SECURE
energy services

Table of contents

Corporate Profile **1**

Processing, Recovery and Disposal **4**

Drilling Services **6**

OnSite Services **8**

Message to shareholders **12**

Management discussion and analysis **16**

Financial Statements **64**

CORPORATE PROFILE

SECURE Energy Services ("SECURE") is a leading North American energy services company providing safe and environmentally responsible fluids and solids solutions to upstream oil and natural gas companies operating in the Western Canadian Sedimentary Basin, North Dakota and Colorado.

With a focus on environmental and midstream services in underserviced and capacity constrained markets, SECURE is constantly striving to find innovative, efficient and environmentally responsible ways to help producers. The Corporation's strategy is focused on a combination of acquisitions that exploit the full value chain in the energy services market and organic growth through the design, construction and expansion of facilities.

Strategic acquisitions executed in 2014, along with the organic growth accomplished throughout the year, resulted in continued evolution and expansion of SECURE's integrated suite of services.

SECURE's head office is located in Calgary, Alberta.

NOTICE OF ANNUAL MEETING:
SECURE Energy Services Inc. ("SECURE" or the "Corporation") is pleased to invite its shareholders and other interested parties to the Corporation's Annual General Meeting which will be held at the Sheraton Eau Claire, 255 Barclay Parade SW, Calgary, AB T2P 5C2, on **Friday, May 8th, 2015** at **3:00 p.m.**

YK
NWT
Fort Liard
Fort Nelson
BC
Fort St. John
Dawson Creek
AB
SK
MB
Fort McMurray
Grande Prairie
Edmonton
Lloydminster
Calgary
Virden
Williston
ND
Denver
CO

3 DIVISIONS
90 SERVICES

PROCESSING, RECOVERY AND DISPOSAL

PRD

Several by-products and wastes are generated by oil and gas producers throughout the full cycle of oil and gas exploration, production and final reclamation. These fluid and solid by-products require innovative, efficient and environmentally responsible solutions in order to mitigate any potential negative impacts to the environment. SECURE designs, builds and operates its facilities with the environment and public health and safety in mind. SECURE applies best-in-class engineering and operations practices in developing PRD facilities, to ensure hydrocarbon recovery is maximized while waste volumes and overall environmental impact is minimized. The PRD division also provides services to help oil and gas producers deliver crude oil to market and manage associated by-products. SECURE operates four types of facilities; Full Service Terminals ("FST"), Stand Alone Water Disposal ("SWD"), Class I & II landfills, and Rail Transloading Facilities. The PRD division has grown to now operate 35 facilities in North America. This includes six facilities in North Dakota and the conversion of three SWD's to FST's completed in 2014.

FLUID DISPOSAL FACILITIES

SWD's and FST's are connected to deep disposal wells for injection of produced and waste water from new well completions and producing oil wells. The disposal well delivers fluids into a zone between impermeable layers of rock. SECURE's FST's are designed to be a one-stop fluids and solids solution for crude oil and oilfield by-products. These facilities are also specially equipped to treat off-spec crude oil that does not meet pipeline specifications. The treatment process separates produced water from oil in order to send the crude oil to market and safely dispose of the residual water. Currently, seven of the Corporation's twelve FST's are connected to an oil pipeline. These terminals also act as pipeline access points for producers with clean oil that does not need treatment prior to being shipped via pipeline. FST's are also equipped to process slurries through an advanced separation process. Slurries are any form of liquid with a solids content inseparable through basic filtration. After separation, the solid waste is sent to a SECURE landfill. Residual fluids are treated to recover any crude oil content before disposal through deep well injection.

OILFIELD LANDFILL

Disposal of solid waste from oil and gas operations is highly regulated. These wastes are produced from drilling operations through to final site clean-up, and are typically contaminated with chlorides/hydrocarbons. The Corporation's PRD division currently operates five Class II landfills and one combined Class I & II landfill. A Class II Oilfield landfill provides disposal of contaminated soil associated with oil and natural gas drilling, production and reclamation activities. Class II landfills also dispose of solids that have been separated from liquid waste delivered to SECURE's FST facilities. The Class I landfill is licensed to dispose of hazardous industrial solids and oilfield by-products. Class I landfill cells are constructed to a higher standard and have additional monitoring requirements. All PRD facilities are long-lived assets designed to maximize the recovery of hydrocarbons and minimize the volume of waste requiring disposal.

RAIL TRANSLOADING FACILITIES

SECURE's transloading facilities transport crude products via rail to end users on behalf of Canadian oil producers. With pipelines running at full capacity, our rail services provide an alternative solution to producers who are looking to get their product to market in a timely and safe manner.

SECURE operates rail facilities in High Prairie, Mannville, Alliance and Rycroft.

These facilities provide oil and gas producers with two methods to get their crude to market. Crude can be aggregated with multiple supplies through a rail terminal and marketed through a single-sale transaction or producers can market their own barrels by utilizing our transloading services, which carry crude-by-rail to virtually all North American markets. Each method provides added flexibility and additional pricing options for our customers.

DS

The Drilling Services division ("DS") provides drilling and completion fluids and fluids/solids equipment. The DS division is committed to providing innovative products and services to enhance the performance and productivity of drilling operations. Oil and gas drilling requires technologically advanced fluids to ensure the integrity of the borehole, remove cuttings, control wellbore pressure and maximize efficiency of the process. The fluids and solids equipment services provided by the DS division maximizes the useful life of drilling fluids and provides safeguards for environmental compliance. Both components work in synergy to ensure oil and gas producers have the best chance of success in an increasingly cost competitive and environmentally stringent industry.

The DS division also operates a 6,000 sq. ft. state-of-the art laboratory that is staffed by an experienced team of PHD chemists. This facility assists customers with technical challenges through simulations and testing, development of new products, and education sessions.

The DS division operates throughout the WCSB and in the Rocky Mountain States of the USA, which includes North Dakota, Colorado and Wyoming.

DRILLING & COMPLETION FLUIDS

The DS division provides innovative products and drilling and completion fluid systems that are designed for increasingly complex wells. These can be medium to deep wells, horizontal wells and SAGD wells drilled into the oil sands. These services are provided in the WCSB and the United States. The drilling fluid systems are designed to be adaptable to a wide range of complex and varied drilling and completion scenarios. These customized solutions, along with the technical expertise and experience of the DS division, help clients meet operational objectives while maintaining environmental compliance.

All wells drilled, whether gas, oil, bitumen, carbon dioxide injection and/or disposal wells require the use of drilling fluids. Drilling fluids encompass the functions of cleaning debris out of the hole, stabilizing and sometimes strengthening the formation drilled, controlling subsurface pressures, and preventing accretion. All of the above enhance drilling rates and protect potential production zones while conserving the environment in the surrounding surface and subsurface areas.

The drilling and completion fluids service line comprises the majority of revenue for the DS division.

FLUIDS AND SOLIDS EQUIPMENT

The fluids and solids equipment service line provides equipment to support drilling operations in both the WCSB and the United States. Solids control equipment removes unwanted solid particles from used drilling fluid preventing drilling problems, and reducing fluid and waste costs. This equipment includes high speed centrifuges, drying shakers, bead recovery units, dual containment horizontal fluid storage tanks (Target Tank™) and ancillary equipment to support the drilling process. The equipment is offered as a standalone package or part of an integrated package with drilling fluids and OS Services.

DRILLING SERVICES

ONSITE SERVICES

OS

The OnSite Services division ("OS") provides fully integrated services supporting the energy, resource, pipeline and civil construction industries throughout the WCSB. OS offers an integrated services approach to resolving pipeline and environmental challenges, with a full spectrum of services spanning from pipeline integrity, to remediation and reclamation, NORM management (Naturally Occurring Radioactive Material), integrated fluid solutions, and demolition and decommissioning.

PIPELINE INTEGRITY

Pipeline integrity management is a critical service to the oil and gas industry. The OS division's all-encompassing management system helps mitigate risk and prevent pipeline failures by ensuring the Corporations clients' assets are fulfilling their delivery obligations and operating efficiently. The OS division's pipeline integrity services include pipeline integrity digs, maintenance, new construction HDD programs, HSE, geotechnical evaluation, abandonment and decommissioning services. Using a proactive approach, OS division helps prevent pipeline failures to mitigate risks that could affect the public and environment.

Integrity of the pipeline can be threatened if there is corrosion, imperfections, dents, cracks or wall thinning. Using inspection tools, these internal and external changes are detected and then repaired or replaced. Repair and replacement services include cut-outs, sleeve installation, sleeve repairs and pipeline lowering. SECURE understands the potential risks with these tasks and has procedures identified to minimize the risk to employee safety and the environment. Integrity excavation solutions help clients to safely excavate and inspect areas of potential concern along their pipelines.

WATERCOURSE CROSSING

Extensive watercourse crossing services are implemented to inspect or repair pipelines and perform remedial activity. This involves installation of aqua dams, sandbag berms and high flow pumps for stream flow diversion. These services include:

- *Watercourse remediation and reclamation*
- *Watercourse crossing pipeline repair and replacement*
- *Stream flow diversion and spill response*
- *Aqua dams*
- *Sheet piling*
- *Sandbag berms*
- *Coffer dam construction*
- *Erosion and sediment control*
- *Engineered armour design and construction*

The Corporation adheres to strict environmental principles when working around water bodies, and coordinates closely with the environmental and regulatory consultants on site to minimize impacts on plants and wildlife. As part of project completion, reclamation work is performed to return any disturbed areas to their natural state. The OS division also installs erosion and sediment control measures.

DEMOLITION & DECOMMISSIONING

When a company's assets reach the end of their useful life, a safe, cost effective method to remove these assets is required. The OS division provides the specialized equipment necessary for the project to be completed safely. The OS division provides a complete decommissioning service from hazardous materials removal, through to facility demolition and asset recovery and recycling. OS works to maximize asset values and returns through re-sale, re-use or recycling methods. Decommissioning industrial facilities often presents a number of different challenges; from hazardous waste management and disposal to pond removal and remediation. The OS division has extensive experience in decommissioning gas plants, compressor stations, pipelines and facilities and provides the specialized equipment necessary for these projects to be completed safely.

REMEDIATION & RECLAMATION

Remediation and reclamation services assist clients in the removal and cleanup of contaminants from soil, groundwater and sediment for the protection and betterment of the public and the environment. These services include:

- *Soil excavation, treatment, transportation and disposal*
- *Flare pit, well site and pipeline integrity remediation*
- *Groundwater control and treatment*
- *Soil/sludge stabilization and solidification*
- *Soil/gravel screening and material segregation*
- *Waste water reduction and diversion*
- *Above/underground storage tank remediation*
- *Pond remediation*

ENVIRONMENTAL CONSTRUCTION

OS has the capability to complete all aspects of environmental construction from landfill construction, leachate collection system installation, pond construction, liner installation and bentonite slurry wall construction. OS provides long-term solutions for groundwater control and groundwater remediation problems for clients by constructing bentonite slurry cutoff walls. Slurry walls are advantageous because they achieve higher production rates as specialized, long reach excavators are used to reach greater depths. Working closely with engineering and consulting firms in the design specification required for slurry walls, OS is able to seamlessly execute its client's project requirements.

ENVIRONMENTAL SERVICES

The OS environmental service line provides the following services to oil and gas producers active in the WCSB:

- *Environmental planning*
- *Drilling waste management*
- *Remediation and reclamation assessments and monitoring*

The environmental service line determines the appropriate processes for handling, recycling or disposing of drilling wastes and by-products. Reclamation services are also offered to assess and consult on the appropriate and cost effective methods for reclaiming land back to its original pre-drilling state. Environmental planning helps SECURE's clients reach regulatory compliance, mitigate environmental concerns, and achieve corporate responsibility goals prior to development.

INTEGRATED FLUID SOLUTIONS

SECURE's Integrated Fluid Solutions provide customers with full-cycle water management services from sourcing of water and fluid resources to transportation and storage of fluids for hydraulic fracturing, to water recycling and disposal.

Services include identification of potential water sources, management of TDL applications, regulatory reporting, pumping and water logistics solutions, temporary high-volume frac fluid ponds, and custom designed and constructed fluid storage pits.

CONTAINER SERVICES

Container services provide engineered waste containers and waste management, offering bins to collect and store contaminated soils, rags and filters. These bins provide a safe and responsible solution for storing contaminated matter on site, before transportation to the landfill where the waste is treated and disposed. The container services team manages the bins to ensure they are maintained and picked up for disposal when they are nearly full.

NORM MANAGEMENT

In many geographic areas, the oil and gas industry is challenged with the existence of Naturally Occurring Radioactive Material (NORM) which may include spills, impacted equipment and materials, water treatment, residuals and waste. SECURE's full line of services for managing NORM include site assessments, remediation, waste collection and disposal, and NORM safety training and consulting.

The company has current radioactive materials license in multiple states and our radiation safety officers have many years of environmental experience. As subject matter experts, SECURE is actively involved with provincial and state agencies in helping shape regulatory guidance while consulting with clients internationally.

ONSITE SERVICES

MESSAGE TO SHAREHOLDERS

On behalf of the Board of Directors of SECURE Energy Services Inc., I am pleased to report on the Corporation's 2014 financial and operating results. 2014 was another exceptional year for SECURE. We achieved significant growth as all three of our operating divisions continued to work together in supporting the needs of our customers through all stages of the energy life cycle. We set record operating and financial results each quarter and realized a 54% increase in adjusted EBITDA and a 38% increase in adjusted EBITDA per share compared to 2013. We grew our service lines and geographic footprint, invested in new technologies, and consolidated all our operating entities under the SECURE brand name. The execution of our strategy and the achievement of these results has positioned us well for future challenges and growth opportunities.

FINANCIAL STRENGTH

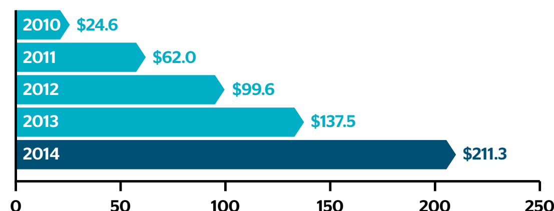
Our strong performance in 2014 was the result of delivering operational success. During the year we focused on our core business strategies and completed the largest capital program in the company's history. We built midstream infrastructure in key under serviced markets and expanded complementary and recycling services at existing facilities. These investments expanded our service capability and geographic coverage, thereby improving service offerings to our customers and increasing shareholder value.

Overall, the operational success, organic growth and new acquisitions contributed to consolidated revenue of $794.6 million (excluding oil purchase/resale) and adjusted EBITDA of $211.3 million which were at all-time highs increasing 47% and 54% respectively over 2013.

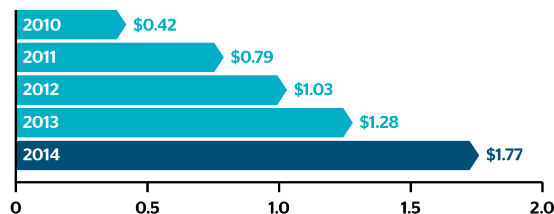
Given these results, and the company's ability to continue to build on the fundamentals of its business strategy, SECURE was pleased to provide further returns to its shareholders via two separate increases to its monthly dividend in 2014 - a 33% increase to $0.20 per share annually in April and a 20% increase to $0.24 per share annually in November, effective January 1, 2015.

To achieve continued successful growth the Corporation must maintain a solid financial position. The Corporation strengthened its financial position in 2014 by finalizing an amendment to its syndicated credit facility, increasing the credit available from $400 million to $700 million, with an additional $100 million accordion feature. The Corporation ended the year with a trailing twelve month debt to EBITDA ratio of 2.04 and $279.1 million available under its credit facility. The corporation is well positioned to execute its capital program and to take advantage of acquisition opportunities that complement our existing service offerings in 2015.

Adjusted EBITDA ($ millions)



Adjusted EBITDA per share ($)



DIVERSIFIED SERVICES UNDER ONE BRAND

Throughout 2015, SECURE continued to diversify into new service lines and geographic areas and maintained its ability to support our customers through all stages of the energy life cycle – from drilling and completions to production and final abandonment.

We also completed an initiative in 2014 to consolidate all of the company's operating entities and service lines under the SECURE brand name. This strengthens the company's overall competitive position, drives collaboration across our divisions, and eliminates the costs associated with operating under multiple entities and brands. It better positions the company to combine multiple services together as a single SECURE solution for our customers while making it easier for them to do business with us. This brand consolidation was essential for delivering on our promise to customers: To be a trusted partner that can help them throughout the energy life cycle.

At the end of 2014, SECURE was operating 35 facilities in the PRD division compared to 26 last year with another three (Rycroft FSR, Tulliby Lake FST and 13 Mile FST conversion) that were commissioned and operational in early 2015. The added facilities expanded SECURE's service area in response to customer demand. SECURE is also excited about integration of its first full service rail facility, which will continue to expand our suite of services to meet the evolving needs of our customers.

Additionally, SECURE closed the strategic acquisition of Predator in August 2014. The acquisition added three rail transloading terminals and 275 rail cars that established SECURE's rail transloading infrastructure, enabling the company to offer our customers enhanced market access during times of pipelines constraints.

The DS division was successful in maintaining its Canadian market share and increasing its revenue per operating day. The DS division expanded its service offerings by acquiring $7.3 million of fluids and solids equipment in Canada and the United States during the year. DS continued its commitment to research, development and testing of innovative new drilling fluid products and opened a state of the art laboratory in 2014. The lab created an ideal space for research and development, troubleshooting, customer demonstrations and product development. In addition to R&D, it also provides support for all field operations, including on-site field support.

The OS division was created in the second quarter of 2013 and achieved significant growth in 2014. SECURE is excited by the growth opportunities in this division and the expanded service opportunities it will create to provide further value to our customers in 2015 and beyond. The OS division contributed its first full year of EBITDA in 2014 since being integrated into the company in Q2 2013. We completed four acquisitions in this division in 2014, which will grow the integrated fluids solutions service line, establish an onsite presence in the US and expand the service area of the division.

The company is well positioned to support our customers through all stages of the energy life cycle

SAFE OPERATIONS

Safety comes first at SECURE and we are committed to building a culture of safety within the organization with a focus on proactive measurement of leading indicators. In 2014 SECURE further built upon our industry leading safety program by advancing and measuring proactive efforts as part of our Divisional goals and objectives for the year. As a result, we exceeded our goal of increasing the overall quality and quantity of proactive efforts by 10% during the year.

In addition, the Corporation successfully completed the Certification of Recognition Program (COR) audit process in 2014, which aims to ensure that health and safety related programs are implemented, effective, accessible and focused on continued improvement. This improvement was clearly demonstrated by the PRD Division achieving 91% through a third party auditor in the recertification year of their COR. Our OS Division was again nominated for the Shell Four Pillars award and had an individual awarded the "Goalie of the Month" award from Shell Global for the 11th time as a company. No other Shell contractor has received this award, for individual workers, more than SECURE's OS Division.

Consolidation of our Corporate Health and Safety program continued in 2014. An overarching program was developed and will be the basis for all Divisional and functional safety programs for existing Divisions and new acquisitions.

At the beginning of 2014 we also reviewed our HSE Strategic Plan and completed three key initiatives including a Corporate HSE Tracking System, a review of our Corporate Emergency Response Plan, and a program to reduce Motor Vehicle Incidents.

In 2014 SECURE further built upon our industry leading safety program by advancing and measuring proactive efforts as part of our Divisional goals and objectives for the year.

ENVIRONMENTAL LEADERSHIP

SECURE is in the business of protecting the environment. We provide the solutions our clients need to manage their environmental responsibilities and reduce the environmental impact of their activities. We are passionate about this work, and earn trust with our customers and our communities by exceeding their expectation.

In 2014, we created further improvements in how we provide efficiencies and recover value for our customers. We opened a state of the art lab during the year, which created an ideal space for research and development, troubleshooting, customer demonstrations and product development. We added further specialization in drilling fluids that control well seepage losses, production polymer that enhances oil recovery, and in integrated fluids systems that transfers and stores fluid with less environmental impact.

We commenced testing of a technology that recovers hydrocarbons used in the drilling process, to further increase the amount of oil we recover from waste for our customers. We are also working with industry partners and investing in technology to recycle completions fluids that we receive at our full service terminals.

In 2014, SECURE initiated a collaborative research project with the University of Alberta to protect and enhance the Western Toad population, a sensitive species in Alberta, after discovering that the species inhabited our Fox Creek landfill. The study uncovered foraging, breeding and hibernation patterns that allowed us to protect and enhance the breeding population in the area.

Throughout the year, working on behalf of our customers, we reclaimed over 130 acres of land, safely managed over three million cubic meters of oilfield fluids and solids using our facilities, completed over 200 pipeline integrity digs, inspected 4,000 meters of pipe to proactively prevent spills, and avoided over 2.5 million km's of trucking for our customers through the use of our high-tech pumping and transfer equipment in our Integrated Fluids Systems.

All of SECURE's services and products meet and often exceed the environmental requirements required by Industry and Regulators. As part of our commitment, Secure adheres to the policies and procedures as set out in the Canadian Association of Petroleum Producers' "Environmental Code of Practice" and has adopted this into our Corporate Environmental Policy. We are committed to maintaining the highest standards and are proud of our environmental stewardship record to date.

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PARTNERS IN THE COMMUNITY

Throughout 2014 SECURE continued to enrich the communities where we live and work. The desire to give back is ingrained in the SECURE culture and our contributions take many forms including charitable giving, sponsorships and employee volunteerism. We support a very broad range of causes based on local needs including child/youth education programs, athletic programs/ facilities, Aboriginal programs, community/recreation centres, health care facilities/programs and research, arts and culture events/initiatives, and community events and projects.

In 2014, our volunteer and donation efforts positively enriched approximately 40 communities through locally focused initiatives and we achieved our highest charitable dollars to date, contributing approximately $500,000 to local charities throughout our Canadian and US operations.

We also remain committed to recruiting local talent from our operating areas and supporting local businesses. As we continue to expand our physical footprint throughout Canada and the United States, we look forward to forging new relationships through our many forms of community engagement and support.

The desire to give back is ingrained in the SECURE culture and our contributions take many forms including charitable giving, sponsorships and employee volunteerism.

ACKNOWLEDGEMENTS

SECURE continues to enjoy the success earned through the last seven years of dedication and hard work. SECURE has a motivated and entrepreneurial team with a passion for providing safe and innovative solutions that create value for our customers and shareholders. The shared values of our employees have created the culture that defines who we are today and will lead us to continued success in the future. We would like to thank all shareholders, customers, vendors and other stakeholders who supported the Corporation over the past seven years. Also, thank you to all SECURE employees who continually strive to achieve exceptional results on a daily basis. We are proud of our accomplishments and look forward to the future.

2015 AND BEYOND

2014 was a strong year for SECURE both operationally and financially. The company achieved record cash flow, executed its largest capital program to date, and closed numerous strategic acquisitions while maintaining a strong balance sheet. With that being said, 2014 was also a year that experienced significant volatility in oil prices, resulting from the world's oil supply exceeding demand. As a result, we have seen oil and gas stocks value decline significantly over the past six months. We have also seen producers head into 2015 with conservative budgets due to the uncertainty of when commodity prices will recover. When, and at what price, commodity prices eventually stabilize is difficult to predict. That is why we continue to focus on areas that are within our control – hard work, improving efficiencies, and developing new innovations to help our customers. In 2015 and beyond, SECURE will remain focused on building a long-term sustainable company and we are well positioned to do so. Our three divisions will continue to work together to provide customers with integrated services and new innovative fluids and solids solutions. We continue to be opportunity rich and have the right people in place to execute our business plan. Our ability to focus and deliver in difficult times will continue to build trust with all stakeholders of SECURE and position us for long term growth and success.

R. Amirault

Rene Amirault
President & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

(all tabular amounts are expressed in thousands of CDN dollars, except per share amounts)

Three and Twelve Months ended December 31, 2014 and 2013

The following management discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on March 3, 2015. The discussion and analysis is a review of the financial results of the Corporation based upon accounting principles that are generally accepted in Canada (the issuer's "GAAP"), which includes International Financial Reporting Standards ("IFRS").

