weighted average risk-free interest rate (%)	1.33	1.44
Weighted average expected life in years	4.08	4.10
Weighted average expected annual dividends per share (%)	0.77	Nil
Weighted average fair value per option ($)	4.14	2.95
Weighted average forfeiture rate (%)	5.28	3.57

The Corporation's stock has approximately four years of trading history, therefore the Corporation has used a weighted average volatility consisting of its own historical volatility and the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model. The Corporation determines a forfeiture rate by using actual historical forfeiture rates.

Restricted share unit plan

The Corporation has an RSU plan which allows the Corporation to issue RSUs that are redeemable for the issuance of common shares. The Corporation has granted RSUs to employees.

Unless otherwise directed by the Board of Directors, one third of each RSU grant vests and becomes available for redemption on each of the first, second, and third anniversaries of the date of grant. RSUs terminate and cease to be redeemable on December 31 of the third year following the year in which the grant of the RSU was made.

The following table summarizes the RSUs outstanding:

	Dec 31, 2013	Dec 31, 2012
Balance - beginning of year	-	-
Granted	195,743	-
Redeemed for common shares	-	-
Forfeited	(23,811)	-
Balance - end of year	171,932	-

The fair value of the RSUs issued is determined on the grant date based on the market price of the common shares on the grant date, and includes the following assumptions:

	Dec 31, 2013	Dec 31, 2012
Weighted average expected life in years	2.00	-
Weighted average expected annual dividends per share (%)	1.08	-
Weighted average fair value per unit ($)	13.97	-
Weighted average forfeiture rate (%)	5.94	-

16. SHARE-BASED PAYMENT PLANS (continued)

Share-based payment reserves

For the year ended December 31, 2013, share-based payment expense of $7.8 million (year ended December 31, 2012: $5.1 million) has been recognized for stock options and RSUs granted, and is included in general and administrative expenses on the consolidated statements of comprehensive income. These costs are recorded as share-based payment expense with the offsetting amount being credited to share based payment reserve as shown in the following table:

($000's)	Dec 31, 2013	Dec 31, 2012
Balance - beginning of year	9,400	5,558
Share-based payments	7,758	5,097
Transfer to issued capital	(2,499)	(1,255)
Balance - end of year	14,659	**9,400**

Deferred Share Unit Plan

The Corporation has a Deferred Share Unit ("DSU") plan for non-employee members of the Board of Directors. Under the terms of the plan, DSUs awarded will vest immediately and will be settled in cash in the amount equal to the previous five day's weighted average price of the Corporation's common shares on the date the members of the Board of Directors specify upon the non-employee director tendering their resignation from the Board of Directors. The specified date must be after the date in which the notice of redemption is filed with the Corporation and within the period from the non-employee director's termination date and December 31 of the first calendar year commencing after the non-employee's termination date. A summary of the status of the Corporation's DSU plan is as follows:

	Dec 31, 2013	Dec 31, 2012
Balance - beginning of year	28,864	-
Granted	23,356	28,864
Settled in cash	-	-
Forfeited	-	-
Balance - end of year	52,220	**28,864**
Exercisable - end of year	52,220	**28,864**

Share-based payment expense for DSUs is included in general and administrative expenses in the consolidated statements of comprehensive income and credited to accounts payable and accrued liabilities on the consolidated statements of financial position. As at December 31, 2013, $0.9 million (2012: $0.3 million) was included in accounts payable and accrued liabilities for outstanding DSUs and share based payment expense was $0.6 million for the year ended December 31, 2013 (2012: $0.3 million).

16. SHARE-BASED PAYMENT PLANS (continued)

Employee Share Ownership Plan

The Employee Share Ownership Plan ("ESOP") allows employees to purchase common shares of the Corporation. Employees may contribute up to 20% of their base salaries in the ESOP. For year ended December 31, 2013, employees contributed $2.8 million into the plan (2012 - $1.7 million). The Corporation will match contributions, subject to certain limitations, based on the employee's years of service with the Corporation. Shares purchased for both the employee contributions and Corporation's matching contributions are purchased on the open market. The Corporation's matching expense for the year ended December 31, 2013 was $1.4 million (2012 - $0.9 million) and is recognized in either operating expenses or general and administrative expenses on the consolidated statements of comprehensive income.

