SECURE ENERGY

ANNUAL INFORMATION FORM

For the year ended December 31, 2020

February 25, 2021

TABLE OF CONTENTS

GENERAL MATTERS

Forward-Looking Statements

*Certain statements contained in this annual information form ("**AIF**") 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 AIF, the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", "continues", "maintains", "target" and similar expressions, as they relate to SECURE Energy Services Inc. ("**SECURE**", the "**Corporation**", **"we**" or "**our**"), 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 AIF. In particular, this AIF contains or implies forward-looking statements pertaining to: general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including drilling levels and demand for midstream transportation such as crude by rail; commodity prices for oil, natural gas liquids ("**NGLs**") and natural gas; demand for SECURE's services and the factors contributing thereto; corporate priorities and associated corporate strategy; expansion strategy; the 2021 capital budget including growth, expansion and sustaining expenditures and the intended use and financing thereof; the sufficiency of the Corporation's cash flows to fund the 2021 capital program; expected reviews and possible revisions of the Corporation's capital expenditure program; debt service; capital expenditures; anticipated completion of new facilities; the Corporation's ability to increase its market share and timing thereof; the implementation and execution of corporate policies; the expected timing and amount of government grants and stimulus packages relating to site rehabilitation programs, and their effect on the Corporation's business; increased abandonment and reclamation activities; committed long-term contracts and the reliability and stability thereof; the Corporation's competitive advantage; future capital needs; access to capital; acquisition and divestiture strategy; the Corporation's capital spending on midstream infrastructure such as pipeline systems, new full service terminals, gathering, storage and blending facilities, stand-alone water disposal facilities, and landfills; the Corporation's expectations with respect to the cost and timing of completion, operation and integration of midstream infrastructure; the Corporation's increasingly stable cash flow and reduced exposure to seasonal business cycles; the reduction of the Corporation's environmental footprint; the effect of climate change related activism and legislation; formalized reductions targets for carbons emission; and oil purchase and resale revenue.*

*Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as assumptions that changes in market activity and growth will be consistent with industry activity in Canada and the United States ("**U.S.**"), 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 that the Corporation has relied upon in the past will continue to be available to the Corporation on terms favorable to the Corporation and that future economic and operating conditions will not limit the Corporation's access to debt and equity markets. Forward-looking statements concerning the relative future competitive position of the Corporation are based upon the assumptions 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 our subsidiaries to successfully market our services in the Western Canadian Sedimentary Basin ("**WCSB**") and the U.S. will lead to sufficient demand for the Corporation and our 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 an increased demand for the Corporation's services and our subsidiaries' services. Forward-looking statements concerning the nature and timing of growth is 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.*

Many of these factors, expectations and assumptions are based on management's knowledge and experience in the industry and on public disclosure of industry participants and analysts relating to anticipated exploration and development programs of oil and natural gas producers, the effect of changes to regulatory, taxation and royalty regimes, expected industry equipment utilization in the WCSB and certain regions of the U.S., and other matters. The Corporation believes that the material factors, expectations and assumptions reflected in the forward-looking statements and information are reasonable; however, no assurances can be given that these factors, expectations and assumptions will prove to be correct.

*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. 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 discussed below and under the heading "Risk Factors" herein and those discussed in the Corporation's Management's Discussion & Analysis of the December 31, 2020 audited financial statements ("**MD&A**"), SECURE's most recent information circular and quarterly reports, material change reports and news releases. The Corporation cannot assure investors that actual results will be consistent with the forward-looking statements and readers are cautioned not to place undue reliance on them.*

The Corporation's actual results could differ materially from those anticipated in such forward-looking statements as a result of the risk factors set forth below and elsewhere in this document including, but not limited to: general global financial conditions, including general economic conditions in Canada and the U.S.; the effect of COVID-19 and governmental responses thereto on economic conditions, commodity prices and the Corporation's business and operations; changes in the level of capital expenditures made by oil and natural gas producers and the resultant effect on demand for oilfield services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; a transition to alternative energy sources; risks inherent in the Corporation's ability to generate sufficient cash flow from operations to meet our current and future obligations; the seasonal nature of the oil and gas industry; increases in debt service charges including changes in the interest rates charged under the Corporation's current and future debt agreements; the Corporation's ability to access external sources of debt and equity capital; disruptions to our operations resulting from events out of our control; the timing and amount of stimulus packages and government grants relating to site rehabilitation programs; the cost of compliance with and changes in legislation and the regulatory environment, including uncertainties with respect to implementing binding targets for reductions of emissions and the regulation of hydraulic fracturing services and services relating to the transportation of dangerous goods; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; competition; impairment losses on physical assets; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; the Corporation's ability to effectively complete acquisition and divestiture transactions on acceptable terms or at all; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; the Corporation's ability to integrate technological advances and match advances of our competition; credit, commodity price and foreign currency risk to which the Corporation is exposed in the conduct of our business; compliance with the restrictive covenants in the Corporation's current and future debt agreements; the Corporation's or our customers' ability to perform their obligations under long-term contracts; misalignment with our partners and the operation of jointly owned assets; the Corporation's ability to source products and services on acceptable terms or at all; the cost of compliance with and changes to the regulation and taxation of the energy industry; the Corporation's ability to retain key or qualified personnel; uncertainty relating to trade relations and associated supply disruptions; actions taken by governments in jurisdictions in which the Corporation operates, including by the new U.S. administration; the effect of climate change activism on our operations and ability to access capital; exposure of the Corporation's information technology systems to external threats and the effects of any unauthorized access to such system and potential disclosure of confidential information; the Corporation's ability to bid on new contracts and renew existing contracts; potential closure and post-closure costs associated with landfills operated by the Corporation; the Corporation's ability to protect our proprietary technology and our intellectual property rights; legal proceedings to which the Corporation may become subject, including the Tervita claim (as defined herein) and any claims for infringement of a third parties' intellectual property rights; the availability and coverage of insurance; claims by, and consultation with, Indigenous Peoples in connection with project approval; disclosure controls and *internal controls over financial reporting; and changes to the royalty regimes applicable to entities operating in the WCSB or certain regions of the U.S. Many of these factors are discussed in further detail throughout this document.*

Although forward-looking statements contained in this AIF 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.

Non-GAAP Measures and Operational Definitions

Certain supplementary measures in this AIF do not have any standardized meaning as prescribed under International Financial Reporting Standards ("**IFRS**"), which are also generally accepted accounting principles ("**GAAP**") for publicly accountable entities in Canada, 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 our ability to generate funds to finance our operations. These measures 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 and reconciled to the equivalent IFRS measures in the Corporation's MD&A.

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 or replacements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion capital involves judgment by management.