The MD&A's focus is primarily a comparison of the financial performance for the three and twelve months ended December 31, 2014 and 2013 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto prepared under IFRS for the years ended December 31, 2014. The MD&A has been prepared as of March 3, 2015. Additional information regarding the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

CORPORATE OVERVIEW

Secure is a TSX publicly traded energy services company that provides safe, innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry. The Corporation owns and operates midstream infrastructure and provides environmental services and innovative products to upstream oil and natural gas companies operating in the Western Canadian Sedimentary Basin ("WCSB") and the Rocky Mountain Region in the United States.

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

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

DRILLING SERVICES DIVISION ("DS")

The DS division provides equipment and chemicals for building, maintaining, processing and recycling of drilling and completion fluids. The drilling fluids service line comprises the majority of the revenue for the division which includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen and natural gas. The DS division focuses on providing products and systems that are designed for more complex wells, such as medium to deep wells, horizontal wells and horizontal wells drilled into the oil sands.

ONSITE SERVICES DIVISION ("OS")

The operations of the OS division include environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions ("IFS") which include water management, recycling, pumping and storage solutions; and projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation); demolition and decommissioning and reclamation and remediation of former wellsites, facilities, commercial and industrial properties.

For a complete description of services provided in the PRD, DS and OS divisions, please refer to the headings "Secure Energy Services Inc.", "Description of Business" in the Corporation's annual information form ("AIF") for the year ended December 31, 2014.

CORPORATE STRATEGY

Secure's goal is to achieve profitable growth while exceeding the expectations of the oil & gas industry by providing safe, innovative, efficient and environmentally responsible fluids and solids solutions. To achieve this goal, the corporate strategy is to:

- Design, construct and expand facilities in key under-serviced and capacity constrained markets;
- Complete strategic acquisitions that exploit the full value chain in the energy services market, providing full cycle 'cradle to grave' solutions;
- Reduce waste, recycle and reuse fluids at Secure facilities;
- Provide cost effective solutions and integrate services across all divisions;
- Deliver exceptional customer service;
- Conduct operations in a safe and environmentally responsible manner; and
- Enhance environmental stewardship for the Corporation's customers.

ANNUAL OPERATIONAL AND FINANCIAL HIGHLIGHTS

Secure's three operating divisions were very active in 2014 resulting in adjusted EBITDA and adjusted EBITDA per share growth of 54% and 38% respectively, for the twelve months ended December 31, 2014. During the year Secure continued to focus on its core business strategies by constructing seven new PRD facilities in key markets, by completing eight strategic acquisitions that enhanced the Corporation's service offering and by providing services that continually exceed customer expectations. In addition to delivering operational excellence, the Corporation increased its credit facility from $400.0 million to $700.0 million adding considerable financial flexibility to manage through periods of low commodity pricing and muted industry activity.

The operating and financial highlights for the twelve month period ending December 31, 2014 can be summarized as follows:

	Twelve Months Ended December 31,		
($000's except share and per share data)	**2014**	**2013**	**2012**
Revenue (excludes oil purchase and resale)	**794,590**	541,947	392,192
Oil purchase and resale	**1,477,061**	950,593	637,248
Total revenue	**2,271,651**	1,492,540	1,029,440
Adjusted EBITDA [(1)]	**211,293**	137,512	99,624
Per share ($), basic	**1.77**	1.28	1.03
Per share ($), diluted	**1.73**	1.24	1.00
Net earnings	**30,651**	38,963	33,052
Per share ($), basic	**0.26**	0.36	0.34
Per share ($), diluted	**0.25**	0.35	0.33
Adjusted Net earnings [(1)]	**60,973**	38,318	33,052
Per share ($), basic	**0.51**	0.36	0.34
Per share ($), diluted	**0.50**	0.35	0.33
Funds from operations [(1)]	**210,531**	140,342	87,796
Per share ($), basic	**1.77**	1.30	0.91
Per share ($), diluted	**1.72**	1.27	0.88
Cash dividends per common share	**0.19**	0.10	nil
Capital Expenditures [(1)]	**400,806**	224,861	201,587
Total assets	**1,496,117**	1,039,725	767,911
Long term borrowings	**397,385**	159,931	122,810
Total long term liabilities	**522,557**	240,913	178,902
Common Shares - end of period	**121,367,451**	116,574,147	104,627,002
Weighted average common shares			
basic	**119,272,994**	107,747,722	96,388,929
diluted	**122,364,419**	110,586,896	99,362,698

[(1)] Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

- REVENUE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 INCREASED 47%
  - PRD division revenue (excluding oil purchase/resale) for the twelve months ended December 31, 2014 increased $91.9 million from the 2013 comparative period. Processing and disposal volumes increased 29% and 66% over the prior year comparative period as higher activity resulted in increased demand for services and the addition of seven new facilities that were completed and commissioned during 2014 that all contributed to the increase. Recovery revenues increased as a result of a 47% increase in throughput at the Corporation's facilities and the ability of the Corporation to capitalize on crude oil marketing opportunities at its pipeline connected FSTs and rail transloading facilities;

- DS division revenue for the twelve months ended December 31, 2014 increased $90.8 million from the 2013 comparative period. Drilling fluids revenue increased 23% as a result of achieving a market share of 32% for the twelve month period ended December 31, 2014 combined with an increase of 7% in meters drilled in Western Canada. The increase in meters drilled resulted in revenue per operating day increasing 19% over the 2013 comparative period to $7,657. Revenue from fluids and solids equipment contributed 67% to the increase in DS division revenues as a direct result of organic growth in the equipment fleet combined with increased utilization;
- OS division revenue for the twelve months ended December 31, 2014 increased $69.9 million from the 2013 comparative period. The increase is a direct result of increased project work from new and existing customers, four strategic acquisitions completed allowing OS to provide new and innovative full service solutions for fluid handling, and higher equipment utilization throughout the twelve months ended December 31, 2014 resulting from favourable weather conditions and robust activity; and
- Oil purchase and resale revenue in the PRD division for the twelve months ended December 31, 2014 increased $526.5 million from the 2013 comparative period. Increased pipeline capacity added at the Judy Creek FST in the third quarter of 2013, increased oil throughput at the Corporation's pipeline connected FSTs, and crude oil volumes shipped via rail all contributed to the increase. Oil purchase/resale service revenue and expenses are a direct offset however, the revenue and costs are expected to decrease significantly in 2015 as a result of the lower price of crude oil.

- ADJUSTED EBITDA INCREASES 54%, ADJUSTED NET EARNINGS INCREASES 59% FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
  - For the twelve months ended December 31, 2014, the increase in adjusted EBITDA and adjusted net earnings is attributable to continued strong demand for the Corporation's services and products in all three operating divisions including: the addition of new facilities in the PRD division, increased volumes at existing facilities and the ability to capitalize on crude oil marketing opportunities through midstream infrastructure; increase in revenue per operating day in the DS division while continuing to hold market share and grow the fluids and solids equipment service offerings; and continued increases posted in the OS division as favourable weather conditions facilitated the completion of projects throughout the period combined with the addition of acquired assets from four acquisitions executed for the twelve months ended December 31, 2014.
  - During the twelve months ended December 31, 2014, the Corporation recorded a goodwill impairment of $32.3 million to net earnings. As a result of the significant decline in commodity prices in the fourth quarter of 2014 and reduced capital budgets set by oil and gas producers, the Corporation tested all of its assets for impairment. Based on the impairment tests performed, the Corporation recorded a goodwill write down of $32.3 million for the twelve months ended December 31, 2014 resulting in a 21% decrease in net earnings.
- FUNDS FROM OPERATIONS INCREASES 50% FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014
  - The 50% increase for the twelve month period ended December 31, 2014 is directly attributable to the solid results achieved in all three of the Corporation's divisions driven by increased demand, completion of eight strategic acquisitions and robust industry conditions experienced throughout the majority of 2014.
- 2014 ORGANIC CAPITAL BUDGET
  - Secure's initial 2014 capital budget of $225.0 million was subsequently increased to $275.0 million in the third quarter of 2014 to capitalize on the abundance of market opportunities that were in play. The capital budget of $275.0 million includes $20.0 million of carry over capital from 2013 projects related to the Kindersley, Edson, and Keene FSTs. Total capital expenditures for the twelve months ended December 31, 2014 totaled $296.0 million for both growth and expansion capital. The additional $21.0 million spent above the announced 2014 budget was directly related to pre-spend on 2015 projects for preliminary engineering, design, and long lead items as no carryforward amounts were included in the $275.0 million announced spend. Major expenditures include:

- 2013 carry over capital of the Kindersley FST that was completed and operational during the first quarter, and the Edson and Keene FSTs that were completed and operational during the second quarter;
- Growth capital consisting of three SWD conversions to FSTs and four new PRD facilities with construction commencing or completed in 2014:
  - Three SWD conversions to FSTs: Conversion of the Stanley, Brazeau and 13 Mile SWDs to FSTs. Stanley was completed and commissioned in the third quarter of 2014, Brazeau was commissioned late in the fourth quarter of 2014, and 13 Mile in the first quarter of 2015;
  - Two Full Service Rail ("FSR") facilities: Rycroft and Kindersley are the Corporation's first organic oil by rail facilities. The Rycroft facility will offer treating, storage, disposal and transloading services. Rycroft was commissioned and operational in the first quarter of 2015 and it is anticipated that Kindersley will be commissioned in the second quarter of 2015;
  - One FST and one Landfill: Tulliby Lake FST and Landfill is the Corporation's first heavy oil and production sand treating, and landfill facility. The Landfill was commissioned and operational near the end of the fourth quarter of 2014 and the FST in the first quarter of 2015;
- Construction and completion of an oil based mud blending plant in Fox Creek with operations commencing in July 2014; and
- Various rental equipment, equipment for onsite projects, and long leads for upcoming 2015 projects.

- Expansion capital expenditures included the following:
  - Landfill cells at South Grande Prairie, Saddle Hills, and 13 Mile. The additional cell capacity at South Grande Prairie and Saddle Hills was available in the fourth quarter of 2014, 13 Mile is anticipated to be complete in the first quarter of 2015;
  - Waste expansion at the South Grande Prairie FST was completed in the third quarter;
  - Additional disposal wells at the Obed and Drayton Valley FSTs were completed and commissioned in the fourth quarter of 2014;
  - Additional crude oil treater was constructed and commissioned at the Kindersley FST in the fourth quarter;
  - Purchase of an office in Grande Prairie to accommodate growth of the Corporation and consolidate all three divisions into one space; and
  - Completion of the DS division's new state of the art laboratory facility that opened in July 2014.

- COMPLETION OF EIGHT STRATEGIC ACQUISTIONS
  - Secure executed two acquisitions in the first quarter for total consideration of $29.2 million paid in cash and shares of the Corporation. Both acquisitions are in the OS division with assets that will grow the Corporation's integrated fluid solutions service line and establish an onsite market presence in the US.
  - During the second quarter, Secure executed three acquisitions for total consideration of $17.0 million paid in cash and shares of the Corporation: A mineral products plant located in Alberta, an environmental contracting business, and a drilling fluids business. The mineral products plant mainly processes barite which is a product used in drilling fluids. The mineral products plant allows Secure to vertically integrate the operations in the DS division to improve supply logistics and quality. The environmental contracting business provides services relating to spill cleanup, pond construction, and contaminated soil excavation, stockpiling, treatment, transportation and disposal and will expand the service area of the OS division. The

drilling fluids business provides additional drilling fluid systems for highly complex wells in the deep basin and key customer relationships.

  - In the third quarter, Secure closed the acquisition of the assets of Predator Midstream Ltd. ("Predator") and the assets of a fluid handling company for a total consideration of $106.2 million comprised of cash and common shares. Predator was a private midstream company that owns and operates three rail transloading terminals in Alberta. Predator transloads crude oil from truck to rail, where rail cars are aggregated and subsequently sold to refineries. The acquisition added three operational rail sites and, combined with Secure's completion and commissioning of the Rycroft FSR in Q1 2015, will provide an immediate rail terminal network from which to build on. The other acquisition specializes in providing water pumping and frac pond setup services, and provides miscellaneous equipment for rent. The acquisition will expand the service area and assets of the OS division.
  - Secure completed the acquisition of a private oilfield service company in the fourth quarter for total consideration of $6.8 million. The oilfield service acquisition adds proprietary technology.

- FINANCIAL FLEXIBILITY
  - During the third quarter, Secure entered into an amended and restated $700.0 million syndicated credit facility (the "Credit Facility") that consists of a $675.0 million extendible revolving term credit facility and a $25.0 million revolving operating facility. The Credit Facility can be expanded to $800.0 million through the exercise of an additional $100.0 million accordion feature, available upon request by the Corporation subject to review and approval by the lenders.
  - Secure's debt to trailing twelve month EBITDA ratio was 2.04 as of December 31, 2014 compared to 1.38 as of December 31, 2013.
  - As at December 31, 2014, the Corporation had $279.1 million available under its Credit Facility.
  - Secure's board of directors approved two dividend increases during 2014: a 33% increase effective April 1, 2014 and a 20% increase effective January 1, 2015.

FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

	Three Months Ended December 31,		
($000's except share and per share data)	**2014**	**2013**	**% change**
Revenue (excludes oil purchase and resale)	**224,523**	155,427	44
Oil purchase and resale	**353,561**	232,522	52
Total revenue	**578,084**	387,949	49
Adjusted EBITDA [(1)]	**55,980**	42,108	33
Per share ($), basic	**0.46**	0.38	21
Per share ($), diluted	**0.45**	0.37	22
Net earnings (loss)	**(13,659)**	11,545	(218)
Per share ($), basic	**(0.11)**	0.10	(210)
Per share ($), diluted	**(0.11)**	0.10	(210)
Adjusted Net earnings [(1)]	**14,553**	11,701	24
Per share ($), basic	**0.12**	0.11	9
Per share ($), diluted	**0.12**	0.10	20
Funds from operations [(1)]	**54,471**	42,374	29
Per share ($), basic	**0.45**	0.32	41
Per share ($), diluted	**0.44**	0.31	42
Cash dividends per common share	**0.05**	0.04	25
Capital Expenditures [(1)]	**101,853**	64,260	59
Total assets	**1,496,117**	1,039,725	44
Long term borrowings	**397,385**	159,931	148
Total long term liabilities	**522,557**	240,913	117
Common Shares - end of period	**121,367,451**	116,574,147	4
Weighted average common shares			
basic	**121,266,210**	110,706,772	10
diluted	**123,479,368**	113,700,987	9

[(1)] Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

- REVENUE FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 INCREASED 44%
  - PRD division revenue (excluding oil purchase/resale) for the three months ended December 31, 2014 increased $19.8 million from the 2013 comparative period. Processing and disposal volumes increased 13% and 46% respectively over the prior year comparative period as higher activity resulted in increased demand for services and the addition of eight new facilities that were completed and commissioned subsequent to or late in the fourth quarter of 2013 that all contributed to the increase. Recovery revenues increased due to a 15% increase in throughput at the Corporation's facilities;
  - DS division revenue for the three months ended December 31, 2014 increased $22.9 million from the 2013 comparative period. Drilling fluids revenue increased 21% resulting from a market share of 30% combined with an increase in oil based mud and steam-assisted gravity drainage ("SAGD") wells drilled requiring more costly drilling fluids. These factors drove the increase in revenue per operating day of 22% to $8,334 from the 2013 comparative period;
  - OS division revenue for the three months ended December 31, 2014 increased $26.3 million from the 2013 comparative period. An increase in projects work combined with the four strategic acquisitions completed since the fourth quarter of 2014 contributed to the increase; and

- Oil purchase and resale revenue in the PRD division for the three months ended December 31, 2014 increased $121.0 million from the 2013 comparative period. Increased oil throughput at the Corporation's pipeline connected FSTs, and crude oil volumes shipped via rail contributed to the increase.

- ADJUSTED EBITDA INCREASES 33%, ADJUSTED NET EARNINGS INCREASES 24% FOR THE THREE MONTHS ENDED DECEMBER 31, 2014
  - For the three months ended December 31, 2014, the increase in adjusted EBITDA and adjusted net earnings over the 2013 comparative period is a result of continued strong demand for the Corporation's services and products in all three operating divisions; the addition of new facilities in the PRD division, increased volumes at existing facilities; the increase in revenue per operating day in the DS division as wells drilled continue to be longer and deeper in reach requiring specialized drilling fluids; and significant growth in the OS division through diversifying the complimentary services offered and expanded geographical presence.
  - During the three months ended December 31, 2014, the Corporation recorded a goodwill impairment of $30.5 million to net earnings. As a result of the significant decline in commodity prices in the fourth quarter of 2014 and reduced capital budgets set by oil and gas producers, the Corporation tested all of its assets for impairment. Based on the impairment tests performed, the Corporation recorded a goodwill write down reducing net earnings in the fourth quarter of 2014 by $30.5 million.

OUTLOOK

The significant decrease in the price of crude oil and natural gas over the past few months and the continued volatility in pricing has significantly reduced the outlook for oil and gas industry activity. For 2015, the Corporation's customers have significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas.

The Canadian Association of Oilwell Drilling Contractors ("CAODC") recently updated their 2015 forecast reporting active rigs will decline by at least 45% in 2015 compared to 2014. This decrease in active rigs and the corresponding reduction in meters drilled will have an impact on all three of Secure's operating divisions to varying degrees.

In response to the reduction in oil and gas activity, Secure has implemented a number of initiatives to streamline processes and achieve cost reductions where applicable. This includes analyzing our workforce in an effort to eliminate redundant roles and consolidate finance and operations where possible. In addition, Secure has reduced discretionary spending where it does not impact safety, operations and environmental performance. Overall, based on the reduced activity levels and the Corporation's cost reduction initiatives implemented, the potential impact on 2015 annual results on each operating division from 2014 actual results are as follows:

- In the PRD division we anticipate revenue to be consistent with 2014, with the potential to be above 2014 levels by 10%. Effectively, reduced drilling and completion activities and the decline in recovered oil sales due to lower crude oil prices is offset by the additional revenue and operating margin contribution from facilities commissioned in 2014 and early 2015. These new facilities and expansion capital represent the majority of investments made in 2014, which will continue to provide revenue growth in both 2015 and in 2016. In addition, revenue from production related activities represents approximately 70% of the revenue. As a result, revenue in the division is more stable during a period of lower drilling and completion activity. Operating margins in this division may be reduced depending on potential price discounts and lower drilling activity levels;
- Activity levels in the DS division are expected to decline proportionally to the reduced rig count projected for 2015. Therefore, the Corporation expects revenue to be down approximately 40% to 45% from 2014. In addition, operating margins will be impacted as a result of higher cost of goods sold and customer price discounts; and
- The OS division anticipates a reduction in project related activity, environmental services, water management, pumping and storage solutions services to be reduced by approximately 10% to 15% from 2014. The project related activity is not directly correlated to drilling and completion work, therefore the expectation is that the division will not be as impacted by the 45% drop in active rigs. The operating margin for the OS division may be reduced

depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, and site clean-up.

While there is uncertainty as to the full impact of the reduced activity on each division, we are confident that Secure's focus on the customer will remain strong. Secure's customer strategy in 2015 includes:

- Continually working with our customers to lower their costs by providing them integrated solutions in order to streamline processes and achieve cost reductions by combining multiple services; and
- Leveraging on all three operating divisions to gain efficiencies for our customers for drilling, completion and production services.

Secure has considerable financial flexibility and remains well positioned to react to opportunities in the current environment. Secure has always maintained a strong financial position and will use that position of strength to take advantage of opportunities that may arise as a result of the downturn in the market. Secure is experiencing, as a result of this environment, increased demand for outsourcing and Secure customers divesting their facilities. This short term window allows Secure to seek out and evaluate opportunities that provide meaningful growth for both 2015 and 2016. As a result of these opportunities, the 2015 organic capital program has been revised from $225.0 million to a capital program ranging from $50.0 million to $150.0 million, with $50.0 million being the minimum committed capital for 2015. The range provided is not an indication of lost organic opportunities but rather the Corporation strategically delaying certain organic capital projects in lieu of potential accretive acquisition opportunities that may arise under current market conditions that would be considered complimentary to Secure's service offering.

The Corporation continues to develop visible growth opportunities for the business beyond 2015. The business development team will continue to advance certain organic projects and regulatory approvals to ensure they are project ready for later this year or early next year. This does not change the fact that Secure remains focused on the continued execution of its core business strategies; specifically investment in organic development of new facilities in underserviced markets. This will position Secure for continued market share growth, expand geographical presence, and find new and innovative ways that not only meet but exceed customer expectations.

During the first quarter of 2015, the Corporation commissioned the 13 Mile SWD conversion to an FST in North Dakota, and commissioned the Rycroft FSR. The Tulliby Lake FST is expected to be commissioned in early March.

Secure understands the importance of protecting and reducing the industry's impact on the environment. To that end, Secure remains committed to investing in new technologies to recycle and reduce waste resulting from oil and gas drilling and production. In 2014, Secure commenced trials on a technology that recovers hydrocarbons used in the drilling process and water recycling technology that will allow producers to recycle and reuse flowback water. Secure continues to assess the economic feasibility of both technologies and is excited about the results achieved to date.

Into 2015 and beyond, Secure will remain focused on the long-term strategy of the Corporation. Secure has the right people and service offerings to position the company for long-term growth and profitability combined with a strong balance sheet, that will provide Secure with financial flexibility to effectively manage the business through a period of lower commodity pricing and industry activity.

NON-GAAP MEASURES AND OPERATIONAL DEFINITIONS

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, are considered non-GAAP measures. These measures are described and presented in order to provide information regarding the Corporation's financial results, liquidity and its ability to generate funds to finance its operations. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measure. However, they should not be used as an alternative to IFRS measures because they may not be consistent with calculations of other companies. These non-GAAP measures, and certain operational definitions used by the Corporation, are further explained below.

Operating margin

Operating margin is calculated as revenue less operating expenses which includes direct product costs but excludes depreciation, depletion and amortization, general and administrative, and oil purchase/resale services. Management analyzes operating margin as a key indicator of cost control and operating efficiency.

Operating days

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

Canadian Market Share

Canadian market share is calculated by comparing active rigs the DS division services to total active rigs in Western Canada. The CAODC publishes total active rigs in Western Canada on a semi-weekly basis.

EBITDA and adjusted EBITDA

EBITDA is a measure showing earnings before finance costs, taxes, depreciation, depletion, amortization, non cash impairments on the Corporation's assets, and share based compensation. EBITDA is not a recognized measure under IFRS.

Adjusted EBITDA is defined EBITDA noted above and removes the impact of other adjustments that are considered non-recurring in nature. Adjusted EBITDA is not a recognized measure under IFRS.

Management believes that in addition to net earnings, EBITDA and Adjusted EBITDA are useful supplemental measures as they provide an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed, how the results are taxed, and non-recurring/non-cash impairment charges as these are considered outside of the normal course of business.

	Three Months Ended Dec 31,			Twelve Months Ended Dec 31,		
($000's)	2014	2013	% Change	2014	2013	% Change
Net Earnings (Loss)	(13,659)	11,545	(218)	30,651	38,963	(21)
Add:						
Depreciation, depletion and amortization	28,628	20,513	40	99,837	67,345	48
Current tax expense	3,874	4,548	(15)	17,779	12,624	41
Deferred income tax expense (recovery)	(2,820)	46	(6,230)	2,862	3,598	(20)
Share-based payments	4,532	2,520	80	15,422	8,411	83
Goodwill Impairment	30,494	-	100	32,260	-	100
Interest, accretion and finance costs	3,358	2,727	23	10,450	7,433	41
EBITDA	54,407	41,899	30	209,261	138,374	51
Add:						
Inventory impairment	1,420	-	100	1,420	-	100
Other expenses/ (income)	153	209	(27)	612	(862)	171
Adjusted EBITDA	55,980	42,108	33	211,293	137,512	54

Adjusted net earnings

Adjusted net earnings is a measure of profitability. Adjusted net earnings provides an indication of the results generated by the principal business activities prior to recognizing non-cash impairments. It also removes the impact of other adjustments that are considered non-recurring in nature. Adjusted net earnings is not a recognized measure under IFRS.