17. EARNINGS PER COMMON SHARE

Basic earnings per common share amounts are calculated by dividing net earnings for the year attributable to common shareholders of the Corporation by the weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net earnings for the year attributable to common shareholders of the Corporation by the weighted average number of shares outstanding during the year plus the weighted average number of shares, if any, that would be issued on conversion of all the potential dilutive instruments utilizing the treasury method.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	For the year ended	
($000's)	Dec 31, 2013	Dec 31, 2012
Net earnings attributable to common shareholders for basic and diluted earnings per share	38,963	33,052

	For the year ended	
	Dec 31, 2013	Dec 31, 2012
Weighted average number of shares for basic earnings per share	107,747,722	96,388,929
Effect of dilution:		
Options and RSUs	2,839,174	2,973,769
Weighted average number of shares for diluted earnings per share	110,586,896	99,362,698

For the year ended December 31, 2013, the above table excludes 79,815 options and RSUs (2012: 214,199 options) that are considered anti-dilutive.

18. INCOME TAXES

($000's)	Dec 31, 2013	Dec 31, 2012
Current income tax expense		
Current year	11,586	7,286
Adjustment for prior years	1,038	-
	12,624	7,286
Deferred income tax expense		
Current year	4,604	5,855
Adjustment for prior years	(1,006)	-
	3,598	5,855
Total income tax expense	16,222	13,141

The net income tax provision differs from that expected by applying the combined federal and provincial income tax rates of 25.00% (2012 – 25.25%) to earnings before income taxes for the following reasons:

($000's)	Dec 31, 2013	Dec 31, 2012
Earnings before income taxes	55,185	46,193
Combined federal and provincial income tax rate	25.00%	25.25%
Expected combined federal and provincial income tax	13,796	11,664
Statutory rate differences and other	(390)	(311)
Share-based payment	2,112	1,357
Non-deductible expenses	486	431
Adjustments related to prior years	218	-
	16,222	13,141

18. INCOME TAXES (continued)

The components of the net deferred income tax liability as at December 31, 2013 are as follows:

($000's)	Dec 31, 2013	Dec 31, 2012
Deferred income tax assets:		
Non-capital loss carry forwards	14,178	4,018
Property, plant and equipment	3,356	1,745
Share issue costs	2,498	2,203
Asset retirement obligations	2,155	1,591
Intangible assets	16	239
	22,203	9,796
Deferred income tax liabilities:		
Property, plant and equipment	(43,646)	(25,131)
Intangible assets	(13,200)	(12,232)
Other	(542)	(50)
Goodwill	(445)	(143)
	(57,833)	(37,556)
Net deferred income tax liabilities	(35,630)	(27,660)
Deferred income tax assets by jurisdiction:		
Canada	8,025	5,539
U.S.	14,178	4,257
	22,203	9,796
Deferred income tax liabilities by jurisdiction:		
Canada	(42,314)	(31,159)
U.S.	(15,519)	(6,397)
	(57,833)	(37,556)
Net deferred income tax liabilities	(35,630)	(27,660)

Included above in deferred tax assets is $40.5 million (2012 - $11.5 million) of gross non-capital losses that can be carried forward to reduce taxable income in future years. These losses are in the United States and expire between 2029 and 2033. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. The recognition involves the Corporation assessing when the deferred tax assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable income available in the future to offset these tax assets when they do reverse. This assessment requires assumptions and assessments regarding future taxable income, and is therefore inherently uncertain.