CORPORATE STRUCTURE

Introduction

SECURE Energy Services Inc. was amalgamated on April 24, 2007, in accordance with the *Business Corporations Act* (Alberta), and is the successor entity of 1232711 Alberta Ltd. and SECURE Energy Services Inc. On August 1, 2017, SECURE completed our acquisition of Ceiba Energy Services Inc. ("**Ceiba**") and Ceiba was amalgamated with SECURE. The head office of the Corporation is located at 2300, 225 – 6th Avenue S.W., Calgary, Alberta, Canada, T2P 1N2. The registered office of the Corporation is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 4K7.

Subsidiaries

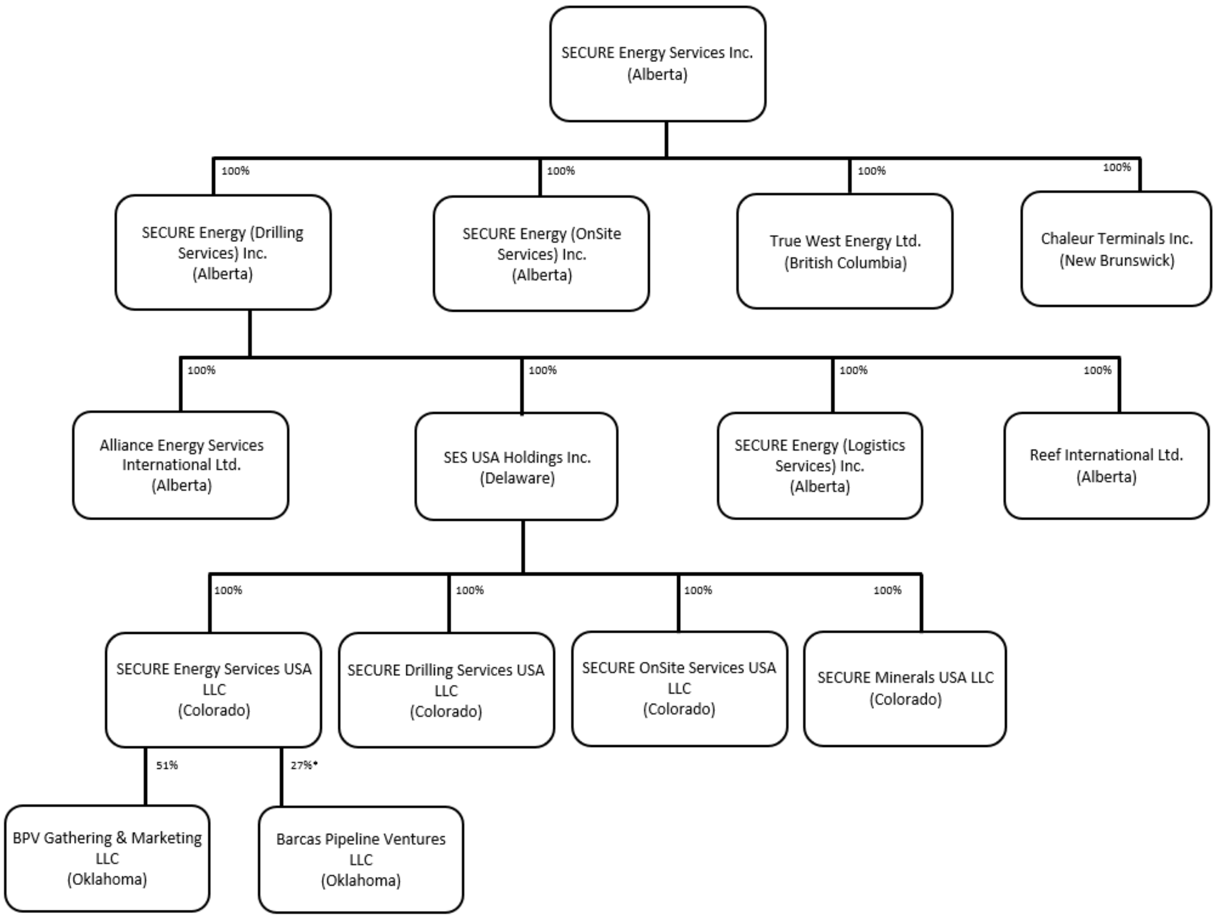
SECURE provides industry leading customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S.") through its two reportable segments: Midstream Infrastructure, and Environmental and Fluid Management.

Within these two segments, the Corporation has three material subsidiaries:

- SECURE Energy (Drilling Services) Inc.
    - This entity provides equipment and product solutions for drilling, completion and production operations for oil and gas producers in the WCSB and forms part of the Environmental and Fluid Management segment of the Corporation.
- SECURE Energy (OnSite Services) Inc.
    - This entity forms part of the Environmental and Fluid Management segment of the Corporation and provides comprehensive environmental solutions, from initial assessment and planning to construction, demolition and decommissioning, and remediation and reclamation, to a diversified customer base, and water pumping and storage solutions.

- SECURE Energy Services USA LLC.
    - This entity is the U.S. branch of the Midstream Infrastructure segment which operates three Full Service Terminal facilities ("**FST**"), one water disposal facility and one landfill in North Dakota, and acquired a 27% interest in a crude oil storage facility in Cushing, Oklahoma during 2019 and a 51% interest in 80 acres of undeveloped land located adjacent to the crude oil storage facility.

The following chart sets forth all subsidiaries of the Corporation, the percentage of shares or interest owned, directly or indirectly, by the Corporation and the jurisdiction of formation, incorporation or continuance of such subsidiaries as of December 31, 2020:



*27% ownership with 100% consolidation as control over the entity has been established.

GENERAL DEVELOPMENT OF THE BUSINESS

In 2007, SECURE was founded with one vision in mind: to help our customers. Delivering solutions that put our customers' needs first continues to be our guiding principle. The Corporation's unique culture, which is driven by entrepreneurial spirit, motivation, and hard work, allows us to carefully consider our stakeholders' needs and deliver innovative solutions.

Over the past several years, SECURE has prioritized increasing the stability of our cash flows to reduce the volatility to our business resulting from commodity price fluctuations and periods of reduced drilling and completion activity. This strategy was developed to reduce the risk of our capital investments and maximize the return and value from our existing assets, promoting profitable growth for our shareholders, and positioning the Corporation for sustained success. The strategies the Corporation has developed to achieve this priority include:

- Creating long-term partnerships with customers to share in the risk and upside associated with constructing and operating midstream infrastructure.
- Building and connecting produced water pipelines and disposal facilities to reduce customers' transportation costs and environmental footprint.
- Building and connecting gathering oil pipelines from producer batteries to reduce customers' transportation costs and environmental footprint.
- Utilizing crude oil storage and blending capabilities to optimize pricing and manage pipeline transportation constraints; and
- Expanding production-related services and recurring environmental project work.