	Three Months Ended Dec 31,			Twelve Months Ended Dec 31,		
($000's)	**2014**	**2013**	**% Change**	**2014**	**2013**	**% Change**
Net Earnings (Loss)	**(13,659)**	11,545	(218)	**30,651**	38,963	(21)
Add:						
Goodwill Impairment	**27,035**	-	100	**28,801**	-	100
Inventory impairment	**1,063**	-	100	**1,063**	-	100
Other expenses/ (income)	**114**	156	(27)	**458**	(645)	171
Adjusted net earnings	**14,553**	11,701	24	**60,973**	38,318	59

Capital Expenditures

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

ADDITIONAL GAAP MEASURES

Funds from operations

Funds from operations refer to cash flow from operations before changes in non-cash working capital. Secure's management views cash flow from operating activities before changes in non-cash working capital balances as a measure of liquidity and believes that funds from operations is a metric used by many investors to assess the financial performance of the Corporation. Any use of cash from an increase in working capital in a particular period will be financed by existing cash or by the credit facility.

	Three Months Ended Dec 31,			Twelve Months Ended Dec 31,		
($000's)	**2014**	**2013**	**% Change**	**2014**	**2013**	**% Change**
Cash from operating activities	**67,419**	23,553	186	**221,145**	117,345	88
Add (deduct):						
Non-cash working capital changes	**(12,948)**	18,821	(169)	**(10,614)**	22,997	(146)
Funds from operations	**54,471**	42,374	29	**210,531**	140,342	50

RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2014

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into three reportable operating segments; the PRD division, the DS division and the OS division.

	Twelve Months Ended Dec 31,		
($000's except per share data)	**2014**	**2013**	**% Change**
Revenue	**2,271,651**	1,492,540	52
Operating expenses	**2,076,178**	1,360,930	53
General and administrative	**84,867**	60,372	41
Business development	**15,477**	9,482	63
Interest, accretion and finance costs	**10,450**	7,433	41
Total expenses	**2,186,972**	1,438,217	52
Goodwill Impairment	**(32,260)**	-	100
Other (expense) income	**(1,127)**	862	(231)
Earnings for the period before income taxes	**51,292**	55,185	(7)
Income taxes			
Current income tax expense	**17,779**	12,624	41
Deferred income tax expense	**2,862**	3,598	(20)
	20,641	16,222	27
Net earnings for the period	**30,651**	38,963	(21)
Other comprehensive income			
Foreign currency translation adjustment, net of tax	**10,205**	5,515	85
Total comprehensive income	**40,856**	44,478	(8)
Earnings per share			
Basic	**0.26**	0.36	(28)
Diluted	**0.25**	0.35	(29)

PRD DIVISION OPERATIONS

For further clarity, the Corporation's PRD division's revenue has been split into two separate service lines: processing, recovery and disposal services; and oil purchase/resale services.

Processing, recovery and disposal services:

Processing services are primarily performed at FSTs and include waste processing and crude oil emulsion treating. Secure's FSTs that are connected to oil pipelines provide customers with an access point to process and/or treat their crude oil for shipment to market. The crude oil or oilfield waste is delivered by customers to Secure by tanker truck or by a vacuum truck. The FST will process oilfield waste to separate out solids, water and crude oil. Crude oil that does not meet pipeline specifications is processed through a crude oil emulsion treater. Recovery services include revenue from the sale of oil recovered through waste processing, crude oil handling, terminalling, transloading and marketing. Clean crude oil and treated crude oil are stored on site temporarily until the volumes are ready to be shipped through gathering or transmission pipelines, and via transloading facilities. Disposal services include produced and waste water disposal services through a network of disposal wells and disposal of oilfield solid wastes at the Corporation's landfills.

Oil purchase/resale service:

The purpose of providing this service is to enhance the service offering associated with Secure's business of produced water disposal, crude oil emulsion treating, terminalling, and marketing. By offering this service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline or via rail. At Secure FSTs, Secure will meter the crude oil volumes and purchase the crude oil directly from its customers. The Corporation will then process, transport to a pipeline connected FST if necessary and handle the shipment of crude oil down the pipeline. Secure's rail facilities offers producers an alternative solution to get their product to market through Secure's four rail terminals situated across Alberta which carry crude by rail to virtually all North American markets.

TWELVE MONTHS ENDED DECEMBER 31, 2014

	Year Ended Dec 31,		
($000's)	**2014**	**2013**	**% Change**
Revenue			
Processing, recovery and disposal services (a)	**271,281**	179,343	51
Oil purchase and resale service	**1,477,061**	950,593	55
Total PRD division revenue	**1,748,342**	1,129,936	55
Operating Expenses			
Processing, recovery and disposal services (b)	**107,541**	68,385	57
Oil purchase and resale service	**1,477,061**	950,593	55
Depreciation, depletion, and amortization	**66,315**	44,607	49
Total operating expenses	**1,650,917**	1,063,585	55
General and administrative	**33,178**	23,247	43
Total PRD division expenses	**1,684,095**	1,086,832	55
Operating Margin [(1)] [(a-b)]	**163,740**	110,958	48
Operating Margin [(1)] as a % of revenue (a)	**60%**	62%	

[(1)] Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

Revenue (PRD division)

Revenue from processing, recovery and disposal for the twelve months ended December 31, 2014 increased 51% to $271.3 million from $179.3 million in the comparative period of 2013.

Processing: For the twelve months ended December 31, 2014, processing volumes increased 29% from the comparative period in 2013. The increase in volumes and revenue is a result of an increase in overall demand for the PRD division's services and the addition of new facilities and expansions at current facilities late in 2013 and throughout 2014 which include: completion of the Kindersley FST in December 2013, Edson and Keene FSTs in April 2014, Stanley FST in July 2014, and Brazeau FST in December 2014.

Recovery: Revenue from recovery for the twelve months ended December 31, 2014 increased by 41% from the comparative period in 2013. The increase in recovery revenue for the twelve months ended December 31, 2014 is a result of the Corporation's ability to capitalize on crude oil marketing opportunities at its pipeline connected FSTs and rail transloading facilities, and a 47% increase in throughput at Secure facilities.

Disposal: Secure's disposal volumes for the twelve months ended December 31, 2014 increased by 66% from the comparative period of 2013. The increase in volumes is related to increased demand and the addition of new facilities subsequent to the third quarter of 2013 which include: completion of the 13 Mile Landfill in North Dakota in October 2013; Saddle Hills Landfill in November 2013; the Keene SWD in North Dakota in November 2013, and the Tulliby Lake Landfill in November 2014.

Oil purchase/resale service: Revenue from oil purchase and resale services for the twelve months ended December 31, 2014 increased 55% to $1,477.1 million from $950.6 million in the comparative period of 2013. The increase in the period is due to increased pipeline capacity added at the Judy Creek FST in the third quarter of 2013, increased oil throughput at the Corporation's pipeline connected FSTs, and increased crude oil volumes shipped via rail. The revenue from this service line will fluctuate monthly based on the factors described above.

Operating Expenses (PRD division)

Operating expenses from PRD services for the twelve months ended December 31, 2014 increased 57% to $107.5 million from $68.4 million in the comparative period of 2013.

The increase in operating expenses relate to the new facilities, expansions added organically, and the increase in processing, recovery and disposal volumes at the Corporation's existing facilities. This includes upfront commissioning costs associated with the Kindersley, Edson, Keene, Stanley, Brazeau, and 13 Mile FST's, and the Rycroft FSR. New facilities accounted for 33% of the increase in operating expenses over the 2013 comparative period.

Trucking costs increased $2.0 million over the 2013 comparative period as a result of the following: moving crude oil from FSTs that are not pipeline connected to pipeline connected facilities, move crude oil to rail terminals, higher disposal volumes that result in increased solids transferred from the Corporation's FSTs to Landfills, and a disposal well at one of the Corporation's FSTs was temporarily shut down during the year resulting in trucking costs incurred to move volumes received to a nearby facility for disposal.

In addition, for the twelve months ended December 31, 2014, non-recurring maintenance costs were incurred for liner repairs at one of the Corporation's Landfills which accounts for approximately $2.8 million in additional operating expenses for the twelve months ended December 31, 2014. Repair of the liner began in the fourth quarter of 2013 and were complete by the end of the third quarter of 2014, and are considered to be one-time costs

Operating margin as a percentage of revenue for the twelve months ended December 31, 2014 was 60% compared to 62% in the comparative period of 2013. The 2% decrease for the twelve months ended December 31, 2014 is a direct result of the increased trucking charges and one-time costs related to the liner repairs at the Corporation's Landfill as described above.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the twelve months ended December 31, 2014 increased 49% to $66.3 million from $44.6 million in the comparative period of 2013. The increase is due to the addition of new facilities, expansions

at existing facilities and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

General and administrative ("G&A") expenses for the twelve months ended increased 43% to $33.2 million from $23.2 million in the comparative period of 2013. The increase in G&A over the 2013 comparative period is a result of additional employees to support the opening of new facilities and organic growth at existing facilities both in Canada and the US, additional office space, and an increase in costs related to Secure's rebranding initiative in the second quarter of 2014.

THREE MONTHS ENDED DECEMBER 31, 2014

	Three Months Ended Dec 31,		
($000's)	**2014**	**2013**	**% Change**
Revenue			
Processing, recovery and disposal services (a)	71,422	51,586	38
Oil purchase and resale service	353,561	232,522	52
Total PRD division revenue	424,983	284,108	50
Operating Expenses			
Processing, recovery and disposal services (b)	31,350	20,857	50
Oil purchase and resale service	353,561	232,522	52
Depreciation, depletion, and amortization	19,270	13,749	40
Total operating expenses	404,181	267,128	51
General and administrative	9,680	5,982	62
Total PRD division expenses	413,861	273,110	52
Operating Margin [1] (a-b)	40,072	30,729	30
Operating Margin [1] as a % of revenue (a)	56%	60%	

[1] Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

Revenue (PRD division)

Revenue from processing, recovery and disposal for the three months ended December 31, 2014 increased 38% to $71.4 million from $51.6 million in the comparative period of 2013.

Processing: For the three months ended December 31, 2014, processing volumes increased 13% from the comparative period in 2013. The increase in volumes and revenue is a result of an increase in overall demand for the PRD division's services combined with the addition of new facilities, and expansions at current facilities during or subsequent to the fourth quarter of 2013 which include: completion of the Kindersley FST in late December 2013, Edson and Keene FSTs in April 2014, Stanley FST in July 2014, and Brazeau FST in December 2014.

Recovery: Revenue from recovery for the three months ended December 31, 2014 increased by 15% from the comparative period in 2013. The increase in recovery revenue for the three months ended December 31, 2014 is a result of the Corporation's ability to capitalize on crude oil marketing opportunities at its pipeline connected FSTs and rail transloading facilities, and a 40% increase in throughput at Secure facilities. The increase was offset by lower recovered oil revenue in the fourth quarter of 2014 compared to 2013 as a result of the lower price of oil.

Disposal: Secure's disposal volumes for the three months ended December 31, 2014 increased by 46% from the comparative period of 2013. The increase in volumes is related to increased demand and the addition of new facilities during or subsequent to the fourth quarter of 2013 which include: completion of the 13 Mile Landfill in North Dakota in October 2013;

Saddle Hills Landfill in November 2013; the Keene SWD in North Dakota in November 2013, and the Tulliby Lake Landfill in November 2014.

Oil purchase/resale service: Revenue from oil purchase and resale services for the three months ended December 31, 2014 increased 52% to $353.6 million from $232.5 million in the comparative period of 2013. The increase in the period is due to increased oil throughput at the Corporation's pipeline connected FSTs, and increased crude oil volumes shipped via rail. The revenue from this service line will fluctuate monthly based on the factors described above.

Operating Expenses (PRD division)

Operating expenses from PRD services for the three months ended December 31, 2014 increased 50% to $31.4 million from $20.9 million in the comparative period of 2013.

The increase in operating expenses relate to the new facilities, expansions added organically, and the increase in processing, recovery and disposal volumes at the Corporation's existing facilities. New facilities accounted for 28% of the increase in operating expenses over the 2013 comparative period. Included in the 28% increase are one-time costs of $1.9 million for upfront commissioning costs associated with the Brazeau, and 13 Mile FST's, the Rycroft FSR and costs incurred to integrate and optimize the operations of the rail facilities that were acquired as part of the Predator acquisition in the third quarter of 2014.

Trucking costs increased $0.9 million over the 2013 comparative period as a result of the following: higher disposal volumes that result in increased solids transferred from the Corporation's FSTs to Landfills, and a disposal well at two of the Corporation's FSTs were temporarily shut down in the quarter resulting in trucking costs incurred to move volumes received to a nearby facility.

Operating margin as a percentage of revenue for the three months ended December 31, 2014 was 56% compared to 60% in the comparative period of 2013. The 4% decrease for the three months ended December 31, 2014 is a direct result of the upfront commissioning costs associated with organic capital including integration of the acquired rail facilities, and increased trucking costs described above.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the three months ended December 31, 2014 increased 40% to $19.3 million from $13.7 million in the comparative period of 2013. The increase is due to the addition of new facilities, expansions at existing facilities and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

G&A expenses for the three months ended December 31, 2014 increased 62% to $9.7 million from $6.0 million in the comparative period of 2013. Major drivers for the increase over the 2013 comparative period are an increase relating to additional employees to support the opening of new facilities and organic growth at existing facilities both in Canada and the US, and additional office space to accommodate growth.

DS DIVISION OPERATIONS

The DS division's main geographic area of operations is the WCSB. The DS division also has operations in the Rocky Mountain Region in the United States, primarily in North Dakota and Colorado. WCSB operations are coordinated from the Calgary, Alberta office, while U.S. operations are coordinated through the Denver, Colorado office.

Drilling services:

The DS division has two main service lines: drilling fluids, and fluids and solids solutions. The drilling fluids service line is the core service of the DS division and operates in the WCSB as well as the U.S. (primarily in Colorado and North Dakota). Drilling fluid products are designed to optimize the efficiency of customer drilling operations through engineered solutions that improve drilling performance and penetration, while reducing non-productive time. Increasingly complex horizontal and directional drilling programs require experienced drilling fluid technical personal who design adaptable drilling programs to meet the needs of drilling fluid customers. These programs can save customers significant amounts of money by proactively anticipating the drilling challenges the customers may encounter.

The fluids and solids equipment service line works with the drilling fluids service line in the WCSB and in the U.S. to ensure that the quality of drilling fluids used through the drilling cycle is maintained by continually processing and recycling the drilling fluids as they return to the surface. Fluids and solids equipment ensures the continual removal of drilling cuttings and solids from the drilling fluid as well as providing a safe and more efficient way of storing oil based products in the "Target Tanks", the Corporation's proprietary horizontal storage tanks. The current equipment fleet of high speed centrifuges, drying shakers, bead recover units, "Target Tanks", and ancillary equipment are offered as a standalone package or as part of an integrated drilling fluids and rentals package.

TWELVE MONTHS ENDED DECEMBER 31, 2014

	Year Ended December 31,		
($000's)	**2014**	**2013**	**% Change**
Revenue			
Drilling services (a)	**398,965**	308,160	29
Operating expenses			
Drilling services (b)	**299,739**	230,400	30
Depreciation and amortization	**22,139**	17,762	25
Total DS division operating expenses	**321,878**	248,162	30
General and administrative	**32,959**	23,549	40
Total DS division expenses	**354,837**	271,711	31
Operating Margin [(1) (a-b)]	**99,226**	77,760	28
Operating Margin % [(1)]	**25%**	25%	

[(1)] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Revenue (DS division)

Revenue from the DS division for the twelve months ended December 31, 2014 increased 29% to $399.0 million from $308.2 million in the comparative period of 2013.

The increase in revenue for the twelve months ended December 31, 2014 is the result of a combined 23% increase in the drilling fluids service line revenue and 67% increase in revenue for the fluids and solids control equipment service line from the comparative period in 2013. For the twelve months ended December 31, 2014, average rig count was up 6%, depth per well and meters drilled increased 5% and 7% respectively over the 2013 comparative period.

The drilling fluids service line revenue will fluctuate each quarter based on market share, meters drilled per well, and the type of wells drilled which in turn drives revenue per operating day. The DS division market share in Canada for the twelve months ended December 31, 2014 was 32%, consistent with the 2013 comparative period. Meters drilled per well increased by 7% over the 2013 comparative period. As meters drilled per well increases, wells become more technically challenging requiring more costly drilling fluids, resulting in higher product usages, increased probability of lost circulation events and a higher usage of specialty chemicals. The number of wells drilled that used oil based mud increased by 18% over the 2013 comparative period as a result of an increase in horizontal and directional drilling in which these muds are utilized. Oil based muds contribute higher revenue that drives increases in revenue per operating day. As a result of the factors noted above, revenue per operating day increased to $7,657 for the twelve months ended December 31, 2014 from $6,430 in the 2013 comparative period. Operating rig days for the twelve months ended December 31, 2014 were 41,209 compared to 39,991 in the 2013 comparative period.

The fluids and solids equipment revenue is driven by the size of the available equipment fleet, utilization, and rental rates in any given period. The increase in the fluids and solids equipment revenue for the twelve months ended December 31, 2014 over the 2013 comparative period, is a direct result of organic growth in the centrifuge and tank fleet and increased utilization of the available equipment fleet.

Operating Expenses (DS division)

Operating expenses for the DS Division for the twelve months ended December 31, 2014 increased 30% to $299.7 million from $230.4 million in the comparative period of 2013. DS division operating margins vary each quarter due to changes in product mix, well type, geographic area, nature of activity, and contribution from the fluids and solids equipment service line. As wells become longer in reach, more specialized products are used which tend to have higher product margin. Inherent in the fluids and solids equipment business, operating margins achieved are higher given the initial capital investment for the equipment. Overall, the increase in operating expenses over the comparative period is a direct result of an increase in revenues.

Operating margin for the twelve months ended December 31, 2014 was 25%, consistent with the 2013 comparative period. The margin for the twelve months ended was impacted by a higher proportion of sales volume relating to the purchase and sale of low margin oil based stock used in oil based drilling. In periods of increased activity in oil based drilling fluids, revenue and product costs increase accordingly resulting in decreased margins on a percentage basis. In addition, an inventory write-down of $1.4 million was taken in the fourth quarter as a result of the average cost of inventory held exceeding the realizable value. To offset this, a significant portion of the growth in revenues from the 2013 comparative period is due to organic growth of the fluids and solids equipment which has inherently higher margins as a rentals based business.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the twelve months ended December 31, 2014 increased 25% to $22.1 million from $17.8 million in the comparative period of 2013. Depreciation and amortization expense increased compared to the prior year comparative periods as a result of a larger fixed asset base driven by capital additions to the fluids and solids control equipment fleet combined with the acquisition of the barite processing plant in the second quarter of 2014.

General and Administrative (DS division)

G&A expense for the twelve months ended December 31, 2014 increased 40% to $33.0 million from $23.5 million in the comparative period of 2013. Major drivers for the twelve months ended December 31, 2014 over the 2013 comparative period are an increase in staffing costs to support the three strategic acquisitions executed in Canada during 2014 and to support the organic growth in both drilling fluids and fluids and solids control equipment in Canada and the US, and increased costs related to Secure's rebranding initiative in the second quarter.

THREE MONTHS ENDED DECEMBER 31, 2014

	Three Months Ended December 31,		
($000's)	**2014**	**2013**	**% Change**
Revenue			
Drilling services (a)	109,226	86,287	27
Operating expenses			
Drilling services (b)	82,448	62,506	32
Depreciation and amortization	6,134	5,104	20
Total DS division operating expenses	88,582	67,610	31
General and administrative	9,035	5,978	51
Total DS division expenses	97,617	73,588	33
Operating Margin [1] (a-b)	26,778	23,781	13
Operating Margin % [1]	25%	28%	

[1] Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

Revenue (DS division)

Revenue from the DS division for the three months ended December 31, 2014 increased 27% to $109.2 million from $86.3 million in the comparative period of 2013.

The increase in revenue for the three months ended December 31, 2014 is the result of a combined 21% increase in the drilling fluids service line revenue and 47% increase in revenue for the fluids and solids equipment service line from the comparative period in 2013.

The DS division market share in Canada for the three months ended December 31, 2014 was 30%, a decrease of 1% from the 2013 comparative period. Meters drilled by the DS division's customers increased by 8% over the 2013 comparative period. The number of wells drilled that used oil based mud increased by 4% over the 2013 comparative period resulting from an increase in horizontal and directional drilling in which these muds are utilized. In addition, the number of SAGD wells increased by 4% over the 2013 comparative period. SAGD wells are more complex and require more costly drilling fluids which contribute to increased revenue per operating day. As a result of the factors noted above, revenue per operating day increased to $8,334 for the three months ended December 31, 2014 from $6,857 in the 2013 comparative period.

The increase in the fluids and solids equipment revenue for the three months ended December 31, 2014 over the 2013 comparative period is a direct result of organic growth in the centrifuge and tank fleet.

Operating Expenses (DS division)

Operating expenses for the DS Division for the three months ended December 31, 2014 increased 32% to $82.4 million from $62.5 million in the comparative period of 2013. The increase in operating expenses over the comparative period is a direct result of an increase in revenues.

Operating margins for the three months ended December 31, 2014 decreased to 25% from 28% in the 2013 comparative period. The decrease in margin is a direct result of a higher proportion of sales volume relating to the purchase and sale of low margin oil based stock used in oil based drilling. In periods of increased activity using oil based drilling fluids, revenue and product costs increase accordingly resulting in decreased margins on a percentage basis. Headcount increased over the 2013 comparative period resulting from acquisitions and anticipated increased activity for the winter drilling season which impacted margins as December activity dropped significantly due to the decrease in oil prices and reduction in producer spending. In addition, an inventory write-down of $1.4 million was taken in the fourth quarter as a result of the average cost of inventory held exceeding the realizable value.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the three months ended December 31, 2014 increased 20% to $6.1 million from $5.1 million in the 2013 comparative period. Depreciation and amortization expense increased compared to the 2013 comparative period as a result of a larger fixed asset base driven by capital additions to the fluids and solids equipment fleet combined with the acquisition of the barite processing plant in the second quarter of 2014, and an increase in intangible assets through acquisitions.

General and Administrative (DS division)

G&A expense for the twelve months ended December 31, 2014 increased 51% to $9.0 million from $6.0 million in the comparative period of 2013. Major drivers for the three months ended December 31, 2014 over the 2013 comparative period are an increase in staffing costs to support the three strategic acquisitions executed in Canada during 2014 and to support the organic growth in both drilling fluids and fluids and solids equipment in Canada and the US.

OS DIVISION OPERATIONS

The OS division has three main service lines: environmental services, integrated fluids solutions, and projects. Environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and projects which provide pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and remediation and reclamation of former wellsites, facilities, commercial and industrial properties.

TWELVE MONTHS ENDED DECEMBER 31, 2014

	Year Ended Dec 31,		
($000's)	**2014**	**2013**	**% Change**
Revenue			
Onsite services (a)	**124,344**	54,444	128
Operating expenses			
Onsite services (b)	**91,869**	44,152	108
Depreciation and amortization	**10,532**	4,020	162
Total OS division operating expenses	**102,401**	48,172	113
General and administrative	**7,450**	5,784	29
Total OS division expenses	**109,851**	53,956	104
Operating Margin [(1)] [(a-b)]	**32,475**	10,292	216
Operating Margin % [(1)]	**26%**	19%	

[(1)] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Revenue (OS division)

Revenue for the twelve months ended December 31, 2014 increased 128% to $124.3 million from $54.4 million in the comparative period of 2013.

The overall increase for the twelve months ended December 31, 2014 is a direct result of increased project work, the four acquisitions completed during 2014, and a shortened spring break-up compared to the prior year as work continued when there has typically been a slowdown.

Projects revenue for the twelve months ended December 31, 2014 increased due to the acquisition completed in April 2014 which added a new geographic area and increased customer base. Additionally, there was an increase in remediation and

reclamation projects, pipeline integrity, and demolition projects completed that contributed to increased revenues, combined with higher utilization of equipment as a result of favourable weather conditions and robust industry activity as compared to the 2013 period.