19. FINANCIAL INSTRUMENTS

Carrying values and fair values

The Corporation's financial instruments consist of cash, accounts receivable and accrued receivables, accounts payable and accrued liabilities, and long term borrowings. The fair values of the Corporation's financial instruments are as follows:

	Dec 31, 2013			
($000's)	Loans and receivables	Other financial liabilities	Carrying amount	Fair value amount
Financial assets:				
Cash	12,019	-	12,019	12,019
Accounts receivable and accrued receivables	167,476	-	167,476	167,476
	179,495	-	179,495	179,495
Financial liabilities:				
Accounts payable and accrued liabilities	-	120,145	120,145	120,145
Long term borrowings	-	159,931	159,931	160,500
	-	280,076	280,076	280,645

	Dec 31, 2012			
($000's)	Loans and receivables	Other financial liabilities	Carrying amount	Fair value amount
Financial assets:				
Cash	7,506	-	7,506	7,506
Accounts receivable and accrued receivables	125,006	-	125,006	125,006
	132,512	-	132,512	132,512
Financial liabilities:				
Accounts payable and accrued liabilities	-	106,233	106,233	106,233
Long term borrowings	-	122,810	122,810	123,500
	-	229,043	229,043	229,733

The nominal value of cash, accounts receivable and accrued receivables, and accounts payable and accrued liabilities is deemed to reflect the fair value. This is due to the fact that transactions which give rise to these balances arise in the normal course of trade with industry standard payment terms.

The nominal value of long term borrowings (excluding transaction costs) approximate their fair values due to the variable interest rates applied to these facilities, which approximate market interest rates.

19. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The table below analyses financial instruments, other than those already carried at fair value, by valuation method. The different levels have been defined in Note 2 (g):

	Dec 31, 2013			
($000's)	Level 1	Level 2	Level 3	Total
Long term borrowings	-	159,931	-	159,931
Total financial liabilities	-	159,931	-	159,931

	Dec 31, 2012			
($000's)	Level 1	Level 2	Level 3	Total
Long term borrowings	-	122,810	-	**122,810**
Total financial liabilities	-	122,810	-	**122,810**

There were no transfers between levels in the hierarchy in the year ended December 31, 2013 (2012: nil).

Risks

Commodity price risk – non-trading

The value of the Corporation's crude oil inventory, including oil inventory purchased as base stock for drilling fluids, is impacted by the commodity price of crude oil. Crude oil prices have historically fluctuated widely and are affected by numerous factors outside of the Corporation's control. Crude oil prices are primarily based on West Texas Intermediate ("WTI") plus or minus a differential to WTI based on the crude oil type and other contributing market conditions. As part of normal operating activities, the Corporation is required to hold a certain amount of inventory in any given month. In addition, changes in the prices of crude oil and natural gas can impact overall drilling activity and demand for the Corporation's products and services. In the DS division, the Corporation purchases various minerals, chemicals, and oil-based products and is directly exposed to changes in the prices of these items. The Corporation has elected not to actively manage commodity price risk associated with crude oil and drilling fluids inventory at this time as the exposure to these fluctuations is not considered significant.

Commodity price risk – trading

The Corporation is exposed to commodity price risk on its contracts. The physical trading activities related to the contracts exposes the Corporation to the risk of profit or loss depending on a variety of factors including: changes in the prices of commodities; foreign exchange rates; changes in value of different qualities of a commodity; changes in the relationships between commodity prices and the contracts; physical loss of product through operational activities; disagreements over terms of deals and/or contracts; and pipeline apportionment. These risks are mitigated by the fact that the Corporation only trades physical volumes, the volumes are traded over a short period, and the Corporation does not currently participate in the long term storage of the commodities. The oil and gas producer forecasts or nominates crude oil volumes expected to be delivered to the Corporation's facilities in advance of the production month as part of normal oil and gas operations. As part of the Corporation's processing, and facility operations, Secure will use net buy and net sell crude oil contracts for marketing and trading of crude oil.