Three Year History

The following summary provides details on how the Corporation's business has developed over the last three completed financial years:

During 2018, the Corporation completed the construction and commissioning of our first light oil feeder pipeline system and receipt terminal, located in the Kindersley-Kerrobert region of Saskatchewan (the "**Kerrobert Light Pipeline System**"). The feeder system gathers crude oil from multiple oil producers, terminating at SECURE's existing Kindersley FST. A larger pipeline initiating adjacent to SECURE's existing Kindersley FST transports crude oil from the feeder system and processed oil from the Kindersley FST to a newly constructed crude oil terminal south-east of Kerrobert (the "**Kerrobert Crude Oil Terminal**"), and then onto Enbridge Inc.'s mainline at Kerrobert.

During 2018, the Corporation also commissioned two new facilities, the Tony Creek water disposal facility located in the Duvernay region of Alberta, and the Gold Creek water disposal facility located in the Montney region of Alberta. In the fourth quarter of 2019, new produced water pipelines connecting producer facilities/gas plants to SECURE's midstream infrastructure were added to the Tony Creek and the Gold Creek water disposal facilities.

During the second quarter of 2019, the Corporation completed construction of two additional 130,000-barrel crude oil storage tanks at the pipeline receipt terminal in Kerrobert, expanding total crude oil storage at the Kerrobert Crude Oil Terminal to 420,000 barrels.

On April 11, 2019, the Corporation acquired a 27% interest in Barcas Pipeline Ventures LLC, a crude oil storage business which owns a crude oil storage facility located in Cushing, Oklahoma (the "**Cushing Acquisition**"). The facility is comprised of four above-ground 175,000 barrel crude oil tanks with long-term connection agreements in place, ultimately providing connectivity to all major inbound and outbound pipelines in Cushing. The total purchase price of US$9.9 million was paid in cash at closing. Within two years of closing of the Cushing Acquisition, the Corporation has the option to purchase the remaining 73% interest in the business for US$26.6 million. As of the date hereof, SECURE has not exercised this option.

The Corporation also acquired a 51% interest in 80 acres of undeveloped land located adjacent to the crude oil storage facility. This investment provides the Corporation with significant optionality to develop additional midstream infrastructure in one of North America's key storage and trading hubs. The total purchase price of US$500,000 was paid in cash at closing.

On April 29, 2019 the Corporation amended its $470 million first lien credit facility ("**First Lien Facility**") to extend the maturity date from June 30, 2021 to June 30, 2023, and increase the borrowing capacity by $130 million to $600 million, comprised of a $565 million revolving credit facility and a $35 million operating facility. The amended First Lien Facility also includes an accordion feature, which, if exercised and approved by the Corporation's lenders, would increase the revolving credit facility by an additional $100 million. In connection with the amendments to the First Lien Facility, the Corporation also entered into a new $75 million bilateral Letter of Credit Facility with a syndicate of two financial institutions and Chartered banks.

In June 2019, SECURE commenced construction of the Pipestone water disposal facility and produced water pipeline (the "**Pipestone Facility**") in the Montney region of Alberta. The facility has multi-year contracted volumes through facility and area dedications with an anchor tenant, providing reliable cash flows over the contract term. The facility was commissioned in October 2019.

During the third quarter of 2019, the Corporation entered into long-term contracts in the Bigstone and East Kaybob regions of Alberta to gather light oil and condensate from multiple producers and transport the product to the Corporation's Fox Creek FST (the "**East Kaybob Pipeline System**"). Several producer facilities have been tied into the system by way of four-inch diameter lateral pipelines, joining together into a six-inch line stretching approximately 25 kilometres to the Fox Creek FST. In total, the East Kaybob Pipeline System spans approximately 120 kilometres. The project is underpinned by 15-year commitments with multiple customers, and is expected to provide SECURE with stable, long-term fee-for-service revenues from pipeline tariffs, and reliable volumes at the Fox Creek FST. The East Kaybob Pipeline System was commissioned in June 2020.

In the fourth quarter of 2019, SECURE initiated a sales process for the divestiture of specific service lines that do not have recurring or production-related revenue streams. With the volatile market conditions experienced during 2020, the Corporation has delayed timing for the completion of any divestitures.

On September 11, 2020, the Corporation extended the existing $130 million second lien credit facility ("**Second Lien Facility**") by one year to July 31, 2022. There have been no changes to the remaining terms, conditions and covenants of the Second Lien Facility. The Corporation also entered into interest rate swaps to fix the interest rate for the Second Lien Facility at 5.5%.

At the end of 2020, SECURE expanded our storage capacity with a 10-year arrangement at a major oil hub in western Canada. This opportunity aligns with SECURE's midstream strategy of obtaining access to infrastructure in the major crude oil hubs across North America and expanding our commercial revenue generating opportunities.

2021 Capital Expenditures Program

The Corporation expects a 2021 capital expenditure program of approximately $15 million, which includes $12 million of sustaining capital relating to capital asset additions or replacements required to maintain ongoing business operations. The capital budget will be reviewed quarterly in 2021 and may be revised in accordance with market and economic conditions, and the corresponding growth and expansion opportunities available to further expand SECURE's Midstream Infrastructure segment in a manner consistent with SECURE's business strategy (see "*Description of Business – Business Strategy*").

The Corporation anticipates that it will finance the 2021 capital program with cash flows from operations.

DESCRIPTION OF BUSINESS

General

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

The Corporation operates the following two reportable segments:

Midstream Infrastructure Segment

The Midstream Infrastructure segment owns and operates a network of facilities throughout western Canada, in North Dakota and in Oklahoma and assists upstream oil and natural gas companies with the processing, storing, shipping and marketing of crude oil; processing of waste; and water treatment and disposal. Midstream Infrastructure services include clean oil terminalling and storage, crude oil marketing, pipeline transportation, rail transloading, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, and oil purchase and resale services. For the years ended December 31, 2020 and 2019, the Midstream Infrastructure segment comprised 43% and 50%, respectively, of the total consolidated revenue (excluding oil purchase and resale) of the Corporation.

As at the date hereof, the Corporation's Midstream Infrastructure solutions are provided at 40 facilities in Alberta, three facilities in British Columbia, six facilities in Saskatchewan, one facility in Manitoba, five facilities in North Dakota, and one facility in Oklahoma.

The Midstream Infrastructure segment generated approximately 19% of its total revenue (excluding oil purchase and resale) from operations conducted in the U.S. in 2020 compared to 21% in 2019.