IFS revenue increased for the twelve months ended December 31, 2014 as a direct result of the acquisition completed in the first quarter of 2014 combined with an additional acquisition completed in August 2014 which added a new geographic area, and an increased customer base. High equipment utilization, addition of new customers, and the increased offering of complimentary and in demand services, has positively impacted IFS. As the winter drilling season was extended due to a late spring break-up, demand for an integrated fluids solutions package remained strong throughout the period.

Environmental services revenue increased for the twelve months ended December 31, 2014 as the CleanSite waste container services was in the start-up phase in the fourth quarter of 2013. The increase in the available fleet and customer demand has driven the growth in this service line.

Operating Expenses (OS division)

Operating expenses for the twelve months ended December 31, 2014 increased 108% to $91.9 million from $44.2 million for the 2013 comparative period. The increase is a direct result of the four acquisitions completed during 2014, and an overall increase in activity and revenues from the 2013 comparative period.

For the twelve months ended December 31, 2014, operating margins increased to 26% from 19% in the 2013 comparative period. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. The increase in margin over the 2013 comparative period is a result of an increase in remediation and reclamation projects, pipeline integrity, and demolition projects which contribute higher margins combined with the acquisition of two rentals based business' during 2014, which inherently achieve higher margins.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the twelve months ended December 31, 2014 increased 162% to $10.5 million from $4.0 million in the comparative period of 2013. The increase in depreciation over the 2013 comparative period is due to the four acquisitions completed during 2014, and organic capital additions of various types of equipment to meet increasing customer demand.

General and Administrative (OS division)

G&A expenses for the twelve months ended December 31, 2014 increased 29% to $7.5 million from $5.8 million in the comparative period of 2013. G&A expenses increased due to the four acquisitions completed, an overall increase in activity and operations in the division, increased costs related to Secure's rebranding initiative in the second quarter of 2014, and costs associated with moving to a new OS division office. G&A is expected to fluctuate based on the growth of the division.

THREE MONTHS ENDED DECEMBER 31, 2014

($000's)	Three Months Ended Dec 31, 2014	2013	% Change
Revenue			
Onsite services (a)	43,875	17,554	150
Operating expenses			
Onsite services (b)	33,335	14,477	130
Depreciation and amortization	3,110	1,425	118
Total OS division operating expenses	36,445	15,902	129
General and administrative	1,770	1,484	19
Total OS division expenses	38,215	17,386	120
Operating Margin [1] (a-b)	10,540	3,077	243
Operating Margin % [1]	24%	18%	

[1] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Revenue (OS division)

Revenue for the three months ended December 31, 2014 increased 150% to $43.9 million from $17.6 million in the comparative period of 2013.

The overall increase for the three months ended December 31, 2014 is a direct result of increased project and environmental work, in conjunction with the four acquisitions completed since the fourth quarter of 2013.

Projects revenue for the three months ended December 31, 2014 increased due to the acquisition completed in April 2014 which added a new geographic area and increased customer base. Additionally, there was an increase in demolition projects completed that contributed to increased revenues combined with overall higher utilization of equipment.

IFS revenue increased for the three months ended December 31, 2014 as a direct result of the acquisition completed in the first quarter of 2014 combined with an additional acquisition completed in the third quarter of 2014 which added a new geographic area, and an increased customer base. High equipment utilization, addition of new customers, and the increased offering of complimentary and in demand services, has positively impacted IFS in the quarter.

Environmental services revenue increased for the three months ended December 31, 2014 as the CleanSite waste container service was in the start-up phase in the 2013 comparative period. The increase in the available fleet and customer demand has driven the growth in this service line. In addition, a large liner removal project was undertaken in the quarter contributing to increased revenue.

Operating Expenses (OS division)

Operating expenses for the three months ended December 31, 2014 increased 130% to $33.3 million from $14.5 million for the 2013 comparative period. The increase is a direct result of the four acquisitions completed during 2014, and an overall increase in activity and revenues from the 2013 comparative period.

For the three months ended December 31, 2014, operating margins increased to 24% from 18% in the 2013 comparative period. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. The increase in margin over the 2013 comparative period is

a result of an increase in demolition projects and the liner removal project both of which contributed higher margins combined with the acquisition of two rentals based business' during 2014, which inherently achieve higher margins.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the three months ended December 31, 2014 increased 118% to $3.1 million from $1.4 million in the comparative period of 2013. The increase in depreciation over the 2013 comparative period is due to the four acquisitions completed during 2014, and organic capital additions of various types of equipment to meet increasing customer demand.

General and Administrative (OS division)

G&A expenses for the three months ended December 31, 2014 increased 19% to $1.8 million from $1.5 million in the comparative period of 2013. G&A expenses increased due to the four acquisitions completed since the fourth quarter of 2013, an overall increase in activity and operations in the division, and costs associated with moving to a new OS division office.

OTHER INCOME AND EXPENSES

Corporate expenses

	Three Months Ended December 31,			Twelve Months Ended December 31,		
($000's)	**2014**	**2013**	**% Change**	**2014**	**2013**	**% Change**
General and administrative	**2,474**	1,846	34	**11,280**	7,792	45

Corporate expenses for the three and twelve months ended December 31, 2014 increased to $2.5 million and $11.3 million from $1.8 million and $7.8 million in the comparative periods of 2013. Included in corporate expenses are all public company costs, salaries, share based payments and office costs relating to corporate employees and officers. The increase for the three and twelve months ended December 31, 2014 is attributed to increased headcount due to growth of the Corporation, higher salaries, bonus, and share based compensation.

Business Development Expenses

	Three Months Ended December 31,			Twelve Months Ended December 31,		
($000's)	**2014**	**2013**	**% Change**	**2014**	**2013**	**% Change**
Business development	**4,392**	2,654	65	**15,477**	9,482	63

Business development expenses for the three and twelve months ended December 31, 2014 increased to $4.4 million and $15.5 million from $2.7 million and $9.5 million in the comparative periods of 2013. Business development expenses include prospect costs associated with organic and acquisition opportunities in Canada and the United States, and research and development costs. Business development expenses increased for the three and twelve months ended December 31, 2014 due to costs associated with the eight acquisitions completed, prospect costs for potential new facility locations, increased salaries resulting from a higher headcount required to support the increased capital expenditure program related to organic and acquisition opportunities, and continued investment in research and development activities. The Corporation continues to expand and evaluate a number of potential projects and prospects.

Interest and Financing costs

	Three Months Ended December 31,			Twelve Months Ended December 31,		
($000's)	**2014**	**2013**	**% Change**	**2014**	**2013**	**% Change**
Interest and finance costs	**3,144**	2,476	27	**9,431**	6,694	41

Interest and financing costs for the three and twelve months ended December 31, 2014 increased to $3.1 million and $9.4 million from $2.5 million and $6.7 million in the 2013 comparative periods. On September 26, 2014, the Corporation entered into an amended and restated $700.0 million syndicated credit facility. In conjunction with obtaining the Credit Facility, the Corporation incurred $1.2 million in financing fees and was required to expense $0.4 million of unamortized financing fees related to the previous credit facility in the third quarter.

Interest is capitalized on capital projects with a substantial time to completion. Typically, interest is only capitalized on the construction of the Corporation's FSTs and FSRs. For the three and twelve months ended December 31, 2014, capitalized interest was $0.4 million and $1.0 million versus $0.1 million and $1.3 million respectively, for the 2013 comparative periods.

The increase in interest and financing costs is a direct result of the increased balance drawn on the credit facility as at December 31, 2014 that was $398.5 million compared to $160.5 million as at December 31, 2013.

Foreign Currency Translation Adjustment

	Three Months Ended December 31,			Twelve Months Ended December 31,		
($000's)	**2014**	**2013**	**% Change**	**2014**	**2013**	**% Change**
Foreign currency translation adjustment	**5,918**	2,975	99	**10,205**	5,515	85

Included in Other Comprehensive Income ("OCI") is $6.0 million and $10.2 million for the three and twelve months ended December 31, 2014 of foreign currency translation adjustments relating to the conversion of the financial results of the US operations as at December 31, 2014. The US dollar increased 4% and 9% in value relative to the Canadian dollar during the three and twelve months ended December 31, 2014. The foreign currency translation adjustment included in the consolidated statements of comprehensive income does not impact net earnings for the period.

Goodwill impairment

	Three Months Ended December 31,			Twelve Months Ended December 31,		
($000's)	**2014**	**2013**	**% Change**	**2014**	**2013**	**% Change**
Goodwill impairment	**(30,494)**	-	100	**(32,260)**	-	100

As a result of the significant decline in commodity prices in the fourth quarter of 2014 and reduced capital budgets set by oil and gas producers, the Corporation tested all of its assets for impairment. As a result of the impairment tests performed, the Corporation recorded a goodwill write-down of $32.3 million for the twelve months ended December 31, 2014. The goodwill impairment recorded in the Drilling Services segment was $16.6 million and $15.7 million was recorded in the PRD segment.

$1.8 million of goodwill was written off in the third quarter of 2014 in the PRD segment, as the Watford facility was damaged by a strike of lightning. An additional impairment of $2.9 million was taken on the Watford facility in the fourth quarter as timing to build out the permanent facility has not been set, in conjunction with the market factors noted above.

Income Taxes

	Three Months Ended December 31,			Twelve Months Ended December 31,		
($000's)	**2014**	**2013**	**% Change**	**2014**	**2013**	**% Change**
Income taxes						
Current income tax expense	**3,874**	4,548	(15)	**17,779**	12,624	41
Deferred income tax expense (recovery)	**(2,820)**	46	(6,230)	**2,862**	3,598	(20)
	1,054	4,594	(77)	**20,641**	16,222	27

Income tax expense for the three months ended December 31, 2014 decreased to $1.1 million from $4.6 million in the 2013 comparative period. The decrease is a result of the tax effect on the goodwill impairment taken in the fourth quarter of 2014.

Income tax expense for the twelve months ended December 31, 2014 increased to $20.6 million from $16.2 million in the 2013 comparative period. The increase in the current income tax expense for the twelve months ended December 31, 2014 is attributable to the overall increase in the Corporation's net earnings before income taxes as compared to the prior periods. The decrease in deferred income tax expense relates to a combination of changes in the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes compared to the amounts used for taxation purposes.

SIGNIFICANT PROJECTS

Secure's 2014 capital expenditure program included a number of significant projects. For a discussion of the Corporation's 2014 capital expenditure program, see "***Liquidity and Capital Resources***" in this MD&A.

GEOGRAPHICAL FINANCIAL INFORMATION

	Canada		USA		Total	
($000's)	2014	2013	2014	2013	2014	2013
Three Months Ended Dec 31						
Revenue	551,415	374,225	26,669	13,724	578,084	387,949
Year ended December 31,						
Revenue	2,185,645	1,442,281	86,006	50,259	2,271,651	1,492,540
As December 31,						
Total non-current assets	1,006,518	686,536	177,480	116,880	1,183,998	803,416

Revenue from assets in the United States for the three and twelve months ended December 31, 2014 increased 94% and 71% from the comparative periods of 2013. For the three and twelve months ended December 31, 2014, the increase in revenue relates to an increase in overall demand for the PRD division's services in the US and the addition of new facilities and expansions at current facilities late in the fourth quarter of 2013 and throughout 2014 which include: completion of the Keene SWD and 13 Mile Landfill late in the fourth quarter of 2013, commissioning of the Keene FST in April 2014, and commissioning of the Stanley FST in the third quarter of 2014.

United States based non-current assets as at December 31, 2014 of $177.5 million have increased 52% from $116.9 million as at December 31, 2013. The increase is a direct result of the conversion of the Keene SWD into an FST which was commissioned in April 2014, conversion of the Stanley SWD into an FST which was commissioned during the third quarter, conversion of the 13 Mile SWD into an FST which was commissioned in the first quarter of 2015, and preliminary design and engineering for 2015 organic projects in North Dakota including expansion of the 13 Mile Landfill.

The Corporation now operates two water disposal facilities in North Dakota, one landfill, three FSTs, offers fluids and solids equipment, and onsite services throughout the US Rocky Mountain region. As noted above, the Corporation opened its first FST in the US in the first quarter of 2014, its second FST in the third quarter of 2014, and the 13 Mile FST conversion was commissioned in the first quarter of 2015. Commissioning of the FSTs in the US market to provide a more diverse service offering, combined with the rebranding initiative in the second quarter of 2014, has increased Secure's brand recognition and presence in the US market.

SUMMARY OF QUARTERLY RESULTS

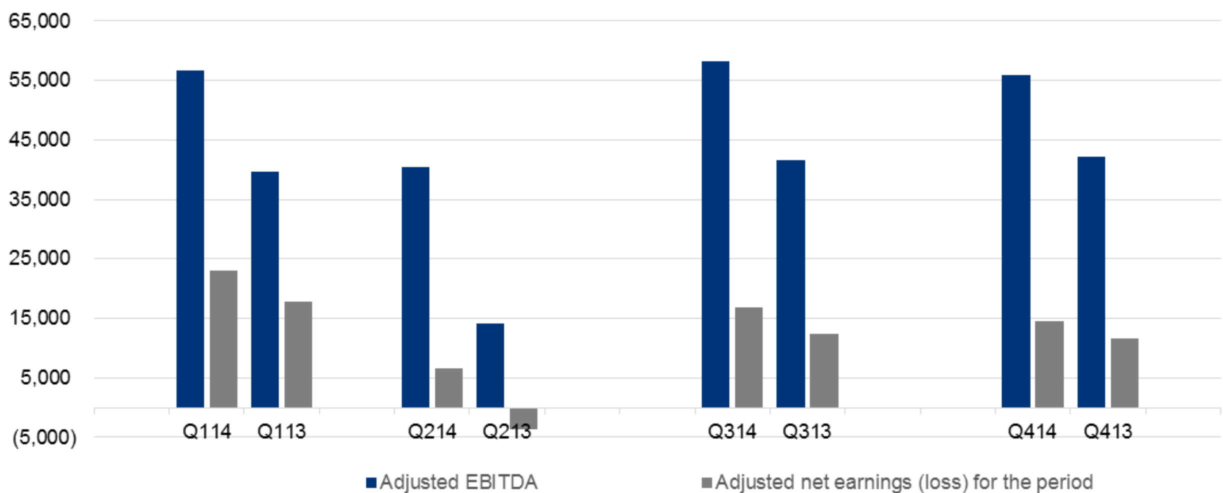
Seasonality

Seasonality impacts the Corporation's operations. 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 and well servicing 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.

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

($000s except share and per share data)	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (excluding oil purchase and resale)	224,523	208,743	155,690	205,632	155,427	153,868	85,530	147,122
Oil purchase and resale	353,561	390,671	412,249	320,580	232,522	289,892	252,323	175,856
Total Revenue	578,084	599,414	567,939	526,212	387,949	443,760	337,853	322,978
Net earnings (loss) income for the period	(13,659)	14,756	6,564	22,989	11,545	12,036	(2,375)	17,758
Earnings (loss) per share - basic	(0.11)	0.12	0.06	0.20	0.10	0.11	(0.02)	0.17
Earnings (loss) per share - diluted	(0.11)	0.12	0.05	0.19	0.10	0.11	(0.02)	0.17
Adjusted net earnings [1]	14,553	16,867	6,564	22,989	11,701	12,487	(3,628)	17,758
Earnings (loss) per share adjusted - basic	0.12	0.14	0.06	0.20	0.11	0.11	(0.03)	0.17
Earnings (loss) per share adjusted - diluted	0.12	0.14	0.05	0.19	0.10	0.11	(0.03)	0.17
Weighted average shares - basic	121,266,210	120,048,665	118,489,217	117,235,063	110,706,772	108,648,873	106,824,753	104,734,964
Weighted average shares - diluted	123,479,368	123,736,572	121,757,066	120,436,149	113,700,987	111,500,617	106,824,753	107,363,836
Adjusted EBITDA [1]	55,980	58,229	40,393	56,691	42,108	41,541	14,158	39,705

[1] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**



Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's significant growth and acquisitions completed in the twelve months ended December 31, 2014 and 2013, variations in quarterly results extend beyond seasonal factors. While Secure has experienced increased demand for its services over the last eight quarters, the most significant impact relates to new facilities, expansions of existing facilities and acquisitions.

Each quarter was impacted by the date at which an acquisition occurred or any one of the constructed or acquired FSTs, SWDs or landfills commenced operations. For a complete description of Secure's PRD, DS, and OS division business assets and operations, please refer to the headings "Secure Energy Services Inc.", and "Description of Business" in the Corporation's AIF for the year ended December 31, 2014 which includes a description of the date of acquisitions or on which each of Secure's facilities commenced operations.

The following summarizes the facilities commissioned and acquisitions completed since December 31, 2013 that have impacted the 2014 quarterly results: In the first quarter, the Corporation commissioned the Kindersley FST and completed two acquisitions comprised of a rentals based business specialized in water handling and an environmental contracting business. In the second quarter, the Corporation commissioned the Edson and Keene FSTs and completed three acquisitions including a mineral products plant, a drilling fluids business and an environmental contracting business. In the third quarter, the Corporation commissioned the Stanley FST, completed the acquisition of the assets of Predator, and a rentals based business in the OS division complementing the first quarter water handling business acquired. In the fourth quarter, the Corporation opened the Tulliby Lake Landfill and 13 Mile FST and completed the acquisition of an oilfield service company that has proprietary technology products that provide high impact solutions for production, drilling and completion fluids.

In addition to when the facility commenced operating activities or was acquired, the quarters were also impacted by the length of time required for several oil and natural gas producers to conduct their own individual audits of the facilities to ensure Secure meets all required internal specifications for disposal of oilfield wastes. This process is conducted at all landfills, FSTs and SWDs before the producer will begin sending waste. Depending on the producer, this process can take several months.

By offering the oil purchase and resale service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. The increases realized in the last eight quarters is a result of Secure becoming a single shipper at Drayton Valley FST and La Glace FST during 2012, and the Judy Creek FST in the third quarter of 2013. See the "Business Risks" section in this MD&A for further discussion on this service.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions. The Corporation has historically funded its operations, dividends and capital program primarily with equity financing, cash flow from operations and its credit facility. The Corporation's objective in capital program management is to ensure adequate sources of capital are available to carry out its capital plan, while maintaining operational growth, payment of dividends and increased cash flow so as to sustain future development of the business.

Cash Provided by Operations

	Year Ended December 31,		
($000's)	**2014**	**2013**	**% Change**
Funds from operations [1]	**210,531**	140,342	50

[1] Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

Funds from operations for the twelve months ended December 31, 2014 increased to $210.5 million from $140.3 million in the comparative period of 2013. The 50% increase for the twelve month period ended December 31, 2014 is a result of an increased demand for the Corporation's products and services; new PRD facility additions and expansions; increased revenue per operating day for drilling fluids, increased rental revenues from organic growth of the fluids and solids control rental fleet, and the eight acquisitions completed during the twelve months ended December 31, 2014.

Investing Activities

($000's)	Three months ended December 31, 2014	2013	% Change	Twelve Months Ended December 31, 2014	2013	% Change
Capital expenditures [(1)]						
Expansion and growth capital expenditures	91,165	63,520	44	295,977	193,841	53
Acquisitions	6,805	-	-	97,839	26,683	267
Sustaining capital expenditures	3,883	740	425	6,990	4,337	61
Total capital expenditures	101,853	64,260	59	400,806	224,861	78

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

The Corporation's growth and expansion capital expenditures for the three months ended December 31, 2014 increased to $91.2 million from $63.5 million in the comparative period of 2013. Capital expenditures for the three months ended December 31, 2014 are allocated as follows:

- $52.8 million in PRD growth capital relating to the Brazeau and 13 Mile SWD conversions to FSTs, Rycroft and Kindersley FSRs, and Tulliby Lake FST and Landfill;
- $17.2 million for expansion capital for landfill cells under construction in the quarter at Saddle Hills, South Grande Prairie and 13 Mile, additional centrifuges at the Obed FST; an additional treater at the Kindersley FST, and a second disposal well at the Nose Hill SWD;
- $10.1 million for long lead equipment and pre-spend for engineering and design for 2015 capital projects; and
- $11.1 million for rental equipment such as centrifuges, Target Tanks, hydraulic stands, invert tanks and other miscellaneous capital expenditures.

The Corporation's growth and expansion capital expenditures for the twelve months ended December 31, 2014 increased to $296.0 million from $193.8 million in the comparative period of 2013. Capital expenditures for the twelve months ended December 31, 2014 are allocated as follows:

- $190.0 million in PRD growth capital:
  - Kindersley FST was completed and operational during the first quarter;
  - Edson and Keene FST's were completed, commissioned and operational during the second quarter of 2014;
  - Waste portion of the Stanley FST was completed and commissioned in the third quarter of 2014, Brazeau FST in the fourth quarter of 2014;
  - 13 Mile SWD is currently under construction to convert to an FST with the waste portion of the facility anticipated to be commissioned in the first quarter of 2015;
  - The Rycroft and Kindersley FSRs are the Corporation's first organic oil rail facilities. The Rycroft FSR will offer treating, storage, disposal and transloading services. The Rycroft FSR was commissioned and operational in the first quarter of 2015 and the Kindersley FSR is anticipated to be commissioned in the second quarter of 2015; and
  - Tulliby Lake FST and Landfill is the Corporation's first heavy oil and production sand treating, and Landfill facility. The landfill was commissioned and operational near the end of the fourth quarter of 2014 and the FST in the first quarter of 2015.
- $47.9 million for expansion capital:
  - Landfill cells at South Grande Prairie, Saddle Hills, and 13 Mile. The additional cell capacity at South Grande Prairie and Saddle Hills was available in the fourth quarter of 2014, 13 Mile is anticipated to be complete in the first quarter of 2015;
  - Additional disposal wells at both the Obed and Drayton Valley FSTs were commissioned in the fourth quarter;

- Purchase of an office in Grande Prairie to accommodate growth of the Corporation and consolidate all three divisions into one space;
- Additional treater is was constructed at the Kindersley FST and commissioned in the fourth quarter; and
- Waste expansion at South Grande Prairie FST was completed and commissioned in the fourth quarter.

- $21.0 million for long lead equipment and pre-spend for engineering and design for 2015 capital projects; and
- $37.1 million for rental equipment such as centrifuges, Target Tanks, hydraulic stands, invert tanks, fluid handling equipment rentals and other miscellaneous capital expenditures, the oil based mud blending plant in Fox Creek was completed and commissioned in July 2014, and completion of the new DS state of the art laboratory facility opened in July 2014.

For the three and twelve months ended December 31, 2014 acquisitions were $6.8 million and $97.8 million compared to $nil and $26.7 million in the 2013 comparative periods.

In the first quarter of 2014, the Corporation completed two acquisitions in the OS division for $16.4 million in cash consideration, with assets that will grow the Corporation's IFS service line and establish an onsite market presence in the US.

In the second quarter of 2014, the Corporation completed three acquisitions for $13.2 million in cash consideration. A mineral products plant which mainly processes barite that will allow the Corporation to vertically integrate the operations in the DS division to improve logistics and quality of product, a drilling fluids business that will provide additional drilling fluids systems for highly complex wells in the deep basin and key customer relationships, and an environmental contracting business that provides services relating to spill cleanup, pond construction, and contaminated soil excavation, stockpiling, treatment, transportation and disposal and will expand the service area of the OS division.

In the third quarter of 2014, the Corporation completed two acquisitions for $61.4 million in cash consideration. Secure closed the acquisition of the assets of Predator and acquired the assets of a private oilfield services company. Predator is a private midstream company that owns and operates three rail transloading terminals in Alberta. Predator transloads crude oil from truck to rail, where rail cars are aggregated and subsequently sold to refineries. The acquisition will add three operational rail sites and combined with Secure's current construction of the Rycroft FSR, will provide an immediate rail terminal network from which to build on. The other acquisition specializes in providing water pumping and frac pond setup services, and provides miscellaneous equipment for rent. The acquisition will expand the service area and assets of the OS division.

In the fourth quarter of 2014, the Corporation completed one acquisition for $6.8 million in cash consideration. The oilfield service acquisition adds proprietary technology products that provide high impact solutions for production, drilling and completion fluids

These eight strategic acquisitions are a continuation of the Corporation's strategy to add complementary services along the energy services value chain. In the 2013 comparative periods, the Corporation completed the acquisition of Frontline Integrated Services Ltd. and Target Rentals Ltd.