19. FINANCIAL INSTRUMENTS (continued)

In addition, the Corporation has developed detailed policies, procedures and controls over the trading activities, which include oversight by experienced management.

The Corporation defines an "open position" as the difference between physical deliveries of all net buy crude oil contracts offset against physical delivery of all net sell crude oil contracts. The open position is subject to commodity price risk. As a result, the Corporation's strategy is to reduce all open positions for any given month. The Corporation does hold open positions however, these positions are closed within a relatively short period after the production month and therefore the overall exposure to the Corporation is significantly reduced. The Corporation's risk policy allows a maximum aggregate open position of 155,000 barrels of crude oil into a subsequent period, the exposure to the Corporation on a 10% increase or decrease in the price of crude oil per barrel would be an increase or decrease in revenue of approximately $1.4 million, respectively.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty fails to meets its contractual obligations. The Corporation provides credit to its customers in the normal course of operations. This includes credit risk on trading activities as the Corporation is at risk for potential losses if the counterparties do not fulfill their contractual obligations. In order to mitigate collection risk, the Corporation assesses the credit worthiness of customers or counterparties by assessing the financial strength of the customers or counterparties through a formal credit process and by routinely monitoring credit risk exposures. In addition, the Corporation uses standard agreements that allow for the netting of exposures associated with a single counterparty. Where the Corporation has a legally enforceable right to offset, the amounts are recorded on a net basis.

A substantial portion of the Corporation's accounts receivable are with customers or counterparties involved in the oil and natural gas industry, whose revenues may be affected by fluctuations in oil and natural gas prices. Collection of these receivables could be influenced by economic factors affecting this industry. The carrying value of trade accounts receivable reflects management's assessment of the associated risks.

The following is a schedule of the Corporation's trade accounts receivable:

($000's)	Dec 31, 2013	Dec 31, 2012
Less than 30 days	69,674	68,787
31 to 60 days	34,599	10,936
61 to 90 days	12,063	2,649
Greater than 90 days	4,599	2,130
	120,935	84,502
Allowance for doubtful accounts	489	315

The balance of $69.7 million under 30 days includes crude oil contracts settled as part of the trading activities for December 2013. Of the $69.7 million, 20% of the receivable balance less than 30 days is due from twelve counter parties. The entire amount due from the twelve counterparties relate to crude oil payments, which as part of industry practice, are settled within 30 days of the production month.

19. FINANCIAL INSTRUMENTS (continued)

These specific counterparties are approved by the Corporation's risk management committee in accordance with the Corporation's credit policy relating to crude oil payments. The Corporation's credit exposure to any crude oil contracts settled is limited to transactions occurring over a 60 day period. Of the receivables relating to crude oil payments, approximately 85% of the counter parties have a credit rating of B or higher.

Included within accrued receivable is $1.9 million of accrued insurance proceeds relating to the Drayton Valley spill that occurred during the year ended December 31, 2013. The Corporation considers reimbursement of this amount virtually certain.

The change in the allowance for doubtful accounts is as follows:

($000's)	Dec 31, 2013	Dec 31, 2012
Balance - beginning of year	315	374
Additional allowance	224	386
Amounts used	(58)	(442)
Foreign exchange effect	8	(3)
Balance - end of year	489	315

When determining whether amounts that are past due are collectable, management assesses the credit worthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Corporation considers all amounts greater than 90 days to be past due. As at December 31, 2013, $4.6 million (2012: $2.1 million) of accounts receivable are past due and a provision of $0.5 million (2012: $0.3 million) has been established as an allowance for doubtful accounts. All other amounts past due are considered to be collectable.

The Corporation is also exposed to credit risk with respect to its cash. However, the risk is minimized as cash is held at major financial institutions.

Maximum credit risk is calculated as the total recorded value of cash, and accounts receivable and accrued receivables as at the date of the consolidated statement of financial position.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. The Corporation is exposed to interest rate risk as it has borrowed funds at variable interest rates on its credit facility. A 1% increase or decrease is used when management assesses changes in interest rate risk internally. If interest rates had been 1% higher/lower, and all other variables were held constant, the Corporation's consolidated earnings before income taxes for the year would be approximately $1.6 million lower/higher for the year ended December 31, 2013.