The primary Midstream Infrastructure services provided by the Corporation are detailed below.

Crude Oil Terminalling, Storage and Marketing

Twelve of the Corporation's facilities provide customers with an access point or terminal to transport their produced clean oil to market by pipeline. At the majority of the Corporation's pipeline connected facilities, this oil is delivered by customers to SECURE's facilities by truck and is stored on site until it is shipped through the gathering or transmission pipelines. SECURE manages both the purchase of the oil and the subsequent payment to the producer for the delivered oil based on the initial quality received. SECURE may upgrade the oil quality and enhance its value, thereby enabling SECURE to generate incremental crude oil profits. The Corporation also has crude oil storage at certain of SECURE's pipeline connected facilities to optimize pricing and manage pipeline transportation constraints.

Oil Pipelines

The completion of the Corporation's Kerrobert Light Pipeline System in 2018 expanded SECURE's services to include oil pipeline transportation. The 16.5 kilometre four- to eight-inch feeder pipeline system located in the Viking oil region of Saskatchewan gathers crude oil from multiple oil producers, before feeding into SECURE's existing Kindersley FST. A larger 27 kilometre pipeline, with a diameter of 10 inches, initiating adjacent to SECURE's Kindersley FST transports crude oil from the feeder system and processed oil from the Kindersley FST to SECURE's Kerrobert Crude Oil Terminal, and then onto the Enbridge Inc. mainline at Kerrobert. The entire system stretches approximately 43.5 kilometres with a total capacity of 50,000 barrels per day.

In 2020, the Corporation completed construction of our second oil pipeline, the East Kaybob Pipeline System. Several producer facilities are tied into the East Kaybob Pipeline System by way of four-inch diameter lateral pipelines, joining together into a six-inch line stretching approximately 25 kilometres to the Fox Creek FST. In total, the East Kaybob Pipeline System spans approximately 120 kilometres and has initial capacity of 15,000 barrels per day. Construction commenced in November 2019 and the East Kaybob Pipeline System was commissioned in June 2020.

The addition of oil pipelines to SECURE's asset portfolio creates value for our customers operating in the region by providing a capital efficient transportation solution that enhances operating netbacks. Additionally, the use of pipelines significantly reduces or eliminates trucking logistics and constraints, reduces carbon dioxide ("**CO_2**") emissions, increases safety by reducing the number of trucks required to transport producers' product, and reduces repairs and maintenance expenses on municipal road infrastructure.

Water Pipelines

Oil and gas production generates high volumes of produced water. Because the produced water has been in contact with the hydrocarbon bearing formation for centuries, it has some chemical characteristics of the formation and the hydrocarbon itself. As a result, the vast majority of this produced water contains properties that are harmful for the surface environment, and ground water must be handled with care. Managing produced water is a significant factor for oil and gas producers; water to oil ratios continue to increase as basins mature, and high volumes of water become problematic for trucking. SECURE owns five produced water pipelines located in Alberta and North Dakota, connecting producer facilities/gas plants to SECURE's midstream processing facilities. Pipelines connecting produced water volumes for processing and disposal provides an economic, safe, and environmentally responsible transportation solution for producers managing these high volumes of water generated from oil and gas production.

Rail Transloading

The Corporation has four crude by rail facilities located in Alberta and Saskatchewan which provide crude oil producers an alternative method to get their oil to market. At SECURE's rail terminals, crude oil can be aggregated with multiple suppliers and marketed through single-sale transactions, or producers can market their own barrels by utilizing SECURE's transloading services, which carry crude by rail to virtually all North American markets. Each of these options provides added flexibility and additional pricing options for customers. SECURE's crude by rail terminals are located in Rycroft, High Prairie and Mannville, Alberta, and Kindersley, Saskatchewan.

Custom Treating of Crude Oil

Crude oil production or emulsion contains by-products such as water, suspended solids and water-soluble salts. These contaminants must be removed before crude oil can be shipped through a pipeline to a refinery. SECURE's emulsion treating service separates oil from other by-products to create pipeline specification crude oil.

Oilfield Waste Processing

Waste is generated as a result of drilling, completions and production related activities. SECURE's oilfield waste processing separates waste into three components: recoverable oil, waste water and residual solids. Recovered oil is treated and sold as detailed above. Residual waste water is deep well injected into Class IB Disposal Wells and separated solids are processed and transported to one of the Corporation's Class II or Class I Oilfield Landfills.

Produced Water and Waste Water Disposal

The Corporation provides produced and waste water disposal services through a network of Class IB Disposal Wells in Canada and Class II disposal wells in North Dakota. Disposal wells are approved by the Alberta Energy Regulator ("**AER**"), British Columbia Oil and Gas Commission, and the Saskatchewan Ministry of Energy and Resources in Canada and the Industrial Commission Department of Mineral Resources Oil and Gas Division in North Dakota. The wells dispose of the following fluids:

- Produced water associated with production of oil, bitumen, natural gas, NGLs or coalbed methane;

- Produced water and specific common oilfield waste fluids;
- Saline fluids from oilfield waste processing facilities; and
- Waste fluids from drilling and completion operations.

Oil Purchase and Resale

SECURE's oil purchase and resale services enhance SECURE's produced water disposal, crude oil emulsion treating, terminalling, rail transloading and marketing operations. By offering this service, SECURE's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. At SECURE FSTs and crude oil terminalling facilities, SECURE will meter the crude oil volumes and purchase the crude oil directly from our customers. The Corporation will then process, transport to a pipeline connected FST if necessary, and handle the shipment of crude oil down the pipeline. The Corporation has twelve pipeline connected facilities: Alida, Cushing, Dawson Creek, Drayton Valley, Fox Creek, Judy Creek, Kakwa, Keene, Kerrobert, La Glace, Kindersley, and Silverdale. Alternatively, the crude oil can be transported and transloaded into rail cars at one of the Corporation's four crude by rail terminals.

Environmental and Fluid Management Segment

The Environmental and Fluid Management segment includes a network of landfill disposal facilities; onsite abandonment, remediation and reclamation management; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and drilling, completion and production fluid operations management for oil and gas producers in western Canada. Environmental and Fluid Managements services include secure disposal of oilfield and industrial solid wastes into SECURE's owned or managed landfill network located in western Canada and North Dakota; project assessment and planning; pipeline integrity projects (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning; remediation and reclamation of former well sites, facilities, commercial and industrial properties; environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.); remediation and reclamation assessment services; Naturally Occurring Radioactive Material ("**NORM**") management; waste container services; and emergency response services. The Corporation's fluid operations management includes drilling services, production services and onsite integrated fluid solutions (water management, recycling, pumping and storage).