Sustaining capital or maintenance capital refers to capital expenditures in respect of capital asset additions, or replacements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion and growth capital involves judgment by management. During the three and twelve month periods ended December 31, 2014, sustaining capital was $3.9 million and $7.0 million compared to $0.7 million and $4.3 million respectively, for the 2013 comparative periods. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new equipment or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades. As a facility matures, the amount of sustaining capital required will increase.

Financing Activities

($000's)	2014	2013	% Change
	Twelve Months Ended December 31,		
Issue of common shares, net of issue costs	**13,679**	113,899	(88)
Net draws (repayments) on revolving credit facility	**238,000**	37,000	543
Financing costs	**(1,210)**	(651)	86
Dividends paid	**(22,386)**	(10,820)	107
Net cash flow from financing activities	**228,083**	139,428	64

For the twelve months ended December 31, 2014, the Corporation issued 2,812,176 common shares for the eight acquisitions completed. In addition, the increase of common shares relates to the exercising of options in accordance with the Corporation's share-based payment plan (the "Plan"). Under the Plan, the Corporation may grant share options to its employees and directors for up to 10% of the issued and outstanding common shares of the Corporation calculated on a non-diluted basis at the time of grant. 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. Lastly, the increase relates to the vesting of Restricted Share Units ("RSUs") in accordance with the Corporation's RSU plan in which common shares were issued. RSUs issued vest in three equal portions on the first, second and third anniversary of the grant date and are settled in common shares of the Corporation.

On September 26, 2014, the Corporation entered into an amended and restated $700.0 million syndicated credit facility. The Credit Facility consists of a $675.0 million extendible revolving term credit facility and a $25.0 million revolving operating facility that replaced the Corporation's $400.0 million credit facility. The Credit Facility includes an accordion feature which, if exercised and approved by the Corporation's lenders, would increase the Credit Facility by $100.0 million.

Amounts borrowed under the Credit Facility will bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the Bankers' Acceptance rate plus 1.45% to 3.00%, depending in each case on the ratio of consolidated Senior Debt to EBIDTA ratio, with any unused outstanding amounts subject to standby fees ranging from 0.29% to 0.60%. Senior Debt includes amounts drawn on the Credit Faciltiy, finance leases, and any outstanding letters of credit. Total Debt is equal to Senior Debt plus any unsecured debt, excluding any convertible debentures. The Corporation currently does not have any unsecured debt and as a result, Total Debt is equal to Senior Debt. The Credit Facility is to be used for working capital purposes, capital expenditures, acquisitions, and general corporate purposes.

The Credit Facility is due on September 26, 2018 (the "maturity date"), and includes an option for the Corporation to extend the maturity date (once per annum) to a maximum of four years from the extension request date, subject to the approval of the Corporation's lenders. Repayment of any amounts drawn on the Credit Facility would therefore be repayable on the maturity date if the Credit Facility was not extended.

The following covenants apply to the existing Credit Facility:

- The Total Debt to EBITDA Ratio shall not exceed 5:00:1; where EBITDA is adjusted for acquisitions on a pro-forma trailing twelve month basis;
- The Senior Debt to EBITDA Ratio shall not exceed 3:5:1 and
- The Interest Coverage Ratio shall not be less than 2:50:1.

At December 31, 2014, the Corporation was in compliance with all covenants.

As at December 31, 2014, the Corporation had drawn $398.5 million on its Credit Facility compared to $160.5 million in the 2013 comparative period. The amount drawn on the Credit Facility relates to capital expenditures and working capital requirements. Working capital in the DS division, specifically inventory, requires certain minimum levels to be held in order to meet the needs of customers for the active winter drilling season. The Corporation had $279.1 million available under its

credit facility as at December 31, 2014. The Corporation is well positioned, based on the available amount of its Credit Facility and expected funds from operations, to execute on the 2015 capital program.

At December 31, 2014, the Corporation had issued approximately $22.4 million in letters of credit and approximately $16.0 million of performance bonds to various environmental regulatory authorities in Alberta and British Columbia and letters of credit related to certain crude oil marketing contracts. The Alberta Energy Regulator ("AER") has implemented the Oilfield Waste Liability ("OWL") program. The OWL program is expected to replace the current fully funded liability management program for oilfield waste facilities with a facility specific asset to liability risk based assessment that is backed by the existing upstream oil and natural gas industry liability management program. The amount of letters of credit issued will fluctuate based on the growth of the Corporation, requirements for crude oil contracts and future refunds under the OWL program, which are undeterminable at this time.

During twelve months ended December 31, 2014, the Corporation paid dividends of $22.4 million to holders of common shares. Of the dividends declared for the twelve months ended December 31, 2014, $3.0 million was reinvested in additional common shares through the DRIP.

Subsequent to December 31, 2014, the Corporation declared dividends to holders of common shares in the amount of $0.02 per common share payable on January 15, 2015, February 16, 2015, and March 16, 2015, for shareholders of record on January 1, 2015, February 1, 2015 and March 1, 2015, respectively.

Contractual Obligations

The Corporation has a total of $330.8 million in commitments, excluding the above commitment relating to the credit facility. The $330.8 million includes commitments for operating lease agreements primarily for heavy equipment, vehicles, land leases and office space, rail car operating leases as a result of the acquisition of Predator, and pipeline volumes for transportation of crude oil; capital commitments relating to purchases for use in the Corporation's current and future capital projects, and inventory purchase commitments for use in the normal course of operations and for use at the mineral products plant acquired in the second quarter. Overall, the Corporation has sufficient funds from operations and availability through the credit facility to meet upcoming commitments.

	Payments due by period			
($000's)	**1 year or less**	**1-5 years**	**5 years and thereafter**	**Total**
Finance leases	10,458	12,060	-	**22,518**
Operating leases	7,344	22,376	7,683	**37,403**
Crude oil transportation	24,029	92,085	86,650	**202,764**
Inventory purchases	19,575	35,100	-	**54,675**
Capital Commitments	11,679	-	-	**11,679**
Earn out payments	1,721	-	-	**1,721**
Total Commitments	74,806	161,621	94,333	**330,760**

In the normal course of operations, the Corporation is committed to the purchase and sale of volumes of commodities for use in the Corporation's operations and 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 divisions.

BUSINESS RISKS

The following information describes certain significant risks and uncertainties inherent in the Corporation's business. This section does not describe all risks applicable to the Corporation, its industry or its business, and is intended only as a summary of certain material risks. If any of such risks or uncertainties actually occurs, the Corporation's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements discussed in this MD&A.

Oil and Natural Gas prices

The demand, pricing and terms for oilfield waste disposal services in the Corporation's existing or future service areas largely depend upon the level of exploration, development and production activity for both crude oil and natural gas in the WCSB, and the United States. Oil and natural gas industry conditions are influenced by numerous factors over which the Corporation has no control, including oil and natural gas prices, expectations about future oil and natural gas prices, levels of consumer demand, the cost of exploring for, producing and delivering oil and natural gas, the expected rates of declining current production, the discovery rates of new oil and natural gas reserves, available pipeline and other oil and natural gas transportation capacity, weather conditions, political, regulatory and economic conditions, and the ability of oil and natural gas companies to raise equity capital or debt financing.

The level of activity in the oil and natural gas industry is volatile. No assurance can be given that oil and natural gas exploration and production activities will continue at their current levels. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and natural gas production levels and therefore affect the demand for drilling and well services by oil and natural gas companies. Any addition to, or elimination or curtailment of, government incentives for companies involved in the exploration for and production of oil and natural gas could have a significant effect on the oilfield services industry in the WCSB, and the United States. A material decline in crude oil or natural gas prices or industry activity could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Oil and Natural Gas market

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for oil and other liquid hydrocarbons. The Corporation cannot predict the effect of changing demand for oil and natural gas products, and any major changes may materially and adversely affect the Corporation's business, financial condition, results of operations and cash flows.

Market conditions

Fixed costs, including costs associated with leases, fixed commitments for rail cars, pipeline space, and inventory purchases, labour costs and depreciation, account for a significant portion of the Corporation's expenses. As a result, reduced productivity resulting from reduced demand, equipment failure, weather, or other factors could significantly affect the business, financial condition, results of operations and cash flows.

Global financial conditions

Global financial conditions include the commodity and equity markets that have been volatile as investors react to changes in the global economy. As a result of these global conditions, the Corporation is subject to increased counterparty risk and liquidity risk. The Corporation is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the cash of the Corporation or provide available funding on the Credit Facility and (ii) the insurance providers of the Corporation. As a result, the cash of the Corporation may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Corporation would bear the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty.

The Corporation is also exposed to liquidity risk in the event its cash positions decline or become inaccessible for any reason, or additional financing is required to advance its projects or growth strategy and appropriate financing is unavailable, or demand for oil and gas falls. Any of these factors may impact the ability of the Corporation to obtain further equity based funding, loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil were to continue, the Corporation's results of operations and planned growth could be adversely impacted.

Governmental regulation

In addition to environmental regulations, the Corporation's operations are subject to a variety of other federal, provincial and local laws, regulations and guidelines, including laws and regulations relating to health and safety, the conduct of operations, and the manufacture, management, transportation including the shipment of crude oil by rail, storage, and disposal of certain materials used in the Corporation's operations. The Corporation believes that it is in compliance with such laws, regulations and guidelines. The Corporation has invested financial and managerial resources to comply with applicable laws, regulations and guidelines and will continue to do so in the future. Although regulatory expenditures have not, historically, been material to the Corporation, such laws, regulations and guidelines are subject to change. Accordingly, it is impossible for the Corporation to predict the cost or effect of such laws, regulations or guidelines on the Corporation's future operations. In addition, the Corporation's securities are being sold in Canada and are listed on the TSX, and the Corporation is accordingly subject to regulation by Canadian securities regulators and Canadian federal and provincial laws and regulations. The Corporation believes that it is in compliance with such laws and regulations.

Transportation of Dangerous Goods

The Corporation transports various petroleum products by rail and truck. These petroleum products are considered dangerous goods under transportation of dangerous goods legislation. The volume of product shipped and the number of rail cars and trucks loaded at Secure facilities has continued to increase over the years. When Secure loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under the applicable laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labelled and the product is loaded in an appropriate tank. Secure also owns and operates rail infrastructure and must comply with applicable laws relating to the maintenance and inspection of these facilities. Secure may face liability for personal injuries, damage to property, environmental damage, lost product in the event of an incident involving rail cars or trucks loaded by Secure, where Secure is the consignor or importer of the product, where Secure owns the product that is involved in an incident, or where an incident occurs on Secure's proprietary rail infrastructure. In addition, Secure may be exposed to regulatory action in the event that it fails to comply with transportation of dangerous goods laws.

The Corporation regularly assesses the risks associated with the transportation of dangerous goods. Among the risk mitigation measures that Secure employs, are: training programs for operational and logistics staff; adoption of general and site-specific procedures for loading/unloading, infrastructure maintenance, testing and product classification; negotiating fleet maintenance contracts; leasing rail cars that comply with current regulatory requirements; engaging with industry associations and regulatory agencies; periodically auditing operations and logistics practices; reviewing insurance requirements and securing appropriate coverage; hiring specialists as appropriate to assist.

Merger and acquisition activity

The Corporation may undertake future acquisitions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on having the acquired assets perform as expected, successfully consolidating functions, retaining key employees and customer relationships, and integrating operations and procedures in a timely and efficient manner. Such integration may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters, and ultimately the Corporation may fail to realize the anticipated benefits of such acquisitions. Merger and acquisition activity in the oil and natural gas exploration and production sector may impact demand for the Corporation's services as customers focus on reorganizing their business prior to committing funds to exploration and development projects. Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than the Corporation.

In addition, the Corporation may discover that it has acquired substantial undisclosed liabilities in connection with an acquisition. The existence of undisclosed liabilities or the Corporation's inability to retain existing customers or employees

of the acquired entity could have a material adverse impact on the Corporation's business, financial condition, results of operations and cash flows.

Regulation and taxation of energy industry
Material changes to the regulation and taxation of the energy industry in the jurisdictions in which the Corporation operates may reasonably be expected to have an impact on the energy services industry. Generally, a significant increase in the regulation or taxation of the energy industry or material uncertainty regarding such issues may be expected to result in a decrease in industry drilling and production activity in the applicable jurisdiction.

Provincial royalty rate changes
The provincial governments of Alberta, British Columbia, Manitoba, Quebec and Saskatchewan collect royalties on the production from Crown lands. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. As an example, during 2009 and 2010, changes were announced to the royalty regimes and/or drilling incentive programs in Alberta and British Columbia. These changes, as well as the potential for future changes in these and other jurisdictions, add uncertainty to the outlook of the oilfield services sector.

Expansion of the Corporation's business into new jurisdictions
The Corporation has recently expanded its business into North Dakota and Colorado, and intends to continue to expand its business into new operating jurisdictions. The expansion of the business will depend upon the ability of management to successfully implement the strategy of Secure. There is no guarantee that this expansion of the business will be successful. Secure will need to comply with the laws of these new jurisdictions, which may be significantly different than those the Corporation is accustomed to, and there can be no assurance that it will be able to obtain necessary approvals to facilitate the expansion of its business into these new jurisdictions. Any failure to comply with applicable laws could result in the imposition of significant restrictions on the ability of Secure to do business in these jurisdictions, and could also result in fines and other sanctions, any or all of which could adversely affect its results of operations or financial condition. In addition, any changes in laws and regulation in these new jurisdictions could materially adversely affect the business, results of operations and financial condition of the Corporation.

Competitive conditions
The Corporation competes with a number of outsourcing companies, and oil and gas producers. The western Canadian market for the PRD division is dominated by two large market participants, Tervita Corporation with approximately 70 facilities, and Newalta Corporation with approximately 35 facilities. There can be no assurance that competitors will not substantially increase the resources devoted to the development and marketing of services that compete with those of the Corporation, or that new or existing competitors will not enter the various markets in which the Corporation is active. In addition, reduced levels of activity in the oil and natural gas industry could intensify competition and the pressure on competitive pricing and may result in lower revenues or margins to the Corporation in all divisions. The Corporation’s customers may elect not to purchase its services if they view the Corporation’s financial viability as unacceptable, which would cause the Corporation to lose customers.

Performance of obligations
The Corporation's success depends in large part on whether it fulfills its obligations with clients and maintains client satisfaction. If the Corporation fails to satisfactorily perform its obligations, or makes professional errors in the services that it provides, its clients could terminate contracts, including master service agreements, exposing the Corporation to loss of its professional reputation and risk of loss or reduced profits or, in some cases, the loss of a project.

Development of new technology and equipment
The technology used in the PRD division for waste treatment, recovery and disposal business is not protected by intellectual property rights. As such, there are no significant technological barriers to entry within the industry. The technology used in the DS division for drilling fluids systems and drilling fluid in some instances are protected by intellectual property rights, however new technological advances could occur within the drilling fluids system and drilling fluids industry at any time.

Equipment risks
The Corporation's ability to meet customer demands in respect of performance and cost will depend upon continuous improvements in the Corporation's operating equipment. There can be no assurance that the Corporation will be successful

in its efforts in this regard or that it will have the resources available to meet this continuing demand. The Corporation's failure to do so could have a material adverse effect on it. No assurances can be given that competitors will not achieve technological advantages over the Corporation.

Potential replacement or reduced use of products and services

Certain of the Corporation's equipment or systems may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost; exhibit enhanced performance characteristics or are determined by the market to be more preferable for environmental or other reasons. The Corporation will need to keep current with the changing market for drilling fluids and solids control equipment and technological and regulatory changes. If the Corporation fails to do so, this could have a material adverse affect on its business, financial condition, results of operations and cash flows.

Commodity price risk – non-trading

Crude oil prices are primarily based on West Texas Intermediate ("WTI"), plus or minus a differential to WTI based on the crude type and market conditions (the "commodity price"). The value of the Corporation's crude oil inventory 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. As part of normal operating activities, the Corporation is required to hold a certain amount of inventory in any given month. The Corporation is therefore exposed to commodity price fluctuations. The Corporation has elected not to actively manage commodity price risk associated with crude oil inventory at this time.

Crude oil marketing and Commodity price risk – trading

The Corporation is exposed to operating and commodity price risk at its FSTs that purchase and sell crude oil and at its rail transloading facilities. Operating risk relates to factors that include but are not limited to pipeline apportionment, pipeline specifications regarding the quality of crude that is shipped down the pipeline, pipeline breaks at the Corporation's facility, and crude oil volumes actually received versus forecast. In addition, the Corporation's ability to generate crude oil marketing profits is also based on the type of crude oil type entering the facility and the associated commodity price of that crude oil. Any change to differentials can have a positive or negative impact to the Corporation's ability to generate crude oil marketing and rail transloading profits in the future. In order to maximize on crude oil marketing opportunities, the Corporation enters into crude oil contracts. The physical trading activities related to crude oil marketing contracts exposes the Corporation to the risk of profit or loss depending on a variety of factors including: changes in the commodity price; 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; and counterparty performance as a result of disagreements over terms of deals and/or contracts. 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. The volume purchased or sold relates to physical volumes only. Through this process, the Corporation may hold open positions. 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. The Corporation may choose to do this based on energy commodity pricing relationships, time periods or qualities.

Credit risk

Credit risk affects both non-trading and trading activities. The Corporation provides credit to its customers in the normal course of operations and assumes credit risk with counterparties through its trading activities. In addition, the Corporation is at risk for potential losses if counterparties in its trading activities do not fulfill their contractual obligations. 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, economic conditions, environmental regulations, government policy, royalty rates and geopolitical factors. 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. 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.

Sources, Pricing and Availability of Products and Third Party Services

The Corporation sources its products from a variety of suppliers, many of whom are located in Canada and the United States. Should any suppliers of the Corporation be unable to provide the necessary products or services or otherwise fail to deliver products or services in the quantities required or at acceptable prices, any resulting delays in the provision of services or in the time required to find new suppliers could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Corporation. In addition, the ability of the Corporation to compete and grow will be dependent on the Corporation having access, at a reasonable cost and in a timely manner, to equipment, parts and components. Failure of suppliers to deliver such equipment, parts and components at a reasonable cost and in a timely manner would be detrimental to the ability of the Corporation to maintain and expand its client list. No assurance can be given that the Corporation will be successful in maintaining the required supply of equipment, parts and components. It is also possible that the final costs of the equipment contemplated by the capital expenditure program of the Corporation may be greater than anticipated by management, and may be greater than the amount of funds available to the Corporation, in which circumstance the Corporation may curtail or extend the timeframes for completing its capital expenditure plans.

The ability of the Corporation to provide services to its customers is also dependent upon the availability at reasonable prices of raw materials which the Corporation purchases from various suppliers, many of whom are located in Canada or the United States. Alternate suppliers do exist for all raw materials. In periods of high industry activity, periodic industry shortages of certain materials have been experienced and costs are sometimes affected. In contrast, periods of low industry activity levels may cause financial distress on a supplier, thus limiting their ability to continue to operate and provide the Corporation with necessary services and supplies. Management maintains relationships with a number of suppliers in an attempt to mitigate this risk and has entered into fixed price and quantity purchase contracts for various raw materials. However, if the current suppliers are unable to provide the necessary raw materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services to the clients of the Corporation could have a material adverse effect on the Corporation's results of operation and cash flows. Further, in periods of low activity, the Corporation could be subject to a loss on fixed price and quantity contracts that could have a material adverse effect on the Corporation’s results of operations and cash flows.

Contract bidding success and renewal of existing contracts

The Corporation’s business depends on the ability to successfully bid on new contracts and renew existing contracts with private and public sector clients. Contract proposals and negotiations are complex and could involve a highly lengthy bidding and selection process, which are affected by a number of factors, such as market conditions, financing arrangements and required government approvals. If negative market conditions arise, or if there is a failure to secure adequate financial arrangements or the required governmental approval, the Corporation may not be able to pursue particular projects which could adversely reduce or eliminate profitability.

Seasonal nature of the industry

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 legally supporting heavy loads and, as a result, road bans are implemented prohibiting such loads from being transported in certain areas. As a result, the movement of the heavy equipment required for drilling and well servicing activities is restricted and the level of activity of the Corporation’s customers is consequently reduced. In addition, the transportation of heavy waste loads is restricted resulting in smaller loads and a general reduction in the volume of waste delivered to Secure’s facilities. Accordingly, while the Corporation’s facilities are open and accessible year-round, spring break-up reduces the Corporation’s activity levels. In the areas in which Secure operates, the second quarter has generally been the slowest quarter as a result of spring break-up.

Foreign currency risk

A significant portion of the Corporation’s activities relate to the purchase and sale of crude oil or drilling fluids products which are transacted in or referenced to US dollars. The risk is mitigated as the majority of the activities occur in the same period; therefore foreign currency risk exposure is limited to crude oil or drilling fluids products held in inventory. The

Corporation does not maintain an active hedge program to mitigate this risk. The Corporation is exposed to foreign currency fluctuations as revenues, expenses and working capital derived from its foreign operations are denominated in U.S. dollars. In addition, the Corporation's US subsidiary is subject to translation gains and losses on consolidation. Realized foreign exchange gains and losses are included in net earnings while foreign exchange gains and losses arising on the translation of the assets, liabilities, revenues and expenses of the Corporation's foreign operations are included in the foreign currency translation reserve.

Some of the Corporation's current operations and related assets are located in the United States. Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, inflation, repatriation of earnings, social unrest or civil war, acts of terrorism, extortion or armed conflict and uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, they could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Environmental Activism

Environmental activism and opposition to Secure's operations may adversely affect the business of the Corporation by decreasing revenues and increasing remedial costs. The Corporation's operations, equipment and infrastructure could be vulnerable to unforeseen problems relating to environmental activism including, but not limited to, vandalism and theft which could interrupt the Corporation's operations for an extended period of time, result in significant delays to the Corporation's plans and result in increased costs to the Corporation. As a result of such interruption, the Corporation's business, financial condition and results of operations could be materially adversely affected. The Corporation's operations are dependent upon its ability to protect its operating equipment against damage from fire, vandalism, theft or a similar catastrophic event. Theft, vandalism and other disruptions could jeopardize the Corporation's operations and infrastructure and could result in significant set-backs, potential liabilities and deter future customers. While the Corporation has systems, policies, practices and procedures designed to prevent or limit the effect of the failure or interruptions of its infrastructure there can be no assurance that these measures will be sufficient and that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed in a timely manner.

Terrorist activities

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States, Canada, or other countries may adversely affect the United States, Canada, and global economies and could prevent the Corporation from meeting its financial and other obligations. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on demand for the Corporation's services and causing a reduction in its revenues. Oil and natural gas-related facilities could be direct targets of terrorist attacks, and the Corporation's operations could be adversely affected if infrastructure integral to its customers' operations is destroyed or damaged. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all.

Economic dependence

The top ten customers of the Corporation accounted for approximately 41% of revenue for fiscal 2014, of which no single customer accounted for more than approximately 10%. The Corporation does not generally enter into long term contracts with its customers and there can be no assurance that the current customers will continue their relationships with the Corporation. The loss of one or more major customers, any significant decrease in services provided to a customer, or prices paid or any other changes to the terms of service with customers, could have a material adverse affect on the financial results, cash flows, and the overall financial condition of the Corporation. In addition, treatment and waste disposal services are largely dependent on the willingness of customers to outsource their waste management activities. As such, the demand for Secure's services could be curtailed by a trend towards internal waste management. A concentrated portion of Secure's PRD division current and future revenue is generated from pipeline connected FST facilities. As significant revenue is generated from each pipeline connected FST facility, any single event that interrupts one of these operations could result in the loss of revenues.

Failure to timely complete, miss a required performance standard or otherwise fail to adequately perform on a project

Client commitments are made to complete a project by a scheduled time. If the project is not completed by the scheduled date, the Corporation may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion. In addition, performance of projects can be affected by a number of factors beyond the Corporation's control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in project scope of services requested by clients, industrial accidents, environmental hazards, labour disruptions and other factors. To the extent these events occur, the total cost of the project could exceed estimates and the Corporation could experience reduced profits or, in some cases, incur a loss on a project, which may reduce or eliminate overall profitability.