The Corporation currently does not use interest rate hedges or fixed interest rate contracts to mitigate the Corporation's exposure to interest rate fluctuations.

19. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of its liquidity reflects estimates, assumptions and judgments relating to current market conditions. As at December 31, 2013, the Corporation has $12.0 million in cash and $220.3 million of available room on its revolving credit facility (Note 13). The timing of cash outflows relating to financial liabilities, including estimated interest payments, are outlined in the table below:

($000's)	Due within 1 year	Between 1-3 years	Between 4-5 years	Greater than 5 years
Accounts payable and accrued liabilities	120,145	-	-	-
Current income tax liability	5,277	-	-	-
Financing and operating lease obligations	12,359	16,547	1,739	1,638
Long term borrowings	5,549	169,286	-	-
	143,330	**185,833**	**1,739**	**1,638**

For the foreseeable future, the Corporation anticipates that cash flows from operations, working capital, and other sources of financing will be sufficient to meet its debt repayments and obligations and will provide sufficient funding for anticipated capital expenditures.

Foreign currency risk

Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Corporation's foreign currency risk arises from its purchase and sale of crude oil, working capital balances denominated in foreign currencies and on the translation of its foreign operations. Foreign currency risk on the purchase and sale of crude oil is mitigated as the majority of the activities occur in the same period, therefore foreign currency risk exposure is limited to crude oil held in inventory. The Corporation also has foreign currency risk arising from the translation of amounts receivable from and payable to its foreign subsidiary. The amounts are considered to form part of the net investment and are therefore recognized in the foreign currency translation reserve. The Corporation manages and mitigates foreign currency risk by monitoring exchange rate trends and forecasted economic conditions. The Corporation does not maintain an active hedge program to mitigate the risks associated with its foreign operations as the exposure is limited and insignificant at this time given the revenue generated from foreign operations is approximately 3% of total revenue. A 1% increase or decrease in foreign exchange rates would result in a $0.1 million decrease or increase in the Corporation's consolidated earnings before income taxes for the year ended December 31, 2013.

20. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of the following:

($000's)	Dec 31, 2013	Dec 31, 2012
Current assets	236,309	179,127
Current liabilities	(134,478)	(110,610)
Long term borrowings	160,500	123,500
Shareholders' equity	664,334	478,399
	926,665	670,416

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 and increased cash flow so as to sustain future development of the business and to maintain creditor and shareholder confidence. Management considers capital to be the Corporation's current assets less current liabilities, total debt facilities and shareholders' equity as the components of capital to be managed.

During the year ended December 31, 2013, the Corporation's Board of Directors approved a monthly dividend to be paid to holders of common shares of the Corporation (Note 15). With the exception of the monthly dividend, the Corporation's overall capital management strategy remains unchanged from 2012. Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures. This includes the Board of Directors, reviewing the Corporation's results on a monthly basis, and capital costs to budget and approved authorizations for expenditures on a quarterly basis. The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized budgets, EBITDA on all of its operations, and return on investment. The Corporation is subject to certain financial covenants in its credit facility. The Corporation is in compliance with all financial covenants.

Management will manage its debt to maintain compliance with the various financial covenants contained within its long term borrowings (Note 13).

21. RELATED PARTY DISCLOSURES

These consolidated financial statements include the Corporation's 50% share of two Full Service Terminals that are jointly controlled operations with Pembina Pipeline Corporation ("Pembina"). Management has determined that the arrangement is a joint operation based on the following assumption:

- the operation is jointly managed by the Corporation and Pembina; and
- the operation is not a separate legal entity.

The Corporation's 50% share of total comprehensive income from jointly controlled operations for the year ended December 31, 2013 is $2.5 million (2012: $4.0 million).