For the years ended December 31, 2020 and 2019, the Environmental and Fluid Management segment comprised 57% and 50%, respectively, of the total consolidated revenue (excluding oil purchase and resale) of the Corporation.

Landfill Disposal

The Corporation's landfills provide for the secure disposal of oilfield solid wastes. The Corporation's Canadian landfills are approved as Class II Oilfield Landfills by Alberta Environment and Parks ("**AEP**") to dispose of waste associated with the following activities:

- Reclamation – contaminated soil associated with the cleanup of past operating facilities;
- Production – disposal of soil contaminated as a result of spills or pipeline breaks; and
- Drilling – cuttings removed from the wellbore are contaminated based on the type of drilling mud used.

In addition to a Class II cell, the Pembina Area Landfill has a separate Class I Landfill cell and is approved for NORM disposal, allowing SECURE to provide customers with a safe, economical and environmentally responsible disposal option for NORM impacted solids. The Class I cell is regulated by Alberta Environment and Parks and allows for the disposal of industrial hazardous solids and dangerous oilfield wastes, including filters, tank bottoms, soils, pipeline pigging waste, demolition waste, and non-usable/non-recyclable equipment. In total, SECURE owns and operates six landfills in Canada and one landfill in the U.S.

Pipeline Integrity

The Corporation's full cycle pipeline integrity solutions include pipeline digs, maintenance, new construction horizontal directional drilling programs, geotechnical evaluation, and abandonment and decommissioning solutions. This all-encompassing management system ensures assets are fulfilling their delivery obligations, operating efficiently, and mitigating the risks associated with incidents affecting the public, the environment, or reputation.

Demolition and 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 Corporation provides the specialized equipment necessary for these projects to be completed safely. The Corporation provides complete decommissioning solutions from hazardous materials removal, through to facility demolition, asset recovery and recycling.

Remediation and Reclamation

The Corporation provides remediation and reclamation solutions to assist in the removal and clean-up of contaminants from soil, groundwater, and sediment for the protection and betterment of the public and the environment. The Corporation has extensive experience in all aspects of excavation, transportation, treatment and disposal of contaminated soils. The Corporation has the capability of handling all remedial aspects of pond projects from sludge removal and remediation, to re-shaping and re-lining ponds.

Environmental Construction

The Corporation has the capability to complete all aspects of environmental construction including the highest level of landfill construction certification such as Alberta Class I Landfills, leachate collection system installation, pond construction, liner installation, road, lease and pad construction, coffer dam construction, aggregate replacement, funnel and gate technology construction, groundwater recovery trench construction, sheet piling, slope stability, and bentonite slurry wall construction.

NORM Management

In many geographic areas, the oil and gas industry requires services providers capable of managing and disposing of NORMs, which may include production waste, impacted equipment and materials, water treatment, residuals and waste, and spills. The Corporation provides a full line of services for managing NORMs, including site assessments, remediation, waste collection and disposal, and NORM safety training and consulting.

Waste Container Services

The Corporation offers a waste container service for the disposal of oilfield filters, rags and pads, and contaminated soils and solids. This service is offered in conjunction with the Midstream Infrastructure segment's existing network of facilities to dispose of and manage customers' waste.

Emergency Response Services

The Corporation provides emergency response services in connection with rail incidents, lease site releases, pipeline breaks and motor vehicle transportation accidents. This service is offered in conjunction with the Corporation's existing facilities and network to provide services from the initial response through to final regulatory cleanup requirements and disposal. The Corporation has specialized heavy equipment and personnel for immediate response and emergency containment across western Canada.

Oil Sands and Scrap Metal Recycling

SECURE has long-term agreements with two major oil sand producers to manage and operate their scrap metal recycling programs in the Fort McMurray region of Alberta. These agreements provide an opportunity for SECURE to combine volumes of material to maximize economies of scale in processing and selling recovered metals and other materials on these sites.

Further opportunities with these customers have developed as a result of the scrap metal recycling agreements. Remediation and demolition jobs have been awarded due to the continued strengthening of relationships. The Corporation has gained a reputation as a preferred service provider in the region resulting in offering additional services to existing customers and new project opportunities with other producers and contractors.

Drilling Services

Oil and gas drilling requires technologically advanced fluids to improve the integrity of the borehole, remove cuttings, control wellbore pressure and maximize efficiency of the process. SECURE's drilling services maximize the useful life of drilling fluids and provide safeguards for environmental compliance.

Drilling services provided by the Environmental and Fluid Management segment includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen, natural gas and NGLs. This business has a large focus on servicing the major resource plays such as, but not limited to, the Cardium of central Alberta, the Montney and Duvernay in the Deep Basin of Alberta and British Columbia, the oil sands of Alberta and the Bakken of Saskatchewan. The wells currently drilled in these resource plays include vertical wells and directional wells. With the development of horizontal completion techniques, such as horizontal fracturing technology, resources previously thought of as uneconomic or trapped are being developed in old and new fields across North America. As these technologies require the drilling of horizontal wellbores, horizontal drilling has increased in frequency. Horizontal drilling can be utilized in tight formations like shale gas and oil, and in carbonate and sand formations such as those found in the heavy oil areas of Alberta and Saskatchewan, including the oil sands. According to the Canadian Association of Petroleum Producers, approximately 20% of the total oil sands reserves can be recovered using mining techniques and the remaining 80% can only be recovered using *in situ* methods, such as Steam Assisted Gravity Drainage ("**SAGD**"), which requires the drilling of horizontal wells. All wells drilled, whether gas, oil, bitumen, carbon dioxide injection or disposal wells, require the use of drilling fluids to drill the well. Drilling fluids encompass the functions of cleaning debris out of the hole, stabilizing and sometimes strengthening the formation drilled, controlling subsurface pressures, preventing accretion, enhancing drilling rates and protecting potential production zones while conserving the environment in the surrounding surface and subsurface area. The Corporation's drilling fluid systems are designed to be adaptable to a wide range of complex and varied drilling and completion scenarios, to help clients eliminate inefficiencies in the drilling and completion process and to assist clients in meeting operational objectives while maintaining environmental compliance.

The drilling services business markets our proprietary and patented products, technical expertise and fluid engineering services to all entities that drill oil, gas or energy related wells. The Environmental and Fluid Management segment markets our services by emphasizing the historical success of our products and systems, as well as the experience and technical competency of our management and employees.

The Corporation has three invert (oil-based drilling mud) blending and mixing facilities located across Alberta, two of which are located adjacent to the Corporation's FSTs. These facilities are capable of manufacturing and reconditioning invert fluid. The key purpose of the blending and mixing facilities was to reduce transportation costs, leverage off facility infrastructure and enhance customer service in the field.