Landfill closure costs

Operating and maintaining a landfill is capital intensive and generally requires letters of credit or insurance bonds to secure performance and financial obligations. In addition, the Corporation has material financial obligations to pay closure and post-closure costs in respect of its landfills. The Corporation has estimated these costs and made provisions for them, but these costs could exceed the Corporation's current provisions as a result of, among other things, any federal, provincial or local government regulatory action including, but not limited to, unanticipated closure and post-closure obligations. The requirement to pay increased closure and post-closure costs could substantially increase the Corporation's letters of credit which could increase the Corporation's future costs, cause its profit to decline, and reduce the amount of funds available to be borrowed under the Corporation's Credit Facility.

Environmental protection & health and safety

The oil and natural gas industry is regulated by a number of federal and provincial legislation in Canada, federal and state laws and regulations in the United States and other applicable laws in the jurisdictions in which the Corporation operates. These regulations set forth numerous prohibitions and requirements with respect to planning and approval processes related to land use, sustainable resource management, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife and the environment, and the health and safety of workers. Legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain oil and natural gas industry operations. The legislation addresses various permits required for drilling, access road construction, camp construction, well completion, installation of surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas. Legislation regulating the oil and natural gas industry may be changed to impose higher standards and potentially more costly obligations on the oil and gas customers of the Corporation. The Corporation's oil and gas customers will also be required to comply with any regulatory schemes for greenhouse gas emissions adopted by any applicable jurisdiction. The direct or indirect cost of these regulations may have a material adverse effect on the oil and gas customers of the Corporation and consequently on the Corporation's business, financial condition, results of operations and cash flows. Given the evolving nature of the debate related to climate change and control of greenhouse gases and resulting requirements, management is unable to predict the impact of greenhouse gas emissions legislation and regulation on the Corporation and it is possible that it could have a material adverse affect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation is subject to a complex and increasingly stringent array of legal requirements and potential liabilities, including with respect to the ownership and management of property, the need to obtain and comply with permits and approvals, the health and safety of employees, and the handling, use, storage, disposal, intentional or accidental release of hazardous products or oilfield waste material. Failure to comply with these requirements could expose the Corporation to substantial penalties. There can be no assurance that the Corporation will not be required, at some future date, to incur significant costs to comply with environmental laws, or that its operations, business, assets or cash flow will not be materially adversely affected by existing conditions or by the requirements or potential liability under current or future environmental laws.

The Corporation may incur substantial costs, including fines, damages, criminal or civil sanctions, and remediation costs, or experience interruptions in the Corporation's operations for violations or liabilities arising under these laws and regulations.

The Corporation may have the benefit of insurance maintained by the Corporation, its customers or others but such insurance may be subject to coverage limits and exclusions and may not be available. In addition, the Corporation may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons such as fires, blowouts, freeze-ups, equipment failures, pipeline breaks, unplanned and extended pipeline shutdowns, leakage of landfill cell liners, and other similar events affecting the Corporation or other parties whose operations or assets directly or indirectly affect the Corporation.

The occurrence of any of the matters above, including new legislation or more rigorous enforcement of existing legislation may result in significant liability to the Corporation, which could have a material adverse affect on the financial results, cash flows and overall financial condition of the Corporation.

In addition, the Corporation's customers may elect not to purchase its services if they view its safety record as unacceptable, which could cause the Corporation to lose customers and substantial revenues. These risks may be greater for the Corporation because it may acquire companies that have not allocated significant resources and management focus to safety or have a poor safety record.

Key personnel

The Corporation's success depends to a significant extent on a number of its officers and key employees. The Corporation does not typically carry "key man" insurance that would compensate it for the loss of officers or key employees. The loss of the services of one or more of these officers or employees could have an adverse effect on the Corporation.

Availability of qualified employees

The Corporation's ability to provide reliable service is dependent upon attracting and retaining skilled workers. The Corporation attempts to overcome this by offering an attractive compensation package and training to enhance skills and career prospects. Shortages of experienced and skilled workers could have a material adverse effect on the Corporation by increasing labour costs, constraining growth or the level of activity as a result of the inability to expand human resources of the Corporation or through the loss of existing employees to competitive businesses. Additionally, a shortage of skilled oilfield workers may constrain overall activity and growth in the oil and natural gas industry, which could have a material adverse effect on the financial results and cash flows and overall financial condition of the Corporation.

Proprietary technology

The Corporation relies on various intellectual property rights to maintain proprietary control over its patents and trademarks.

The success and ability of the Corporation to compete depends in part on the proprietary technology of the Corporation, and the ability of the Corporation to prevent others from copying such proprietary technologies. The Corporation currently relies on industry confidentiality practices, in some cases by a letter agreement, brand recognition by oil and natural gas exploration and production entities and in some cases patents (or patents pending) to protect its proprietary technology.

There can be no assurance that the Corporation's patent applications will be valid, or that patents will issue from the patent applications that the Corporation has filed or will file. Accordingly, there can be no assurance that the patent application will be valid or will afford the Corporation with protection against competitors with similar technology.

The products developed by the Corporation may also incorporate technology that will not be protected by any patent and are capable of being duplicated or improved upon by competitors. Accordingly, the Corporation may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary information of the Corporation and trade secrets. In addition, effective patent protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions. Policing unauthorized use of the Corporation's enhancements could prove to be difficult, and there can be no assurance that the steps taken by the Corporation will prevent misappropriation of its enhancements. In addition, litigation may be necessary in the future to enforce the intellectual property rights of the Corporation to protect their patents, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on the Corporation's business, results of operations or financial condition.

Despite the efforts of the Corporation, the intellectual property rights of the Corporation may be invalidated, circumvented, challenged, infringed or required to be licensed to others. It cannot be assured that any steps the Corporation may take to protect its intellectual property rights and other rights to such proprietary technologies that are central to the Corporation's operations will prevent misappropriation or infringement.

Risk of third party claims for infringement

A third party may claim that the Corporation has infringed such third party's intellectual property rights or may challenge the right of the Corporation in their intellectual property. In such event, the Corporation will undertake a review to determine what, if any, actions the Corporation should take with respect to such claim. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, cause delays in the operations of the Corporation or require the Corporation to enter into licensing agreements that may require the payment of a license fee or royalties to the owner of the intellectual property. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Corporation.

Operating risks and insurance

The Corporation’s operations are subject to risks inherent in the oilfield services industry, such as equipment defects, malfunctions, failures, accidents, spills, shut down or loss of a disposal well, and natural disasters. These risks and hazards could expose the Corporation to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution, and other environmental damages.

Although the Corporation has obtained insurance against certain of these risks, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Corporation is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Corporation’s liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Corporation incurs substantial liability and such damages are not covered by insurance or are in excess of policy limits, or if the Corporation incurs such liability at a time when it is not able to obtain liability insurance, the Corporation’s business, results of operations and financial condition could be materially adversely affected.

Financing future growth or expansion

The Corporation’s business strategy is based in part upon the continued expansion of the Corporation’s network of facilities. In order to continue to implement its business strategy, the Corporation will be required to further its capital investment. The Corporation may finance these capital expenditures through vendor financings, ongoing cash flow from operations, borrowings under its Credit Facility and by raising capital through the sale of additional debt or equity securities. The Corporation’s ability to obtain financing or to access the capital markets for future offerings may be limited by the restrictive covenants in the Corporation’s current and future debt agreements, by the Corporation’s future financial condition, and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties beyond the Corporation’s control.

Raising additional capital

The Corporation may issue additional Common Shares in the future, which may dilute a shareholder’s holdings in the Corporation. The Corporation’s articles permit the issuance of an unlimited number of Common Shares and an unlimited number of preferred shares, and shareholders will have no pre-emptive rights in connection with any further issuances. The directors of the Corporation have the discretion to determine the provisions attaching to any preference shares and the price and the terms of issue of further issuances of Common Shares.

Access to capital

The Corporation may find it necessary in the future to obtain additional debt or equity to support ongoing operations, to undertake capital expenditures, or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the Corporation. The Corporation’s inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Corporation’s growth and may have a material adverse effect on the Corporation. The credit agreement governing the Credit Facility imposes operating and financial restrictions on the Corporation that may prevent the Corporation from pursuing certain business opportunities and restrict its ability to operate its business.

The credit agreement governing the Credit Facility contains covenants that restrict the Corporation's ability to take various actions. In addition, the credit agreement requires the Corporation to comply with specified financial ratios. The Corporation's ability to comply with these covenants will likely be affected by events beyond its control, and the Corporation cannot assure that it will satisfy those requirements. If the Corporation's finanicial performance results in a breach of any existing or future financial covenants, access to financing could be restricted and/or all or a portion of the Corporation's debt could become due on demand.

The restrictions contained in the credit agreement could also limit the Corporation's ability to plan for or react to market conditions, meet capital needs or otherwise restrict the Corporation's activities or business plans and adversely affect its ability to finance its operations, enter into acquisitions or to engage in other business activities that would be in the Corporation's interest.

Volatility of market price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, depth of the market at any point in time, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*" herein. In addition, the market price for securities in the stock markets, including the TSX, may experience significant price and trading fluctuations. These fluctuations may result in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Common Shares.

The decision to pay dividends and the amount of such dividends is subject to the discretion of the Corporation's Board of Directors based on numerous factors and may vary from time to time

The decision to implement dividends and the amount is at the discretion of the Corporation's Board of Directors. The amount of cash available to the Corporation to pay dividends, if any, can vary significantly from period to period for a number of reasons, including, among other things: the Corporation's operational and financial performance; the amount of cash required or retained for debt service or repayment; amounts required to fund capital expenditures and working capital requirements; access to equity markets; foreign currency exchange rates and interest rates; and the risk factors set forth in this MD&A.

The decision whether or not to pay dividends and the amount of any such dividends are subject to the discretion of the Corporation's Board of Directors, which regularly evaluates the Corporation's proposed dividend payments. In addition, the level of dividends per common share will be affected by the number of outstanding common shares and other securities that may be entitled to receive cash dividends or other payments. Dividends may be increased, reduced or suspended depending on the Corporation's operational success and the performance of its assets.

Leverage and restrictive covenants

The degree to which the Corporation is financially leveraged could have important consequences to the shareholders of the Corporation, including: (i) a portion of the Corporation's cash flow from operations will be dedicated to the payment of the principal of and interest on its indebtedness; and (ii) certain of the Corporation's borrowings have variable rates of interest, which float with the lender's prime rate, and as such, as these banking facilities are drawn, the Corporation will be exposed to higher interest costs if the prime rate should increase. The Corporation's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. The Corporation's lender has been provided with security over all of the assets of the Corporation. A failure to comply with the obligations in the agreements in respect of the revolving credit facility could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness.

Interest rates

The Corporation's banking facilities have interest rates which float with the lender's prime rate ranging from 0.45% to 2.00% above the prime rate ranging or 1.45% to 3.00% above the Bankers' Acceptance rate depending on the Corporation's

prevailing consolidated senior debt to EBITDA ratio and as such, as these banking facilities are drawn, the Corporation will be exposed to higher interest costs if the Canadian prime rate and Bankers' Acceptance rate should increase.

Legal proceedings

The Corporation is named as a defendant in the Tervita Action. While management of Secure does not believe that this action will have a material effect on the business or financial condition of the Corporation, no assurance can be given as to the final outcome of this or any other legal proceedings or that the ultimate resolution of this or any other legal proceedings will not have a material adverse effect on the Corporation.

In the event that the plaintiff is successful in asserting its claim against the Corporation, the Corporation has insurance and potential damages claimed in the Corporation's countersuit which may mitigate the impact upon the financial condition of the Corporation; however, the Corporation's insurance is limited to $5 million (which will be reduced by the amount of expenses of the lawsuit claimed by Secure against the insurance) and there can be no assurance that Secure's insurer will not determine that one or more of the claims specified in the Tervita Action are not covered by Secure's insurance policy and deny coverage. In the event that the Tervita Action was to be determined in a manner adverse to the Corporation, it could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Breach of confidential information

The Corporation's efforts to protect confidential information may prove unsuccessful due to the actions of third parties, software bugs, technical malfunctions, employee error, or other factors. Should any of these events occur, this information could be accessed or disclosed improperly. Any incidents involving a breach of confidential information could damage the Corporation's reputation and expose competitive positioning of future growth strategy of the Corporation. Should this occur, it could have a material adverse effect on the Corporation's business, financial condition, and reputation.

Disclosure controls & procedures

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation, is made known to the Chief Executive Officer and Chief Financial Officer by others within the Corporation, particularly during the period in which the annual and interim filings of the Corporation are being prepared, in an accurate and timely manner in order for the Corporation to comply with its disclosure and financial reporting obligations and in order to safeguard the Corporation's assets. Consistent with the concept of reasonable assurance, the Corporation recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Corporation's disclosure controls and procedures can only provide reasonable assurance, and not absolute assurance, that the objectives of such controls and procedures are met.

Internal controls over financial reporting

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. While management of the Corporation has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Corporation's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated.

Conflict of interest

Certain of the directors and officers of the Corporation are also directors and officers of oil and natural gas exploration and/or production entities and oil and natural gas service companies, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies.

Forward Looking Statements may prove inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this MD&A under the heading "Forward Looking Statements".

OUTSTANDING SHARE CAPITAL

As at March 3, 2015, there were 121,670,651 Common Shares issued and outstanding. In addition as at March 3, 2015, there were 8,924,737 share options outstanding, of which 2,953,996 were exercisable, 1,631,220 RSUs outstanding, of which nil were redeemable, and 151,828 PSUs outstanding, of which nil were redeemable.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2014 and 2013, the Corporation did not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the three and twelve months ended December 31, 2014, the Corporation earned $9.9 million and $39.0 million of revenue and incurred $1.3 million and $3.4 million of expenses with 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 PRD, DS and OS divisions. 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 three and twelve months ended December 31, 2014, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2013 - 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.

ACCOUNTING POLICIES

Secure's significant accounting policies are set out in Note 2 of the Corporation's annual audited financial statements for the year ended December 31, 2014.

FINANCIAL AND OTHER INSTRUMENTS

As at December 31, 2014, the Corporation's financial instrument assets include cash, accounts receivables and accrued receivables. The Corporation's financial instrument liabilities include accounts payable and accrued liabilities, and long term borrowings. The fair values of these financial instruments approximate their carrying amount due to the short term maturity of these instruments except long term borrowings. Long term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to foreign currency exchange rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future foreign currency exchange rates. The estimated fair value of all derivative financial instruments are based on observable market data. Refer to note 19, Financial Instruments of the accompanying financial statements for a summary of the fair value of derivative financial instruments existing at December 31, 2014. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, and market risk. A discussion of how these and other risks are managed can be found in the "Business Risk" section of this MD&A. Further information on how the fair value of financial instruments is determined is included in the "Critical accounting estimates and judgements" section of this MD&A.

There are no off-balance sheet arrangements. Of the Corporation's financial instruments, only accounts receivable represent credit risk. The Corporation provides credit to its customers in the normal course of operations. The Corporation's credit risk policy includes performing credit evaluations on its customers. Substantially all of the Corporation's accounts receivable are due from companies in the oil and natural gas industry and are subject to normal industry credit risks. Management views the credit risk related to accounts receivable as low. Funds drawn under the credit facility bear interest at a floating interest rate. Therefore, to the extent that the Corporation borrows under this facility, the Corporation is at risk to rising interest rates. The Corporation is also exposed to credit risk with respect to its cash. However, the risk is minimized as all cash is held at a major Canadian financial institution.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of the Corporation's condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgements used are based on management's experience and

the assumptions used are believed to be reasonable given the circumstances that exist at the time the condensed consolidated financial statements are prepared. Actual results could differ from these estimates. Please refer to the Corporation's consolidated financial statements for the year ended December 31, 2014 for a complete description of the accounting policies of the Corporation. Management considers the following to be the most significant of these estimates and judgements:

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 growth rate thereafter. The terminal growth rate was 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.

At December 31, 2014, the current commodity price environment which has created considerable uncertainty as to the level of exploration and development activity that will be undertaken by several of the Corporation's customers considerably increases the estimation uncertainty associated with the future cash flows used in the impairment tests. Assumptions that are valid at the time of preparing the cash flow models may change significantly when new information becomes available.

Asset retirement obligations and accretion

The amounts recorded for asset retirement obligations and the related accretion expenses are based on estimates 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.

Inventories

The Corporation evaluates its inventory to ensure it is carried at the lower of cost and net realizable value. Allowances are made against slow moving, obsolete, and damaged inventories and are charged to cost of sales. These allowances are assessed at each reporting date for adequacy. The reversal of any write-down of inventory arising from an increase in net realizable value shall be recognized as a reduction in cost of sales in the period in which the reversal occurred.

Share - based payments

The Corporation provides share-based awards to certain employees in the form of stock options, restricted share unit plan, and performance share unit plan (the "Awards"). The Corporation follows the fair-value method to record share-based payment expense with respect to the Awards granted. 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.

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.

FUTURE ACCOUNTING PRONOUNCEMENTS

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. The IASB has determined the mandatory effective date of IFRS 9 to be January 1, 2018. IFRS 9 is still available for early adoption. The full impact of the standard on the Corporation's consolidated financial statements is still being assessed at this time.

On May 28, 2014, the International Accounting Standards Board issued International Financial Reporting Standard ("IFRS") 15, "Revenue from Contracts with Customers", which is the result of the joint project with the Financial Accounting Standards Board. The new standard replaces the two main recognition standards IAS 18, "Revenue", and IAS 11, "Construction Contracts". The new standard provides a five step model framework as a core principle upon which an entity recognizes revenue and becomes effective January 1, 2017. The Corporation is currently assessing the potential impact of the adoption of IFRS 15 on the Corporation's financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Secure are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") for the Corporation.

DC&P are designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO by others, particularly in the period in which the annual filings are being prepared, and that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified in securities legislation, and includes controls and procedures designed to ensure that such information is accumulated and communicated to the Corporation's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers Annual and Interim Filings", an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2014. Based on this evaluation, the CEO and CFO have concluded that, subject to the inherent limitations noted below, the Corporation's DC&P and ICFR are effective. Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected. There was no change to the Corporation's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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.

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, more recently amended on October 17, 2013, the Corporation claims damages in the amount of $97.9 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. In addition, the amended counterclaim now includes 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. A decision to that effect by the Competition Tribunal of Canada is now under review by the Supreme Court of Canada.

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.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains or implies forward-looking statements pertaining to: corporate strategy; goals; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including market fundamentals and the impact to each division on revenue and operating margins, drilling levels, commodity prices for oil, natural gas liquids ("NGLs") and natural gas; industry fundamentals for the first quarter of 2015; capital forecasts and spending by producers; demand for the Corporation's services; expansion strategy; the impact of the reduction in oil and gas acitivty on 2015 activity levels; revenue and operating margin for the PRD, DS and OS divisions; the amount of the revised 2015 capital program; the amounts of the PRD, DS and OS divisions' proposed 2015 capital budgets and the intended use thereof; debt service; capital expenditures; completion of facilities; the impact of new facilities on the Corporation's financial and operational performance; future capital needs; access to capital; acquisition strategy; anticipated commissioning of the water recycling at South Grande Prairie FST, and anticipated commissioning of the Tulliby Lake FST; Rycroft FSR; and 13 Mile SWD conversion.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as the assumption that increases in market activity and growth will be consistent with industry activity in Canada, and the United States and growth levels in similar phases of previous economic cycles. Forward-looking statements concerning the availability of funding for future operations are based upon the assumption that the sources of funding which the Corporation has relied upon in the past will continue to be available to the Corporation on terms favourable to the Corporation and that future economic and operating conditions will not limit the Corporation's access to debt and equity

markets. Forward-looking statements concerning the relative future competitive position of the Corporation are based upon the assumption that economic and operating conditions, including commodity prices, crude oil and natural gas storage levels, interest rates, the regulatory framework regarding oil and natural gas royalties, environmental regulatory matters, the ability of the Corporation and its subsidiaries' to successfully market their services and drilling and production activity in North America will lead to sufficient demand for the Corporation's services and its subsidiaries' services including demand for oilfield services for drilling and completion of oil and natural gas wells, that the current business environment will remain substantially unchanged, and that present and anticipated programs and expansion plans of other organizations operating in the energy service industry will result in increased demand for the Corporation's services and its subsidiary's services. Forward-looking statements concerning the nature and timing of growth are based on past factors affecting the growth of the Corporation, past sources of growth and expectations relating to future economic and operating conditions. Forward-looking statements in respect of the costs anticipated to be associated with the acquisition and maintenance of equipment and property are based upon assumptions that future acquisition and maintenance costs will not significantly increase from past acquisition and maintenance costs.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to and under the heading "Business Risks" and under the heading "Risk Factors" in the Corporation's annual information form ("AIF") for the year ended December 31, 2014. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

Additional information, including Secure's AIF, is available on SEDAR at www.sedar.com and on the Corporation's website at www.secure-energy.com.

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

(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 3, 2015

"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, 2014 and 2013 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, 2014 and 2013 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 3, 2015
Calgary, Alberta

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

($000's)	Notes	December 31, 2014	December 31, 2013
Assets			
Current assets			
Cash		4,882	12,019
Accounts receivable and accrued receivables	6	228,642	167,476
Prepaid expenses and deposits		8,396	6,014
Inventories	7	70,199	50,800
		312,119	236,309
Assets under construction	8	210,139	109,586
Property, plant and equipment	9	735,196	512,184
Intangible assets	10	124,102	79,722
Goodwill	11	111,650	101,924
Other assets		2,911	-
Total Assets		1,496,117	1,039,725
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	193,121	120,145
Asset retirement obligations	14	1,800	2,807
Current income tax liability		5,886	5,277
Finance lease liabilities	22	10,458	6,249
		211,265	134,478
Long term borrowings	13	397,385	159,931
Asset retirement obligations	14	70,639	35,984
Finance lease liabilities	22	12,060	9,368
Deferred income tax liability	18	42,473	35,630
Total Liabilities		733,822	375,391
Shareholders' Equity			
Issued capital	15	631,229	562,306
Share-based payment reserve	16	25,227	14,659
Foreign currency translation reserve		14,629	4,424
Retained earnings		91,210	82,945
Total Shareholders' Equity		762,295	664,334
Total Liabilities and Shareholders' Equity		1,496,117	1,039,725

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	2014	2013
Revenue		2,271,651	1,492,540
Operating expenses		2,076,178	1,360,930
General and administrative		84,867	60,372
Business development		15,477	9,482
Interest, accretion and finance costs		10,450	7,433
Total expenses		2,186,972	1,438,217
Goodwill impairment	11	(32,260)	-
Other (expense) income	9	(1,127)	862
Earnings for the year before income taxes		51,292	55,185
Current income tax expense	18	17,779	12,624
Deferred income tax expense	18	2,862	3,598
		20,641	16,222
Net earnings for the year		30,651	38,963
Other comprehensive income			
Foreign currency translation adjustment, net of tax		10,205	5,515
Total comprehensive income for the year		40,856	44,478
Earnings per share			
Basic, earnings for the year per common share	17	0.26	0.36
Diluted, earnings for the year per common share	17	0.25	0.35

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, 2014		**562,306**	**14,659**	**4,424**	**82,945**	**664,334**
Net earnings for the year		-	-	-	30,651	**30,651**
Dividends paid	**15**	-	-	-	(22,386)	**(22,386)**
Shares issued under dividend reinvestment plan	**15**	2,952	-	-	-	**2,952**
Foreign currency translation adjustment, net of tax		-	-	10,205	-	**10,205**
Issue of share capital for business combinations	**5**	50,808	-	-	-	**50,808**
Exercise of options and RSUs	**15**	15,483	(4,436)	-	-	**11,047**
Share issue costs, net of tax	**15**	(320)	-	-	-	**(320)**
Share-based payments	**16**	-	15,004	-	-	**15,004**
Balance at December 31, 2014		**631,229**	**25,227**	**14,629**	**91,210**	**762,295**
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 paid		-	-	-	(10,820)	(10,820)
Shares issued under dividend reinvestment plan	**15**	1,265	-	-	-	1,265
Foreign currency translation adjustment, net of tax		-	-	5,515	-	5,515
Issue of share capital for business combinations	**5**	29,236	-	-	-	29,236
Issuance 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**

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	2014	2013
Cash flows from operating activities			
Net earnings for the year		**30,651**	38,963
Adjustments for non-cash items:			
Depreciation, depletion and amortization		**99,837**	67,345
Accretion	14	**1,154**	729
Interest expense		**9,853**	6,704
Current income tax expense		**17,779**	12,624
Deferred income tax expense		**2,862**	3,598
Amortization of financing fees		**243**	772
Unrealized foreign exchange (gain) loss		**(143)**	144
Other expense (income)		**613**	1,052
Goodwill Impairment	11	**32,260**	-
Share-based payments	16	**15,422**	8,411
Funds from operations		**210,531**	140,342
Change in accounts receivable and accrued receivables, prepaid expenses and deposits, other assets		**(64,839)**	(31,942)
Change in inventories		**(16,209)**	(7,890)
Change in accounts payable and accrued liabilities related to operating activities		**93,226**	16,835
Asset retirement obligations incurred	14	**(1,564)**	-
Cash generated from operations		**221,145**	117,345
Interest paid		**(9,666)**	(6,360)
Income taxes paid		**(16,241)**	(11,383)
Net cash flows from operating activities		**195,238**	99,602
Cash flows from investing activities			
Purchase of property, plant and equipment		**(302,967)**	(198,178)
Business combinations	5	**(97,839)**	(26,683)
Change in non-cash working capital		**(29,825)**	(9,760)
Net cash flows used in investing activities		**(430,631)**	(234,621)
Cash flows from financing activities			
Shares issued, net of share issue costs	15	**13,679**	113,899
Draw on credit facility		**238,000**	37,000
Financing fees	13	**(1,210)**	(651)
Dividends paid	15	**(22,386)**	(10,820)
Net cash flows from financing activities		**228,083**	139,428
Effect of foreign exchange on cash		**173**	104
Increase (decrease) in cash		**(7,137)**	4,513
Cash, beginning of year		**12,019**	7,506
Cash, end of year		**4,882**	12,019

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 which provide safe, innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry. The fluids and solids solutions are provided through an integrated service and product offering that includes midstream services, environmental services, systems and products for drilling fluids and other specialized services and products. The Corporation also owns and operates midstream infrastructure and provides services and products to upstream oil and natural gas companies operating in the Western Canadian Sedimentary Basin ("WCSB") and the Rocky Mountain Region in the United States.