21. RELATED PARTY DISCLOSURES (continued)

Significant transactions

The following table provides the total amount of transactions that have been entered into with related parties:

(000's)		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Related parties	December 31, 2013	669	1,293	50	2
	December 31, 2012	11,448	1,520	2,444	596

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are in the normal course of business and are at terms agreed to by the related parties. Related parties include companies that have common directors, officers, employees and shareholders. The nature of the expenses relate to operating and general and administrative expenses for use in the Corporation's activities. Amounts are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2013, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (2012: Nil). This assessment is undertaken each financial reporting period through examining the financial position of the related party and the market in which the related party operates.

Entity with significant influence over the Corporation

The shares of the Corporation are widely held. No entity has significant influence over the Corporation.

Transactions with key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel of the Corporation include its executive officers and the board of directors. In addition to the salaries and short-term benefits paid to the executive officers and directors fees paid to the directors, the Corporation also provides compensation under the Corporation's ESOP (Note 16) to its executive officers. In addition, the Corporation provides compensation to both its executive officers and directors under its share-based payment plans (Note 16).

The compensation related to key management personnel is as follows:

($000's)	Dec 31, 2013	Dec 31, 2012
Salaries and short-term employee benefits	3,821	2,961
Share-based payments	1,958	681
	5,779	3,642

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Operating lease commitments

The Corporation has entered into operating land lease agreements at the Corporation's facilities. In addition, the Corporation has entered into operating leases for office and warehouse spaces. The leases require future minimum lease payments as follows:

($000's)	Dec 31, 2013	Dec 31, 2012
Within one year	5,984	2,693
After one year but not more than five years	8,617	6,926
More than five years	1,238	888
	15,839	10,507

Finance lease commitments

The Corporation has entered into finance lease agreements for computer equipment, vehicles, and mobile equipment. The leases require future minimum lease payments as follows:

($000's)	Dec 31, 2013	Dec 31, 2012
Within one year	6,249	4,114
After one year but not more than five years	9,368	4,158
More than five years	-	-
	15,617	8,272

The average lease term is three years (2012: three years). The Corporation's obligations under finance leases are secured by the related assets. Interest rates underlying finance lease obligations are fixed at respective contract dates ranging from 0.0% to 16.7% (2012: 0.0% to 16.7%) per annum.

Earn out commitment

Pursuant to the Imperial Drilling Fluids Engineering Inc. ("IDF") acquisition, the Corporation is obligated to pay additional consideration consisting of a series of three annual earn out payments beginning in September 2013 to certain selling shareholders or employees, based on the achievement of a certain gross margin percentage. The remaining potential annual earn out payments range from US$0.9 million to US$2.7 million for total earn out payments over the remaining two year period ranging from US$1.8 million to US$5.4 million and will be recorded in operating expenses on the consolidated statements of comprehensive income. The estimated future payments are as follows:

($000's)	Dec 31, 2013	Dec 31, 2012
Within one year	2,274	2,210
After one year but not more than five years	1,709	4,371
More than five years	-	-
	3,983	6,581

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

Capital commitments

As at December 31, 2013, the Corporation had committed $12.7 million (2012: $25.6 million) relating to various capital purchases for use in the Corporation's current and future capital projects. All amounts are current and due within one year.

Commodity contract purchase commitments

In the normal course of operations, the Corporation is committed to volumes of commodities for use in the Corporation's crude oil marketing activities.

In addition, the Corporation is committed over the next 12 months to purchasing oil and non-oil commodities for use in the normal course of operations of the DS and PRD division.

Fixed price contracts

In the normal course of operations, the Corporation enters into contracts that contain fixed selling prices within its OS division and therefore the Corporation is exposed to variability in input costs.