The Corporation owns and operates a minerals product plant located in southern Alberta. The plant mainly processes barite to be used in drilling fluids systems and allows the business to maintain supply logistics and quality.

The drilling services business provides fluids and solids equipment rentals for drilling operations in the WCSB. The majority of the activity for the fluids and solids equipment rentals is in central Alberta and the oil sands. The Corporation's current fleet of high speed centrifuges, bead recovery units, Target Tanks™, dewatering systems, tanks, shale bins, hydraulic centrifuge stands, polymer injection tanks, lubricant injection trailers, bulk barite units, and ancillary equipment is offered as a standalone package or part of an integrated package with drilling fluids services.

The centrifuge and hydraulic stand package is a state-of-the-art system designed for high end drilling fluids to reduce fluid and moving costs between wells while providing a safe working platform. SECURE provides a unique cost-saving advantage for fluid storage with the Corporation's Target Tank™, a dual containment fluid storage tank. The Target Tank™ can be used for various applications where dual containment is required, such as to store oil-based drilling fluids on well sites during drilling operations, for frac jobs, and production workovers. The Target Tank™ meets environmental regulatory standards in Alberta for on-site oil-based fluid storage without a berm, or without the need for a dike when drilling or operating within 100 metres of a waterbody.

Production Services

The Corporation's production services business focuses on providing equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets. SECURE's production chemical solutions help solve customer production issues by providing tailored solutions at both the field level and at the Corporation's 7,000 ft^2 fully equipped, state of the art research laboratory in Calgary, Alberta, and at SECURE's second research lab facility in Edmonton, Alberta. The focus on testing, research and new product development conducted at the laboratories allow SECURE to provide unique and tailored products to customers. Production services is comprised of two service lines: completion fluids and production chemicals.

- The completion fluids service line provides clients with customized fluid systems that are used during well completion activities. These fluid systems contribute to the successful running of complex completion strings, optimize production and improve the performance of fracing operations.
- The production chemicals service line focuses on providing equipment and chemical solutions that optimize well production by treating problematic oil conditions including viscous oils, paraffin and asphaltenes. In addition, SECURE provides customized formulations that effectively separate oil and water emulsions prior to additional downstream treatment at refineries. A comprehensive line of corrosion and scale inhibitor products are offered that maintain the integrity of pipelines and other production assets. An acquisition completed in April 2017 added over 100 fully formulated proprietary products including flow assurance, asset integrity, product optimization, and a variety of fracturing and stimulation products. SECURE also acquired key infrastructure related to the product offering, including a blending facility in Red Deer, Alberta, a research lab facility in Edmonton, Alberta capable of full-service product support and ongoing research and development, and a network of multiple new distribution points throughout the WCSB.

Fluid Management, Recycling, Pumping and Storage Solutions

The Corporation has a fleet of water pumping equipment (including automated units), temporary pipelines, filtration and heating equipment to meet SECURE's customers' fluid transfer needs. The introduction of automated pumps has resulted in cost efficiencies for the Corporation's customers as labour requirements are less intensive. The Corporation employs an experienced team of professionals to review the customer's specific job requirements and design an engineered pumping solution to meet the individual project needs.

The Corporation has frac tanks available for rental to SECURE's customers. The frac tanks are necessary to support the increasing requirement to have more above ground fluid storage available for large multi-stage fracs completed on horizontal oil and natural gas wells. The primary purpose of this service is to complement and integrate existing service offerings by establishing integrated fluid services with the Corporation's customers allowing SECURE to manage and handle their fluid requirements during the entire drilling process.

BUSINESS STRATEGY

Disciplined Midstream Infrastructure Growth

Over the past several years, increasing the stability of the Corporation's cash flows has been a key priority for SECURE as we strive to reduce the risk of our capital investments and maximize the return and value from our existing assets, promoting profitable growth for our shareholders, and positioning the Corporation for sustained success. To achieve this, SECURE is focused on growing and expanding production-focused infrastructure. The strategies the Corporation has developed to achieve this priority include:

- Creating long-term partnerships with customers to share in the risk and upside associated with constructing and operating midstream infrastructure;
- Building and connecting produced water pipelines and disposal facilities to reduce customers' transportation costs and reduce their environmental footprint;
- Building and connecting gathering oil pipelines from producer batteries to reduce customers' transportation costs and reduce their environmental footprint; and
- Utilizing crude oil storage to optimize pricing and manage pipeline transportation constraints.

Further details on the Corporation's strategy related to production focused infrastructure is as follows:

Create long-term partnerships with customers

Creating long-term partnerships with customers to share in the risk and upside associated with constructing and operating new midstream infrastructure is critical to SECURE's priority of increasing the stability of our cash flows to reduce the risk of our investments and provide stable returns to our shareholders. SECURE works transparently with customers to identify opportunities where we can provide innovative solutions that help our customers reduce costs and emissions, and invest their capital where it generates the highest returns. As a result, customers are willing to share in the risk and commit dedicated volumes to our midstream infrastructure that provides predictable, recurring cash flows for the Corporation. By bringing multiple customers together, SECURE can create economies of scale to support new infrastructure, including pipelines to transport production volumes, while eliminating redundant assets and reducing the overall environmental footprint of the industry.

Provide cost effective and environmentally responsible transportation solutions for production volumes

<u>Produced water</u>

Produced water volumes continue to increase at a disproportionate rate relative to aggregate production based on maturing basins and new shale completion techniques that require more water. Concentrated pad drilling with multiple wells creates large, centralized volumes and have improved the economics of building pipelines to connect production volumes to midstream facilities. The Corporation is dedicated to working with our customers and is uniquely positioned to offer water pipeline solutions from customer facilities/gas plants to the Corporation's disposal facilities to reduce the customer's transportation cost, reduce greenhouse gas emissions associated with trucking, and improve safety on the roads by eliminating truck loads transporting produced water.

<u>Oil and condensate volumes</u>

Oil and condensate volumes are increasing as producers bring on new production and are looking for incremental treating capacity and egress opportunities while minimizing transportation costs. The Corporation's successful execution of both the Kerrobert Light Pipeline System and the East Kaybob Pipeline System on time and on budget, and the operational success demonstrated to date, positions SECURE to take advantage of similar opportunities to create value for customers seeking cost effective and sustainable solutions for oil and condensate volumes.