The processing, recovery and disposal services division ("PRD") owns and operates midstream infrastructure that provides processing, storing, shipping and marketing of crude oil, oilfield waste disposal and recycling. Specifically these services are clean oil terminalling and rail transloading, 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") provides equipment and chemical solutions for building, maintaining, processing and recycling of drilling and completion fluids. The OnSite division ("OS") includes environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation); demolition and decommissioning and reclamation and remediation of former wellsites, facilities, commercial and industrial properties.

In 2014 the Corporation rebranded all of its operating entities under the Secure Energy Services brand name and changed the legal name of its subsidiaries to reflect this. The following entities have been consolidated within Secure's consolidated financial statements for the year ended December 31, 2014:

Subsidiary	Country	Functional Currency	Segment	% Interest	
				Dec 31, 2014	Dec 31, 2013
Secure Energy Services Inc. (parent company)	Canada	Canadian Dollar	PRD		
True West Energy Ltd.	Canada	Canadian Dollar	PRD	100%	0%
Chaleur Terminals Inc.	Canada	Canadian Dollar	PRD	100%	0%
Secure Energy (Drilling Services) Inc. (formerly Marquis Alliance Energy Group Inc.)	Canada	Canadian Dollar	DS	100%	100%
Alliance Energy Services International Ltd.	Canada	Canadian Dollar	DS	100%	100%
Secure Minerals Inc.	Canada	Canadian Dollar	DS	100%	0%
Secure Energy (OnSite Services) Inc. (formerly Frontline Integrated Services Ltd.)	Canada	Canadian Dollar	OS	100%	100%
Secure Energy (Logistics Services) Inc. (formerly Target Rentals Ltd.)	Canada	Canadian Dollar	DS	100%	100%
Oilflow Solutions Inc.	Canada	Canadian Dollar	DS	100%	0%
SES USA Holdings Inc.	USA	US Dollar	PRD/DS/OS	100%	100%
Secure Energy Services USA LLC	USA	US Dollar	PRD	100%	100%
Secure Energy Services LLC (formerly Marquis Alliance Energy Group USA LLC)	USA	US Dollar	DS	100%	100%
Secure Drilling Services USA LLC	USA	US Dollar	DS	100%	100%
Secure Minerals USA LLC	USA	US Dollar	DS	100%	0%
Secure OnSite Services USA LLC	USA	US Dollar	OS	100%	100%

Nature of Business (continued)

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, 2014.

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 ("CGU"), depreciation, depletion and amortization, asset retirement obligations and accretion, recoverability of assets, inventories, income taxes, share-based payments, provision for doubtful accounts, and purchase price allocations. 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 3, 2015. 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. All inter-company balances and transactions have been eliminated on consolidation.

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.

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 associated with the provision of services such as transportation, terminalling and rail transloading are recognized when the services are provided, the price is fixed and collection is reasonably assured. Revenue from pipeline tariffs and fees are based on volumes and rates as the pipeline is being used. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 based on historical information 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.

The Corporation has 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.

The Corporation also has 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 and there is no history of the Corporation making cash payments under the PSU and RSU plans ("PSU/RSU plans") and, as such, the PSUs and RSUs are accounted for within shareholders' equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash-settled transactions

The Corporation has implemented a deferred share unit ("DSU") plan for its non-employee directors. The DSUs 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 statements 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")

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 interest, accretion and finance costs expense 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 fees or costs that are an integral part of the EIR. The EIR amortization is included 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.

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.

Derivative financial instruments

The Corporation entered into forward currency contracts during the year to manage the foreign currency risk that arises from the purchase and sale of crude oil in the PRD division. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated statements of comprehensive income.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

g) Fair value measurement

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, 2014 and 2013.

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.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only it, all of the following have been demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Corporation's CGUs or group of CGUs 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 (base oil, minerals and speciality chemicals) and spare parts that 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 crude oil and the value of the crude 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 and are measured at the lower of cost and net relaizable value. 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. Inventory in transit is recognized at the point of shipment. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is an indication that an asset or 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, 2014 and 2013. 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

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.

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 Chief Executive Officer 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.

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 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 and aggregates each rail transloading facility in the PRD 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 depreciation 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 and finite life intangibles 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, estimated of an approximate industry peer group, the implied rate seen in market transactions for similar assets and taking into account the nature of the assets being valued and their specific risk profile. Changes in the general economic environment could result in significant changes to this estimate.

At December 31, 2014, the current commodity price environment has created considerable uncertainty as to the level of exploration and development activity that will be undertaken by several of the Corporation's customers and considerably increases the estimation uncertainty associated with the future cash flows used in the impairment tests. Assumptions that are valid at the time of preparing the cash flow models may change significantly when new information becomes available.

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.

Inventories

The Corporation evaluates its inventory to ensure it is carried at the lower of cost and net realizable value. Allowances are made against slow moving, obsolete, and damaged inventories and are charged to cost of sales. These allowances are assessed at each reporting date for adequacy. The reversal of any write-down of inventory arising from an increase in net realizable value shall be recognized as a reduction in cost of sales in the period in which the reversal occurred.

Share - based payments

The Corporation provides share-based awards to certain employees in the form of stock options, restricted share unit plan, and performance share unit plan (the "Awards"). The Corporation follows the fair-value method to record share-based payment expense with respect to the Awards granted. 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. The IASB has determined the mandatory effective date of IFRS 9 to be January 1, 2018. IFRS 9 is still available for early adoption. The full impact of the standard on the Corporation's consolidated financial statements is still being assessed at this time.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

On May 28, 2014, the International Accounting Standards Board issued International Financial Reporting Standard ("IFRS") 15, "Revenue from Contracts with Customers", which is the result of the joint project with the Financial Accounting Standards Board. The new standard replaces the two main recognition standards IAS 18, "Revenue", and IAS 11, "Construction Contracts". The new standard provides a five step model framework as a core principle upon which an entity recognizes revenue and becomes effective January 1, 2017. The Corporation is currently assessing the potential impact of the adoption of IFRS 15 on the Corporation's financial statements.

5. BUSINESS COMBINATIONS

a) Predator Midstream Ltd.

On August 15, 2014, the Corporation completed the acquisition of the assets of Predator Midstream Ltd. ("Predator") for total cash consideration of $59.3 million, and 1,824,580 common shares of the Corporation issued at a closing price of $24.84 for total consideration of $104.6 million. The consideration was adjusted to fair value for accounting purposes to $97.3 million which was determined using a discounted cash flow analysis taking into consideration the escrow period (shares to be released over various periods, see Note 15a) of the shares issued.

Predator was a private midstream company that owned and operated three rail transloading terminals in Alberta that transload crude oil from truck to rail, where rail cars are aggregated and subsequently sold to refineries.

The following summarizes the allocation of the consideration for the acquisition:

Balance, August 15, 2014	Amount ($000's)
Cash paid	59,313
Shares issued	37,940
	97,253

The following summarizes the allocation of the aggregate consideration for the acquisition:

Balance, August 15, 2014	Amount ($000's)
Property and equipment	29,603
Intangible assets	43,269
Goodwill	32,197
Deferred revenue	(5,187)
Deferred tax liability	(2,629)
	97,253

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

The goodwill arises as a result of the synergies existing within the acquired businesses and also the synergies expected to be achieved as a result of combining the acquisitions with the rest of the Corporation. $24.1 million of the goodwill recognized is expected to be deductible for income tax purposes.

5. BUSINESS COMBINATIONS (continued)

From the date of acquisition to December 31, 2014, the assets of Predator contributed an estimated $4.6 million of revenue and $0.4 million of earnings before tax for the Corporation. If the business combination had been completed on January 1, 2014, the estimated revenue and earnings before income tax for the year ending December 31, 2014 would have been $12.1 million and $2.7 million, respectively.

The Corporation incurred costs related to the acquisition 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.

b) 2014 Acquisitions

During 2014, the Corporation completed the Acquisition of the assets of six private oilfield services companies and the shares of one private oilfield services company for total cash consideration of $38.5 million, assumption of $0.9 million of debt and the issuance of 987,596 common shares of the Corporation based on the closing price for total consideration of $54.6 million. The consideration was adjusted to fair value for accounting purposes to $52.3 million which was determined using a discounted cash flow analysis taking into consideration the escrow period (shares to be released over various periods, see Note 15a) of the shares issued.

Four of the acquisitions are included in the OS division including two water management and pumping businesses, an environmental contracting business, and a business that specializes in analysis, containment, and management of naturally occurring radioactive materials within the US market.

The other three acquisitions are included in the DS division: a mineral products plant that mainly processes barite which is a product used in drilling fluids and allows Secure to vertically integrate the operations in the DS division to improve supply logistics and quality; a drilling fluids Company that provides drilling fluids systems for highly complex wells; and a private company that adds proprietary technology products that provide high impact solutions for production, drilling, and completion fluids.

The following summarizes the allocation of the consideration for the acquisitions:

Balance 2014	Amount ($000's)
Cash paid	38,526
Shares issued	12,868
Assumption of debt	922
	52,316

The following summarizes the allocation of the aggregate consideration for the acquisitions:

Balance 2014	Amount ($000's)
Property and equipment	20,722
Inventory	2,831
Net working capital	(1,496)
Intangible assets	21,100
Goodwill	9,026
Deferred tax asset	133
	52,316

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

5. BUSINESS COMBINATIONS (continued)

These Acquisitions are a continuation of the Corporation's strategy to add complementary services along the energy services value chain. The goodwill arises as a result of the synergies existing within the acquired businesses and also the synergies expected to be achieved as a result of combining the acquisitions with the rest of the Corporation. $6.9 million of the goodwill recognized is expected to be deductible for income tax purposes.

The Corporation incurred costs related to the acquisitions of $0.7 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.

The assets of the Acquisitions were acquired and integrated with the Corporation's existing operations and therefore specific income information in respect of these asset acquisitions are not included in these consolidated financial statements.

c) 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 taking into consideration the escrow period (shares to be released over various periods, see Note 15b) of the shares issued.

Frontline was 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 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

5. BUSINESS COMBINATIONS (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.

d) Target Rentals Ltd.

On July 2, 2013, the Corporation, through its wholly owned subsidiary Secure Energy (Drilling Services) Inc. (formerly 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 $19.0 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 consideration of the escrow period (shares to be released over various periods, see Note 15b) of the shares issued.

Target was 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. Target's 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 COMBINATIONS (continued)

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

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.

All of the above acquisitions have been accounted for using the acquisition method from the date of acquisition, 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 dates, the operating results have been included in the Corporation's revenues and expenses.

6. ACCOUNTS RECEIVABLE AND ACCRUED RECEIVABLES

($000's)	Dec 31, 2014	Dec 31, 2013
Trade accounts receivable and accruals	221,686	167,915
Related party receivables (Note 21)	7,864	50
Allow ance for doubtful accounts	(908)	(489)
Total accounts receivable and accrued receivables	**228,642**	**167,476**

As at December 31, 2014, $0.9 million (2013 - $0.5 million) of trade receivables were considered impaired (Note 19).

7. INVENTORIES

($000's)	Dec 31, 2014	Dec 31, 2013
Drilling fluids	54,755	44,545
Minerals and specialty chemicals	11,374	-
Crude oil and natural gas liquids	2,539	5,595
Spare parts and supplies	1,531	660
Total inventories	**70,199**	**50,800**

Inventories are shown at the lower of cost and net realizable value. Crude oil, natural gas liquids, drilling fluids, minerals and specialty chemical inventories recognized as operating expenses in the consolidated statements of comprehensive income for the year ended December 31, 2014 were $1,721 million (2013: $1,129 million). Included in the expense is a write-down of inventory held in the DS division to net realizable value of $1.4 million (2013: nil).

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, 2014	Dec 31, 2013
Projects under construction	201,629	106,155
Long lead items and equipment under refurbishment	8,510	3,431
Total assets under construction	**210,139**	**109,586**

The amounts included in the categories above consist of assets associated with a variety of ongoing projects. During the year ended December 31, 2014, $11.8 million (2013: $5.5 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 and full service rail facilities. The amount of borrowing costs capitalized to assets under construction for the year ended December 31, 2014 was $1.0 million (2013: $1.3 million) based on a capitalized borrowing rate of 3.05% (2013: 3.42%).

9. PROPERTY, PLANT AND EQUIPMENT

Included in operating expenses on the consolidated statements of comprehensive income for the year ended December 31, 2014 is $78.6 million (2013: $52.2 million) of depreciation and depletion expense for the Corporation's property, plant and equipment. Included in the depreciation and depletion expense is $2.6 million relating to the loss on disposal of assets (2013: $2.0 million).

During the year ended December 31, 2014, $185.6 million (2013: $188.9 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 $24.5 million at December 31, 2014 (2013: $16.2 million). The finance lease commitments over the next five years are disclosed in Note 22.

In June 2013, the Corporation's Brazeau stand-alone water disposal ("SWD") facility (the "Brazeau 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 received $1.4 million of insurance proceeds during the year ended December 31, 2013 and accrued $0.4M of additional insurance proceeds for the remaining repair related costs through its insurance coverage. The proceeds were collected during 2014.

In August 2014, the Corporation's Watford, North Dakota SWD (the "Watford facility") was struck by lightning which caused extensive damage to specific assets at the facility. The Corporation has set up a temporary facility in order to continue operations.

9. PROPERTY, PLANT AND EQUIPMENT (continued)

The Corporation estimates the net book value of the damage to the assets at the facility to be $2.0 million, which resulted in an impairment write-down on that facility based on fair value less costs of disposal. The Corporation expects to be reimbursed up to the replacement value for the majority of repair related costs through its insurance coverage and has therefore accrued the related insurance proceeds of $0.9 million.

Both the impairment loss on assets of $2.0 million as at December 31, 2014 (2013: $1.0 million) and insurance recoverable of $0.9 million as at December 31, 2014 (2013: $1.9 million) are recorded in other (expense) income on the consolidated statements of comprehensive income for the year ended December 31, 2014. 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, 2012	3,817	29,966	256,240	30,070	6,433	55,932	2,738	5,935	**391,131**
Additions from business combinations (Note 5c)	-	-	5,403	-	-	-	74	133	**5,610**
Additions from business combinations (Note 5d)	-	-	-	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**
Additions from business combinations (Note 5 a)	960	490	25,753	-	2,400	-	-	-	**29,603**
Additions from business combinations (Note 5 b)	1,690	910	15,426	-	2,587	-	18	91	**20,722**
Additions	5,169	13,446	113,958	18,337	16,720	44,025	5,679	5,897	**223,231**
Impairment	-	-	(1,829)	-	-	-	-	-	**(1,829)**
Change in asset retirement cost	-	-	19,230		-	14,231	-	-	**33,461**
Disposals	-	(980)	(1,875)	(4,552)	(3,309)	(1,266)	(52)	(490)	**(12,524)**
Foreign exchange effect	-	968	1,945	321	(38)	1,827	64	19	**5,106**
December 31, 2014	**12,012**	**59,416**	**586,114**	**90,705**	**25,868**	**135,792**	**9,802**	**17,935**	**937,644**
Accumulated depreciation and depletion:									
At 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)**
Depreciation and depletion	-	(3,446)	(49,080)	(6,039)	(9,756)	(6,567)	(784)	(2,859)	**(78,531)**
Disposals	-	385	1,302	553	1,234	197	6	115	**3,792**
Foreign exchange effect	-	(62)	133	(70)	148	(146)	(12)	(10)	**(19)**
December 31, 2014	**-**	**(9,204)**	**(139,825)**	**(13,566)**	**(12,017)**	**(19,599)**	**(1,939)**	**(6,298)**	**(202,448)**
Net book value:									
December 31, 2014	**12,012**	**50,212**	**446,289**	**77,139**	**13,851**	**116,193**	**7,863**	**11,637**	**735,196**
December 31, 2013	4,193	38,501	321,326	68,589	3,865	63,892	2,944	8,874	**512,184**

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, 2012	**20,413**	**62,485**	**3,245**	**7,143**	**93,286**
Additions through business combinations (Note 5c)	6,313	2,413	-	-	**8,726**
Additions through business combinations (Note 5d)	621	2,178	-	250	**3,049**
Removals	(348)	-	-	-	**(348)**
Foreign exchange effect	623	291	-	-	**914**
December 31, 2013	**27,622**	**67,367**	**3,245**	**7,393**	**105,627**
Additions through business combinations (Note 5a)	24,950	17,750	569	-	**43,269**
Additions through business combinations (Note 5b)	9,648	5,629	1,981	3,842	**21,100**
Foreign exchange effect	847	409	42	-	**1,298**
December 31, 2014	**63,067**	**91,155**	**5,837**	**11,235**	**171,294**
Accumulated amortization:					
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)**
December 31, 2013	**(11,625)**	**(11,770)**	**(1,189)**	**(1,321)**	**(25,905)**
Amortization	(12,182)	(7,098)	(838)	(688)	**(20,806)**
Foreign exchange effect	(401)	(80)	-	-	**(481)**
December 31, 2014	**(24,208)**	**(18,948)**	**(2,027)**	**(2,009)**	**(47,192)**
Net book value:					
December 31, 2014	**38,859**	**72,207**	**3,810**	**9,226**	**124,102**
December 31, 2013	**15,997**	**55,597**	**2,056**	**6,072**	**79,722**

11. GOODWILL

($000's)	Dec 31, 2014	Dec 31, 2013
Balance - beginning of year	101,924	92,516
Additions through business comination (Note 5a)	32,197	-
Additions through business comination (Note 5b)	9,026	-
Additions through business comination (Note 5c)	-	3,914
Additions through business comination (Note 5d)	-	4,636
Impairment of Goodwill	(32,260)	-
Foreign exchange effect	763	858
Balance - end of year	111,650	**101,924**

As a result of the significant decline in commodity prices in the fourth quarter of 2014 and reduced capital budgets set by oil and gas producers, the Corporation tested all of its CGUs for impairment. As a result of the impairment tests performed, the Corporation recorded a goodwill write-down of $32.3 million for the year ended December 31, 2014 (2013: nil). The goodwill impairment recorded in the Drilling Services segment was $16.6 million and $15.7 million was recorded in the PRD segment.

The impairment tests performed for each CGU involves considerable judgement and estimates which are described in Note 3. The recoverable amount of the CGUs was based on their estimated value in use using a pre-tax discount rate which ranged from 18.6% to 20.6% and a terminal growth rate of 3% to 6% depending on the CGU being tested. The estimated cash flows were based on 2015 projections with revenue and margins increasing in correlation with the forecasted oil and gas industry activity over the following four years, and a terminal value thereafter was applied.

The estimated value in use for the CGUs are particularly sensitive to the following estimates:

- An increase of 1% in the pre-tax discount rate and a 1% decrease in the terminal growth rate for the Drilling Services CGU would have increased the impairment by approximately $23.1 million and $12.2 million, respectively.
- An increase of 1% in the pre-tax discount rate and a 1% decrease in the terminal growth rate for the PRD CGUs would have increased the impairment by approximately $5.5 million and $7.4 million, respectively.

The goodwill impairment of $32.3 million (2013: nil) is recorded in the goodwill impairment line on the consolidated statements of comprehensive income for the year ended December 31, 2014. The above estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control.

The aggregate carrying amount of goodwill allocated to the DS division is $70.1 million (2013 - $85.2 million), $30.4 million (2013 - $12.8 million) allocated to the PRD division, and $11.1 million (2013 - $3.9 million) allocated to the OS division.

12. ACCOUNTS PAYABLE AND ACCRUED LIABLITIES

($000's)	Dec 31, 2014	Dec 31, 2013
Accounts payable and accrued liabilities	192,991	120,143
Related party payables (Note 21)	130	2
Total accounts payable and accrued liabilities	**193,121**	**120,145**

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, 2014	Dec 31, 2013
Amount draw n on credit facility	398,500	160,500
Unamortized transaction costs	(1,115)	(569)
Total long term borrow ings	397,385	159,931

On September 26, 2014, the Corporation entered into an amended and restated $700.0 million syndicated credit facility (the "Credit Facility"). The Credit Facility consists of a $675.0 million extendible revolving term credit facility and a $25.0 million revolving operating facility that replaced the Corporation's $400.0 million credit facility. The Credit Facility includes an accordion feature which, if exercised and approved by the Corporation's lenders, would increase the Credit Facility by $100.0 million.

Amounts borrowed under the Credit Facility will bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the Bankers' Acceptance rate plus 1.45% to 3.00%, depending in each case on the ratio of consolidated Senior Debt to EBITDA ratio, with any unused outstanding amounts subject to standby fees ranging from 0.29% to 0.60%. Senior Debt includes amount drawn on the Credit Facility, finance leases, and any outstanding letters of credit. Total Debt is equal to Senior Debt plus any unsecured debt, excluding any convertible debentures. The Corporation currently does not have any unsecured debt and as a result, Total Debt is equal to Senior Debt. The Credit Facility is to be used for working capital purposes, capital expenditures, acquisitions, and general corporate purposes.

13. LONG TERM BORROWINGS (continued)

The Credit Facility is due on September 26, 2018 (the "maturity date"), and includes an option for the Corporation to extend the maturity date (once per annum) to a maximum of four 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.

The following covenants apply to the existing Credit Facility:

- The Total Debt to EBITDA Ratio shall not exceed 5:00:1; where EBITDA is adjusted for acquisitions on a pro-forma trailing twelve month basis;
- The Senior Debt to EBITDA Ratio shall not exceed 3:5:1; and
- The Interest Coverage Ratio shall not be less than 2:50:1.

At December 31, 2014 and December 31, 2013, the Corporation was in compliance with all covenants.

In conjunction with obtaining the Credit Facility, the Corporation incurred transaction costs in the amount of $1.2 million, of which the unamortized amount will be offset against the outstanding principal balance of the debt. Transaction costs related to the previous credit facility were expensed in 2014.