Litigation

On December 21, 2007, Tervita Corporation (formerly known as CCS Inc.) ("Tervita") filed a statement of claim commencing Action No. 0701-13328 (the "Tervita Action") in the Judicial District of Calgary of the Court of Queen's Bench of Alberta (the "Court") against the Corporation, certain of the Corporation's employees who were previously employed by Tervita (collectively, the "Secure Defendants") and others in which Tervita alleges that the defendants misappropriated business opportunities, misused confidential information, breached fiduciary duties owed to Tervita, and conspired with one another. Tervita seeks damages in the amount of $110.0 million, an accounting and disgorgement of all profits earned by the Corporation since its incorporation and other associated relief. The matters raised in the lawsuit are considered by the Corporation to be unfounded and unproven allegations that will be vigorously defended, although no assurances can be given with respect to the outcome of such proceedings. The Corporation believes it has valid defences to this claim and accordingly has not recorded any related liability.

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

A statement of defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, the Corporation claims damages in the amount of $37.9 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the *Competition Act* (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. As a result of the Corporations application to the Chief Justice of the Alberta Queen's Bench, the Corporation has received permission of the Court to increase the Counterclaim to $97.8 million. The amended counterclaim will now include damages related to Tervita's acquisition of Complete Environmental Inc, the previous owner of the Babkirk landfill in northeast British Columbia. The Corporation contends that Tervita purchased the landfill with the intention of maintaining its geographic monopoly and conspiring to cause injury to the Corporation. On February 25, 2013, the Federal Court of Appeal released its decision upholding the Competition Tribunals Order requiring that Tervita divest the Babkirk landfill site following its acquisition of Complete Environmental.

The Corporation is a defendant and plaintiff in legal actions that arise in the normal course of business. The Corporation believes that any liabilities that might arise pertaining to such matters would not have a material effect on its consolidated financial position.

Guarantees

The Corporation indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Corporation, and maintains liability insurance for its directors and officers. The Corporation may also provide indemnifications in the normal course of business that are often standard contractual terms to counterparties in certain transactions.

Letters of Credit

As at December 31, 2013, the Corporation has approximately $19.2 million in letters of credit issued by the Corporation's bankers (2012: $19.6 million). All letters of credit are not cash secured and have been deducted from the Corporation's available long term borrowings (Note 13). The letters of credit relate to security for the Corporation's facilities and are held with provincial regulatory bodies (Note 14) and under certain crude oil marketing contracts.

23. OPERATING SEGMENTS

On April 1, 2013, the Corporation reorganized its reporting structure into four reportable segments. The reportable segments were reorganized to reflect the Corporation's creation of a new On Site division, to reflect the Corporation's value chain and anticipated growth opportunities. For management purposes, the Corporation is organized into divisions based on their products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment. The Corporation has restated its previously reported segment information for the comparative periods presented.

The Corporation has three reportable operating segments as follows:

- PRD division provides services relating to clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal and oil purchase/resale service;
- DS division provides services relating to drilling fluids and supplying drilling equipment;
- OS division provides services that include the full life cycle of pipeline and facility operations, waste management and environmental sciences, asset management and recovery, civil, remediation and reclamation earthworks, and integrated water solution services; and
- The Corporate division does not represent an operating segment and is included for informational purposes only. Corporate division expenses consist of public company costs, as well as salaries, share-based compensation, interest and finance costs and office and administrative costs relating to corporate employees.

23. OPERATING SEGMENTS (continued)

($000's)	PRD division	DS division	OS division	Corporate	Total
	Year ended December 31, 2013				
Revenue	1,129,936	308,160	54,444	-	1,492,540
Operating expenses	(1,063,585)	(248,162)	(48,172)	(1,011)	(1,360,930)
General and administrative	(23,247)	(23,549)	(5,784)	(7,792)	(60,372)
Business development	-	-	-	(9,482)	(9,482)
Depreciation, depletion and amortization	(44,607)	(17,762)	(4,020)	(956)	(67,345)
Interest, accretion and finance costs	(739)	-	-	(6,694)	(7,433)
Other income	862	-	-	-	862
Earnings (loss) before income taxes	43,227	36,449	488	(24,979)	55,185