Locate and construct midstream processing facilities underpinned by contracts in key under-serviced and/or capacity constrained markets

The Corporation constructs our midstream infrastructure in well-established basins that have proven production histories and remain active throughout high and low commodity pricing cycles. In recent years, new facilities have been underpinned by long-term contracts, providing stable, production-related cash flows for the Corporation. During the past three years, the Corporation completed three water disposal facilities (Tony Creek (*June 2018*), Gold Creek (*June 2018*), and Pipestone (*October 2019*)) in the liquids-rich Montney region in Alberta where water disposal requirements are higher than the rest of the WCSB. Each of these facilities is connected by pipeline to customer facilities and underpinned by multi-year contracts with minimum volumes and area dedications.

In designing these new facilities, SECURE applied best-in-class engineering practices to meet the expressed needs and preferences of our customers in the region. The Corporation believes that this strategy allows us to grow our service offerings to match the growing needs of the marketplace, while ensuring a minimum risk-adjusted return for the Corporation.

Utilize crude oil storage to optimize pricing and manage pipeline transportation constraints

Owning crude oil storage in key locations is part of our strategy of both helping our customers optimize pricing and increase netbacks, as well as generating production-based cash flows for the Corporation. In 2019, SECURE added two 130,000 barrel (shell capacity) storage tanks at our Kerrobert Crude Oil Terminal. Additionally, we completed the Cushing Acquisition to secure crude oil storage at Cushing, Oklahoma.

At the end of 2020, SECURE expanded our storage capacity with a 10-year arrangement at a major oil hub in western Canada. This opportunity aligns with SECURE's midstream strategy of obtaining access to infrastructure in the major crude oil hubs across North America and expanding our commercial revenue generating opportunities.

Expansion of Production-Related Services and Recurring Work

In addition to the production-related infrastructure described above, the Corporation continues to expand service offerings that provide more stable cash flows, such as environmental solutions work in Fort McMurray, and expanded the production chemicals service line in the Environmental and Fluid Management segment. This allows the Corporation to be less susceptible to drilling and completion cycles, providing a more certain base level of cash flow.

Enhanced Sustainability Practices

SECURE is committed to operating in a safe, ethical, legal, environmentally and socially responsible manner. Incorporating sustainability considerations into our overall business strategy, risk management and business development are critical to the long-term success of the Corporation. We are continually improving our strategies and developing new processes to further enhance the sustainability of our operations, and to deliver solutions that help our customers achieve their own sustainability goals.

SECURE has formalized social, health and safety, and environmental policies and procedures to govern the way in which the Corporation conducts business in order to achieve the following commitments:

Serving our customers and conducting ourselves ethically at all times

SECURE has established a formal human rights policy (titled Workplace Non-Discrimination, Violence, Harassment and Bullying Policy) and Code of Business Conduct that governs the way in which the Corporation and our employees, directors and consultants conduct business.

SECURE is committed to providing a healthy, harassment-free work environment for all employees where diversity is embraced, differences are appreciated, and everyone can expect to be treated with dignity and respect. The Corporation's Workplace Non-Discrimination, Violence, Harassment and Bullying Policy outlines that the Corporation will not condone or tolerate any form of discrimination, violence, harassment or bullying by anyone associated with the organization. The policy specifically covers the protected groups identified in the Canadian Human Rights Act and outlines procedures for complaints under the policy, all of which the Corporation is required to thoroughly investigate.

SECURE's Code of Business Conduct addresses the identification and management of ethical situations and provides guidance in making ethical business decisions. The Code of Business Conduct requires that all directors, officers, employees and consultants comply with all laws, regulations and requirements that are applicable in jurisdictions where the Corporation operates. SECURE provides training to all staff on the Code of Business Conduct. The following additional policies are incorporated by reference into the Code of Business Conduct:

- Workplace Non-Discrimination, Violence, Harassment and Bullying Policy (*see above*);
- Alcohol and Drug Use Policy;
- IT Acceptable Use Policy;
- Privacy Policy;
- Policy on Trading in Securities; and
- Corporate Disclosure Policy.

SECURE has various other standard policies, including a standalone policy on whistleblowing, as well as documentation that addresses topics such as corruption, fraud and discrimination.

Each director, officer, employee and consultant is asked to regularly review both the Code of Business Conduct and to confirm they understand their individual responsibilities and that they conform to the requirements of the policy. Individuals subject to the policy are accountable for applying them to their own conduct and work. All directors, officers, employees and consultants are encouraged to report violations of these policies in accordance with the procedures described in the Corporation's Whistleblower Policy. Violations of these policies will result in the Corporation taking effective remedial action commensurate with the severity of the violation. In 2020, there were four Code of Conduct violations reported which were thoroughly investigated with appropriate action taken in a timely manner.

In 2020, SECURE introduced a Supplier Code of Conduct to establish standards and principles with respect to labour and human rights, business ethics, health and safety, environmental sustainability, and stakeholder engagement for our vendors, contractors and consultants. The Corporation expects all suppliers to adhere to this Code of Conduct.

Putting the health and safety of our people and the public above all else

SECURE is committed to creating a strong safety culture that sets the habits, thoughts and beliefs that drive the behavior of all employees, contractors and partners to achieve our goal that everyone goes home safe every day.

The Corporation's Health and Safety Policy sets out SECURE's philosophy and commitment regarding care, competency, compliance and continuous improvement. This policy establishes SECURE's commitment to providing proper training, development and resources so that employees and contractors can safely carry out their work. The Corporation strives to achieve and exceed compliance with all applicable laws, regulations and policies, and supports practical and applicable industry recommended guidelines, programs and practices. Continuous improvement is driven through increasingly risk-based and proactive initiatives as the Corporation continues to progress our health and safety programs with the goal of working towards a Level 5 Safety culture. The following are some of the actions taken by SECURE over the past few years as we mature our safety culture:

- Developed the 8 Life Saving Rules specific to the highest risk activities associated with our business. The 8 Life Saving Rules have been integrated into all aspects of SECURE's safety management systems.

- Introduced the concept of reviewing incidents for potential significant injuries and fatalities (“**SIF-P**”). All SIF-P near misses and incidents are shared widely across the organization and reviewed by SECURE’s executive management team and the Board of Directors.
- Increased safety focused senior management engagement with frontline employees and contractors.

In 2020, the Corporation implemented enhanced health and safety measures including physical distancing, work from home measures and limits on non-essential travel to protect our employees, contractors, customers, and communities during the COVID-19 pandemic.

The Corporation tracks safety statistics and takes proactive measures to allow us to see how we are doing and where we need to improve. This provides a benchmark for setting targets, helps us analyze our current results, and gives us information to identify potential opportunities for improvement. We continue to work towards developing leading types of safety metrics to be more proactive in incident prevention.