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 amount available under the Credit Facility is reduced by any outstanding letters of credit. As at December 31, 2014, the Corporation has $22.4 million (2013: $19.2 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, 2014	Dec 31, 2013
Credit facility	700,000	400,000
Amount drawn on credit facility	(398,500)	(160,500)
Letters of credit	(22,439)	(19,221)
Available amount	**279,061**	**220,279**

14. ASSET RETIREMENT OBLIGATIONS

($000's)	
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**
Arising during the period through development activities	15,243
Revisions during the period	12,029
Accretion	1,154
Change in discount rate	6,189
Asset retirement obligations incurred	(1,564)
Foreign exchange effect	597
December 31, 2014	**72,439**

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, 2014 to be $72.4 million (December 31, 2013: $38.8 million) based on a total future liability of $93.9 million as at December 31, 2014 (December 31, 2013: $60.9 million). The Corporation used its risk-free interest rates of 1.01% to 2.47% (December 31, 2013: 0.94% to 4.23%) and an inflation rate of 3.00% to calculate the net present value of its asset retirement obligations at December 31, 2014 (December 31, 2013 - 3.00%).

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 and retirement of wells.

($000's)	Dec 31, 2014	Dec 31, 2013
Current	1,800	2,807
Non-current	70,639	35,984
	72,439	**38,791**

The Corporation has issued $16.0 million (December 31, 2013: $7.2 million) of performance bonds and 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, 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 15d)	92,363	1,265
Adjustment to shares issued as consideration for business combination	(20,253)	-
Shares issued as consideration for business combinations (Notes 5c,d and 15b)	2,761,663	29,236
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
Options exercised	1,775,400	11,047
Restricted Share Units ("RSU") exercised	50,357	676
Transfer from reserves in equity	-	3,760
Shares issued as consideration for business combinations (Notes 5a,b and 15a)	2,812,176	50,808
Shares issued through dividend reinvestment plan ("DRIP") (Note 15d)	155,371	2,952
Share issue costs, net of tax	-	(320)
Balance, December 31, 2014	**121,367,451**	**631,229**

As at December 31, 2014, there were 9,528,483 (December 31, 2013: 10,145,914) common shares of the Corporation held in escrow in conjunction with the Corporation's business combinations.

a) Pursuant to the 2014 acquisitions described in Note 5a and b, the Corporation issued 2,812,176 common shares. The acquisition agreements provide that all of the common shares issued by the Corporation will be held in escrow and will be released over various dates, with the majority on a straight line basis over one to five years. Accordingly, as at December 31, 2014, 2,509,168 common shares issued pursuant to acquisitions, were held in escrow.

b) 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 5c). 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.

   On July 2, 2013, the Corporation acquired 100% of the issued and outstanding shares of Target for an aggregate purchase price of approximately $36.9 million including the issuance of 1,367,047 common shares of the Corporation (Note 5d). 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.

15. SHAREHOLDERS' EQUITY (continued)

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. Total transaction costs, net of tax, were applied against the proceeds in share capital during the year ended December 31, 2013.

d) 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.

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, 2014, as follows:

	Dividend record date	Dividend payment date	Per common share ($)	Amount ($000's)
January	Jan 1, 2014	Jan 15, 2014	0.0125	1,457
February	Feb 1, 2014	Feb 17, 2014	0.0125	1,467
March	Mar 1, 2014	Mar 17, 2014	0.0125	1,468
April	April 1, 2014	April 15, 2014	0.0167	1,975
May	May 1, 2014	May 15, 2014	0.0167	1,976
June	June 1, 2014	June 16, 2014	0.0167	1,975
July	July 1, 2014	July 15, 2014	0.0167	1,963
August	Aug 1, 2014	Aug 15, 2014	0.0167	2,012
September	Sept 1, 2014	Sept 15, 2014	0.0167	2,016
October	Oct 1, 2014	Oct 15, 2014	0.0167	2,025
November	Nov 1, 2014	Nov 17, 2014	0.0167	2,026
December	Dec 1, 2014	Dec 15, 2014	0.0167	2,026
Total dividends declared during the year			**0.1878**	**22,386**

Of the dividends declared, $3.0 million for the year ended December 31, 2014 (December 31, 2013: $1.3 million), was reinvested in additional common shares through the DRIP. The Corporation has 402,266 common shares reserved for issue under the DRIP as at December 31, 2014 (December 31, 2013: 557,637).

On November 6, 2014, the Corporation's board of directors approved a $0.04 per share increase to the annual dividend for a total annualized dividend of $0.24 per share, effective January 2015.

15. SHAREHOLDERS' EQUITY (continued)

Subsequent to December 31, 2014, the Corporation declared dividends to holders of common shares in the amount of $0.02 per common share payable on January 15, February 16, and March 16, 2015, for shareholders of record on January 1, February 1, and March 1, 2015, respectively.

16. SHARE-BASED PAYMENT PLANS

The Corporation has share-based payment plans (the "Plans") under which the Corporation may grant share options, RSUs and PSUs to its employees, employee directors and consultants. In addition the Corporation has a DSU plan for non-employee directors of the Corporation.

The aggregate number of common shares issuable pursuant to the exercise of options, RSUs, and PSUs 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, 2014		Dec 31, 2013	
	Outstanding options	Weighted average exercise price ($)	Outstanding options	Weighted average exercise price ($)
Balance - beginning of year	7,519,300	9.03	7,230,522	6.04
Granted	2,211,571	19.29	2,597,962	13.52
Exercised	(1,775,400)	6.22	(1,947,249)	4.03
Forfeited	(289,665)	13.92	(361,935)	8.50
Balance - end of year	**7,665,806**	12.45	**7,519,300**	**9.03**
Exercisable - end of year	**3,210,619**	**8.34**	**2,970,444**	**5.63**

16. SHARE-BASED PAYMENT PLANS (continued)

The following table summarizes information about share options outstanding as at December 31, 2014:

	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 - 5.00	709,283	3.15	0.29	709,283	3.15
5.01 - 7.50	67,580	5.64	1.13	62,480	5.52
7.51 - 10.00	2,332,837	8.40	2.09	1,673,571	8.48
10.01 - 12.50	843,607	11.23	3.14	293,785	10.97
12.51 - 15.00	1,324,649	13.86	3.51	354,654	13.81
15.01 - 17.50	362,083	16.26	3.92	116,846	16.24
17.51 - 20.00	1,935,424	19.24	4.38	-	-
25.01 - 27.50	90,343	25.51	4.64	-	-
	7,665,806	**12.45**	**2.97**	**3,210,619**	**8.34**

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, 2014	Dec 31, 2013
Volatility factor of expected market price (%)	38.00	39.64
Weighted average risk-free interest rate (%)	1.34	1.33
Weighted average expected life in years	3.98	4.08
Weighted average expected annual dividends per share (%)	1.05	0.77
Weighted average fair value per option ($)	5.54	4.14
Weighted average forfeiture rate (%)	5.53	5.28

RSU 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 is redeemed 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, 2014	Dec 31, 2013
Balance - beginning of year	171,932	-
Granted	783,010	195,743
Redeemed for common shares	(50,357)	-
Forfeited	(60,672)	(23,811)
Balance - end of year	**843,913**	**171,932**

16. SHARE-BASED PAYMENT PLANS (continued)

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, 2014	Dec 31, 2013
Weighted average expected life in years	2.04	2.00
Weighted average expected annual dividends per share (%)	0.98	1.08
Weighted average fair value per RSU ($)	20.11	13.97
Weighted average forfeiture rate (%)	7.65	5.94

PSU plan

The Corporation has a PSU plan which allows the Corporation to issue PSUs to senior officers that are redeemable for the issuance of common shares. 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. The Corporation intends to equity settle these units and as such, 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 and taking into account any performance conditions. 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.

The following table summarizes the PSUs outstanding:

	Dec 31, 2014	Dec 31, 2013
Balance - beginning of year	-	-
Granted	21,620	-
Redeemed for common shares	-	-
Forfeited	-	-
Balance - end of year	**21,620**	**-**

The fair value of the PSUs 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, 2014	Dec 31, 2013
Weighted average expected life in years	2.00	-
Weighted average expected annual dividends per share (%)	0.90	-
Weighted average fair value per PSU ($)	18.12	-
Weighted average forfeiture rate (%)	0.00	-

16. SHARE-BASED PAYMENT PLANS (continued)

Share-based payment reserves

For the year ended December 31, 2014, share-based payment expense of $15.0 million (year ended December 31, 2013: $7.8 million) has been recognized for stock options, RSUs, and PSUs 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, 2014	Dec 31, 2013
Balance - beginning of year	14,659	9,400
Share-based payments	15,004	7,758
Transfer to issued capital	(4,436)	(2,499)
Balance - end of year	25,227	14,659

DSU Plan

The Corporation has a 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, 2014	Dec 31, 2013
Balance - beginning of year	52,220	28,864
Granted	27,207	23,356
Settled in cash	-	-
Forfeited	-	-
Balance - end of year	79,427	52,220
Exercisable - end of year	79,427	52,220

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, 2014, $1.3 million (2013: $0.9 million) was included in accounts payable and accrued liabilities for outstanding DSUs and share based payment expense was $0.4 million for the year ended December 31, 2014 (2013: $0.6 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, 2014, employees contributed $4.7 million into the plan (2013 - $2.8 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, 2014 was $2.2 million (2013 - $1.4 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, 2014	Dec 31, 2013
Net earnings attributable to common shareholders for basic and diluted earnings per share	30,651	38,963

	For the year ended	
	Dec 31, 2014	Dec 31, 2013
Weighted average number of shares for basic earnings per share	119,272,994	107,747,722
Effect of dilution:		
Options, RSUs and PSUs	3,091,425	2,839,174
Weighted average number of shares for diluted earnings per share	122,364,419	110,586,896

For the year ended December 31, 2014, the above table excludes 90,343 options, RSUs, and PSUs (2013: 79,815 options) that are considered anti-dilutive.

18. INCOME TAXES

($000's)	Dec 31, 2014	Dec 31, 2013
Current income tax expense		
Current year	17,701	11,586
Adjustment for prior years	78	1,038
	17,779	12,624
Deferred income tax expense		
Current year	4,901	4,604
Adjustment for prior years	(2,039)	(1,006)
	2,862	3,598
Total income tax expense	20,641	16,222

The net income tax provision differs from that expected by applying the combined federal and provincial income tax rates of 25.00% (2013 – 25.00%) to earnings before income taxes for the following reasons:

($000's)	Dec 31, 2014	Dec 31, 2013
Earnings before income taxes	51,293	55,185
Combined federal and provincial income tax rate	25.00%	25.00%
Expected combined federal and provincial income tax	12,823	13,796
Statutory rate differences and other	5,438	(390)
Share-based payment	3,850	2,112
Non-deductible expenses	491	486
Adjustments related to prior years	(1,961)	218
	20,641	16,222

18. INCOME TAXES (continued)

The components of the net deferred income tax liability as at December 31, 2014 are as follows:

($000's)	Dec 31, 2014	Dec 31, 2013
Deferred income tax assets:		
Non-capital loss carry forwards	19,977	14,178
Property, plant and equipment	361	3,356
Share issue costs	1,558	2,498
Asset retirement obligations	10,506	2,155
Intangible assets & other	10,492	16
	42,894	22,203
Deferred income tax liabilities:		
Property, plant and equipment	(67,563)	(43,646)
Intangible assets	(17,294)	(13,200)
Other	(280)	(542)
Goodwill	(230)	(445)
	(85,367)	(57,833)
Net deferred income tax liabilities	(42,473)	(35,630)
Deferred income tax assets by jurisdiction:		
Canada	11,104	8,025
U.S.	27,638	14,178
	38,742	22,203
Deferred income tax liabilities by jurisdiction:		
Canada	(54,232)	(42,314)
U.S.	(26,983)	(15,519)
	(81,215)	(57,833)
Net deferred income tax liabilities	(42,473)	(35,630)

Included above in deferred tax assets is $52.9 million (2013 - $40.5 million) of gross non-capital losses that can be carried forward to reduce taxable income in future years. The gross non-capital losses for the United Stated are $48.0 million (2013 – $40.5 million) and expire between 2029 and 2034. The gross non-capital losses for Canada are $4.9 million (2013 – nil) and expire between 2028 and 2034. 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.

18. INCOME TAXES (continued)

The movements in the Corporation's temporary differences are as follows:

($000's)	Dec 31, 2014	Dec 31, 2013
Movement in net deferred tax assets and liabilities		
Net deferred tax liabilities at beginning of year	(35,630)	(27,660)
Expense for the year in net earnings	(2,168)	(3,598)
Deferred tax liabilities from acquisitions	(1,980)	(7,711)
Foreign exchange adjustments and other	(2,695)	3,339
Net deferred income tax liabilities	(42,473)	(35,630)

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, derivative liability, and long term borrowings. The fair values of the Corporation's financial instruments are as follows:

	Dec 31, 2014				
($000's)	Loans and receivables	Fair value through pofit and loss	Other financial liabilities	Carrying amount	Fair value amount
Financial assets:					
Cash	4,882	-	-	4,882	4,882
Accounts receivable and accrued receivables	228,642	-	-	228,642	228,642
	233,524	-	-	233,524	233,524
Financial liabilities:					
Accounts payable and accrued liabilities	-	-	193,046	193,046	193,046
Derivative liability	-	75	-	75	75
Long term borrow ings	-	-	397,385	397,385	398,500
	-	75	590,431	590,506	591,621

	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 borrow ings	-	159,931	159,931	160,500
	-	280,076	280,076	280,645

19. FINANCIAL INSTRUMENTS (continued)

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 and are of a short term nature. Derviate liabilities are stated at fair value as they are revalued at each reporting period based on using observable inputs from foreign currency curves.

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.

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, 2014			
($000's)	**Level 1**	**Level 2**	**Level 3**	**Total**
Long term borrowings	-	398,500	-	398,500
Forward Currency Contracts	-	75	-	75
Total financial liabilities	-	398,575	-	398,575

	Dec 31, 2013			
($000's)	**Level 1**	**Level 2**	**Level 3**	**Total**
Long term borrowings	-	160,500	-	**160,500**
Total financial liabilities	-	160,500	-	**160,500**

There were no transfers between levels in the hierarchy in the year ended December 31, 2014 (2013: 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.

19. FINANCIAL INSTRUMENTS (continued)

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.

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 186,000 barrels of crude oil into a subsequent period, the exposure to the Corporation on a 20% increase or decrease in the price of crude oil per barrel would be an increase or decrease in revenue of approximately $2.2 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.

19. FINANCIAL INSTRUMENTS (continued)

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

($000's)	Dec 31, 2014	Dec 31, 2013
Less than 30 days	105,189	69,674
31 to 60 days	42,128	34,599
61 to 90 days	11,311	12,063
Greater than 90 days	5,809	4,599
	164,437	120,935
Allowance for doubtful accounts	908	489

The balance of $105.2 million under 30 days includes crude oil contracts settled as part of the trading activities for December 2014. Of the $105.2 million, 37% of the receivable balance less than 30 days is due from twenty eight counter parties. The entire amount due from the twenty eight counterparties relate to crude oil payments, which as part of industry practice, are settled within 30 days of the production month.

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 73% of the counter parties have a credit rating of B or higher.

Included within accrued receivables is $0.9 million of accrued insurance proceeds relating to the Watford facility lightning strike that occurred during the year ended December 31, 2014 (Note 9). The Corporation considers reimbursement of this amount virtually certain.

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

($000's)	Dec 31, 2014	Dec 31, 2013
Balance - beginning of year	489	315
Additional allowance	1,694	224
Amounts used	(1,284)	(58)
Foreign exchange effect	9	8
Balance - end of year	908	489

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, 2014, $5.8 million (2013: $4.6 million) of accounts receivable are past due and a provision of $0.9 million (2013: $0.5 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.

19. FINANCIAL INSTRUMENTS (continued)

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 $2.5 million lower/higher for the year ended December 31, 2014.

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

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, 2014, the Corporation has $4.9 million in cash and $279.1 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	193,046	-	-	-
Derivative liability	75	-	-	-
Current income tax liability	5,886	-	-	-
Finance and operating lease obligations	17,802	29,872	4,564	7,683
Long term borrowings	11,603	432,195	-	-
	228,412	**462,067**	**4,564**	**7,683**

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, forecasted economic conditions, and forward currency contracts.

19. FINANCIAL INSTRUMENTS (continued)

The Corporation entered into forward currency contracts during the year to manage the foreign currency risk that arises from the purchase and sale of crude oil in the PRD division. Derivative financial instruments are measured at fair value through profit and loss. Derivative instruments are recorded on the consolidated statement of financial position at fair value. Changes in the fair value of these financial instruments are recognized in the consolidated statements of comprehensive income in the period in which they arise.

The fair values and carrying values of the derivative instruments are listed below and represent an estimate of the amount that the Corporation would receive (pay) if these instruments were settled at the end of the year:

As at Dec 31, 2014	Notional Volume[1]	Weighted Average Price ($USD)	Fair Value Hierchy Level	Net Fair Value $000's	Carrying Value $000's
Currency:					
Seller of forward contracts (maturing Jan 26, 2015)	USD 8,785,520	1.16	Level 2	(75)	(75)

Notes:

[1]All notional amounts represent actual volumes or actual prices and are not expressed in thousands.

The unrealized loss related to the financial instruments for the year ended December 31, 2014 of $0.1 million has been included in interest, accretion, and finance costs in the consolidated statements of comprehensive income. The associated derivative liability has been recorded in accounts payable as at December 31, 2014. The Corporation also has USD payables related to crude oil marketing activities which offset the loss on forward contracts to a nominal amount.

A 10% increase or decrease in foreign exchange rates would result in a $0.5 million decrease or increase in the Corporation's consolidated earnings before income taxes for the year ended December 31, 2014 (2013: $0.1 million).

20. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of the following:

($000's)	Dec 31, 2014	Dec 31, 2013
Current assets	312,119	236,309
Current liabilities	(211,265)	(134,478)
Long term borrowings	398,500	160,500
Shareholders' equity	762,295	664,334
	1,261,649	**926,665**

The Corporation's objective in capital management is to ensure adequate sources of capital are available to carry out its planned capital program, while maintaining operational growth, payment of dividends and 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.

20. CAPITAL MANAGEMENT (continued)

The Corporation's overall capital management strategy remains unchanged from 2013. 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, 2014 is $4.3 million (2013: $2.5 million).

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, 2014	39,003	3,447	7,864	130
	December 31, 2013	669	1,293	50	2

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 and officers. 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, 2014, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (2013: 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.

21. RELATED PARTY DISCLOSURES (continued)

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, 2014	Dec 31, 2013
Salaries and short-term employee benefits	4,754	3,821
Share-based payments	2,973	1,958
	7,727	5,779

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES

As at December 31, 2014

	Payments due by period			
($000's)	1 year or less	1-5 years	5 years and thereafter	Total
Finance leases	10,458	12,060	-	22,518
Operating leases	7,344	22,376	7,683	37,403
Crude oil transportation	24,029	92,085	86,650	202,764
Inventory purchases	19,575	35,100	-	54,675
Capital Commitments	11,679	-	-	11,679
Earn out payments	1,721	-	-	1,721
Total Commitments	74,806	161,621	94,333	330,760

As at December 31, 2013

	Payments due by period			
($000's)	1 year or less	1-5 years	5 years and thereafter	Total
Finance leases	6,249	9,368	-	15,617
Operating leases	5,984	8,617	1,238	15,839
Crude oil transportation	4,457	16,297	2,000	22,754
Inventory purchases	5,474	-	-	5,474
Capital purchases	12,670	-	-	12,670
Earn out payments	2,274	1,709	-	3,983
Total Commitments	37,108	35,991	3,238	76,337

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

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.

Crude oil transportation commitments

As a result of the acquisition of Predator, the Corporation has assumed certain rail car operating lease commitments and crude oil transportation commitments. During the year ended December 31, 2014, the Corporation also increased committed crude oil volumes for pipeline throughput at certain pipeline connected FSTs.

Inventory purchase commitments

During the year, the Corporation purchased a minerals product plant. As part of that acquisition, , the Corporation entered into inventory purchase commitments. These commitments were entered into in order to meet expected operation requirements and provide the required inventory to be used in operations.

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. The Corporation is also 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 divisions.

Finance lease commitments

The Corporation has entered into finance lease agreements for computer equipment, vehicles, and mobile equipment.

The average lease term is three years (2013: 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 6.4% (2013: 0.0% to 16.7%) per annum.

Earn out commitment

Pursuant to the Imperial Drilling Fluids Engineering Inc. ("IDF") acquisition on August 15, 2012, the Corporation is obligated to pay additional consideration consisting of a series of three annual earn out payments which began 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 payment ranges from $0.9 million to $1.7 million and will be recorded in operating expenses on the consolidated statements of comprehensive income.

Capital commitments

As at December 31, 2014, the Corporation had committed $11.7 million (2013: $12.7 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.

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

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.

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, more recently amended on October 17, 2013, the Corporation claims damages in the amount of $97.9 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. In addition, the Amended Counterclaim now includes 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.

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.

22. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

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, 2014, the Corporation has approximately $22.4 million in letters of credit issued by the Corporation's bankers (2013: $19.2 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 OnSite 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 three reportable operating segments as follows:

- PRD division owns and operates midstream infrastructure that provides processing, storing, shipping and marketing of crude oil, oilfield waste disposal and recycling. Specifically these services are clean oil terminalling and rail transloading, 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 equipment and chemicals for building, maintaining, processing and recycling of drilling and completion fluids.
- OS division includes environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation); demolition and decommissioning, and reclamation and remediation of former wellsites, facilities, commercial and industrial properties.
- 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 and officers.

23. OPERATING SEGMENTS (continued)

($000's)	PRD division	DS division	OS division	Corporate	Total
	Year Ended Dec 31, 2014				
Revenue	1,748,342	398,965	124,344	-	2,271,651
Operating expenses	(1,650,917)	(321,878)	(102,401)	(982)	(2,076,178)
General and administrative	(33,178)	(32,959)	(7,450)	(11,280)	(84,867)
Business development	-	-	-	(15,477)	(15,477)
Depreciation, depletion and amortization	(66,315)	(22,139)	(10,532)	(851)	(99,837)
Interest, accretion and finance costs	(1,019)	-	-	(9,431)	(10,450)
Goodwill Impairment	(15,704)	(16,556)	-	-	(32,260)
Other (expense) income	(1,127)	-	-	-	(1,127)
Earnings before income taxes	46,397	27,572	14,493	(37,170)	51,292
($000's)	Year Ended Dec 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)
Goodwill Impairment	-	-	-	-	-
Other (expense) income	862	-	-	-	862
Earnings before income taxes	43,227	36,449	488	(24,979)	55,185

	PRD division	DS division	OS division	Corporate	Total
	As at Dec 31, 2014				
Current assets	104,874	169,084	38,161	-	312,119
Total assets	959,980	426,002	100,183	9,952	1,496,117
Goodwill	30,397	70,125	11,128	-	111,650
Intangible assets	45,809	62,536	15,757	-	124,102
Property, plant and equipment and assets under construction	778,899	121,347	35,137	9,952	945,335
Current liabilities	141,569	45,628	24,068	-	211,265
Total liabilities	239,102	68,778	28,557	397,385	733,822
	As at December 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

Geographical Financial Information

	Canada		USA		Total	
($000's)	2014	2013	2014	2013	2014	2013
Year ended December 31,						
Revenue	2,185,645	1,442,281	86,006	50,259	2,271,651	1,492,540
As December 31,						
Total non-current assets	1,006,518	686,536	177,480	116,880	1,183,998	803,416

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]

EXECUTIVE OFFICERS

Rene Amirault
President & Chief Executive Officer

Allen Gransch
Executive Vice President & Chief Financial Officer

Brian McGurk
Executive Vice President, Human Resources & Strategy

Corey Higham
Executive Vice President, Midstream

Dan Steinke
Executive Vice President, Operations, PRD

David Mattinson
Executive Vice President, OnSite Services

George Wadsworth
Executive Vice President, Drilling Services & USA Operations

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

ComputerShare
Calgary, Alberta

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

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