($000's)	PRD division	DS division	OS division	Corporate	Total
	Year ended December 31, 2012				
Revenue	763,081	242,812	23,547	-	1,029,440
Operating expenses	(714,963)	(197,493)	(16,076)	(516)	(929,048)
General and administrative	(12,392)	(23,011)	(3,857)	(5,258)	(44,518)
Business development	-	-	-	(3,916)	(3,916)
Depreciation, depletion and amortization	(29,114)	(12,308)	(346)	(515)	(42,283)
Interest, accretion and finance costs	(364)	-	-	(5,401)	(5,765)
Earnings (loss) before income taxes	35,361	22,308	3,614	(15,090)	46,193

	PRD division	DS division	OS division	Corporate	Total
	As at Decmeber 31, 2013				
Current assets	74,556	140,841	20,912	-	236,309
Total assets	606,907	380,807	45,379	6,632	1,039,725
Goodwill	12,805	85,205	3,914	-	101,924
Intangible assets	8,420	64,516	6,786	-	79,722
Property, plant and equipment and assets under construction	511,209	90,244	13,685	6,632	621,770
Current liabilities	84,813	41,335	8,330	-	134,478
Total liabilities	139,125	63,630	12,705	159,931	375,391
	As at December 31, 2012				
Current assets	59,258	110,878	8,991	-	179,127
Total assets	443,621	305,705	14,851	3,734	767,911
Goodwill	11,984	80,532	-	-	92,516
Intangible assets	10,484	69,179	-	-	79,663
Property, plant and equipment and assets under	362,254	45,116	5,501	3,734	416,605
Current liabilities	75,445	33,749	1,416	-	110,610
Total liabilities	113,844	52,488	370	122,810	289,512

Geographical Financial Information

	Canada		USA		Total	
($000's)	2013	2012	2013	2012	2013	2012
Year ended December 31						
Revenue	1,442,281	986,801	50,259	42,639	1,492,540	1,029,440
As at December 31						
Total non-current assets	686,536	517,892	116,880	70,892	803,416	588,784

24. SUBSEQUENT EVENTS

Subsequent to year end, Secure executed two strategic acquisitions for an aggregate purchase price of approximately $28.7 million, paid in cash and shares of the Corporation. These acquisitions fall into the OS division with assets that will grow the Corporation's integrated water solutions and establish an onsite market presence in the US. This is a continuation of the Corporation's strategy to add complementary services along the energy services value chain.

In January of 2014, Secure entered into a purchase agreement for a mineral products plant in Alberta for total consideration of $12.0 million. The mineral product plant mainly processes barite which is a product used in drilling fluids. The mineral product plant allows Secure to vertically integrate the operations into the DS division to reduce operating costs, improve margins, and improve supply logistics and quality. The transaction is pending and is anticipated to close in April of 2014.

Corporate Information

DIRECTORS

Rene Amirault - Chairman
Brad Munro [1] [2] [3]
David Johnson [2] [3] [4]
George Wadsworth [4]
Kevin Nugent [1] [3]
Murray Cobbe [1] [2]
Shaun Paterson [1] [4]

OFFICERS

Rene Amirault
President and Chief Executive Officer

Allen Gransch
Executive Vice President & Chief Financial Officer

Brian McGurk
Executive Vice President, Human Resources & Strategy

Dan Steinke
Executive Vice President, Operations, PRD

David Mattinson
Executive Vice President, On Site Services

George Wadsworth
Executive Vice President, Drilling Services & USA Operations

Nick Wieler
Executive Vice President, Crude Oil Marketing & Information Systems

[1] Audit Committee
[2] Compensation Committee
[3] Corporate Governance Committee
[4] Health, Safety & Environment Committee

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

MNP LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

BANKERS

Alberta Treasury Branches

TRANSFER AGENT AND REGISTRAR

Olympia Trust Company
Calgary, Alberta