Mitigating and minimizing the environmental impacts of our operations

Climate Policy

As part of our commitment to mitigating and minimizing the environmental impacts of our operations, SECURE has formalized a Climate Policy to direct our efforts on energy efficiency and emissions reduction. The Corporation commits to addressing climate considerations in our overall business strategy, corporate development, risk management and business models. All levels of the organization are engaged to improve the energy efficiency of our current operations and future capital investments. SECURE is committed to developing and implementing new practices and technologies to achieve our objectives, including reducing the Corporation’s carbon intensity in half by 2030 and achieving net zero emissions by 2050.

SECURE’s operations generate greenhouse gases (“**GHG**”) through natural gas and fleet fuel consumption, as well as emissions from hydrocarbons processed through our midstream facilities. The largest use of natural gas for SECURE is to heat our midstream processing facilities and blanket our storage tanks to prevent an explosive atmosphere in the unfilled space of the tanks. When trucks deliver products to our facilities, the natural gas is displaced by the fluids received; SECURE diverts the natural gas to our tank vapour gathering system where it is combusted, generating CO_2.

The Corporation implemented an updated Fugitive Emissions Management plan across processing and facility operations in 2018 to detect and manage fugitive emissions associated with leaks from equipment components. FST and water disposal facilities exclusively employ instrument air controls (as opposed to natural gas pneumatic controls) and all injection well sites are zero emission. All tank blanket gas at FST and water disposal facilities in Canada is destroyed via incineration prior to discharge, resulting in zero methane emissions.

SECURE is considering many actions to increase energy efficiency and reduce emissions at our midstream facilities as we strive towards our targets. This includes continuous process efficiencies, investments in technologies at midstream processing facilities, formalizing fleet management systems, the use of GHG offsets and increased tracking and monitoring of emissions. Some of the advancements made in 2020 included the implementation of an energy optimization program focused on using data analytics to identify areas of opportunity to effectively realize energy efficiencies across our operations. SECURE also reduced fleet fuel consumption by 37%, resulting in a 3,216 tonne reduction in greenhouse gas emissions. The Corporation is committed to enhanced monitoring of emissions, establishing short-term targets for reductions and providing clear, transparent reporting on what is material to our stakeholders.

Water Usage

Many of the Corporation’s midstream processing facilities operate water source wells to supply fresh or brackish groundwater to support facility operational needs such as process makeup, flushing, washing and office sanitation, as well as customer service offerings including access to fluid heating and blending services. A number of these facilities also utilize trucked-in water from municipal sources as well as surface water diverted from on-site storage ponds in accordance with applicable water use regulations.

In 2019, SECURE commenced monitoring water usage from these various sources in order to establish a baseline for water usage at our midstream processing facilities. In 2020, we used this data to analyze results on a per facility basis, share best practices across the organization to create process improvements, and identify other opportunities to reduce water consumption, including increased recycling. As a result of these efforts, overall water usage decreased by 29% from 2019.

Waste Generation

SECURE's midstream processing facilities are designed and operate to maximize hydrocarbon recovery and reduce water and solid waste, adding value for our customers, extending the life of our disposal wells and landfills, and minimizing the overall environmental impact. Heat, additives, retention time and specialized physical separation equipment are used to separate incoming fluids into water-based, oil-based and solid streams. After processing, the resulting products are handled as follows:

- Recovered oil is shipped to market;
- Residual water-based fluids are permanently injected into disposal wells associated with the facility, ensuring safe and responsible disposal. In total, SECURE deposited nearly 4.6 million m^3 of produced water and waste water in 2020 via deepwell injection into the network of disposal wells associated with the Corporation's midstream processing facilities; and
- Solids generated by processing and treatment at facilities are stored on purpose-built solids pads for additional processing to increase hydrocarbon recovery, remove contaminants and minimize fluid content prior to transportation for disposal at an approved landfill.

A portion of the solids generated in association with the Corporation's operations are classified as hazardous in the jurisdiction of operation. All of this hazardous material was safely transported and disposed of at the Corporation's Pembina Class I Landfill, which is approved for hazardous waste disposal. The Class I cell is regulated by AEP and allows for the disposal of industrial hazardous solids and dangerous oilfield wastes, including filters, tank bottoms, soils, pipeline pigging waste, demolition waste, and non-usable/non-recyclable equipment. All SECURE's landfills are engineered and designed to exceed regulatory requirements to ensure the safety of those individuals on location and the continued health of the natural surrounding environment. The engineered liner system employed at the landfill ensures that all waste received is fully contained, encapsulated and monitored over the long-term life of the facility. This is accomplished through the combination of a compacted clay liner, HDPE liner, geocomposite and geosynthetic liners, all of which are complemented by excellent natural hydrogeologic conditions at the site.

Environmental Business Opportunities

SECURE is in a unique position to help reduce the environmental impact, including emissions, of our customers' operations. Our strategy is to continue challenging what is possible for our customers by providing innovative midstream solutions that help reduce costs and emissions associated with delivering energy to the world. Consistent with our growth strategy outlined above, this includes:

- Strategically locating midstream infrastructure near customer production to reduce transportation requirements for hauling oil, waste and water for processing and disposal;
- Building oil and water pipelines that connect customer production to SECURE midstream processing facilities, reducing the GHG emissions associated with trucking; and
- Consolidating volumes from multiple producers in fit for purpose facilities, reducing our customers' capital requirements and the overall environmental impact of midstream infrastructure.

Reducing the impact that our own operations have on the environment, as well as working with our customers to reduce the overall environmental impact associated with delivering energy to the world, are key priorities for SECURE. The midstream and environmental solutions we provide are designed to not only help reduce costs, but also lower emissions, increase safety, manage water, recycle by-products, and restore land.

Managing the integrity of our midstream processing facilities and pipelines

SECURE's asset integrity management programs are essential to protecting the environment and the health and safety of the communities in which we operate. These programs begin at the engineering and design phase and continue through the full asset life-cycle, from construction and operation to eventual decommissioning.

The areas where we operate have some of the world's most stringent regulations governing the entire life cycle of an energy infrastructure asset. Our integrity management programs, including the associated systems, processes, analysis and documentation, are designed and implemented to ensure proactive management of our midstream infrastructure, and to meet or exceed regulatory requirements, resulting in world class safety, reliability and longevity throughout the asset lifecycle.

SECURE's operations involve the handling of production fluids at our midstream infrastructure facilities. To help achieve this target, the Corporation initiated the 'Every Drop Matters' campaign in 2019 showcasing how everyone can make a difference around spill prevention to minimize any negative impacts of our operations on the environment, maintain our social license to operate and share best practices with employees and contractors. Overall, 'Every Drop Matters' is designed to promote tangible, field-based initiatives that can be incorporated into the workplace and shared throughout SECURE's operating areas. Some key considerations for spill prevention include:

- Asset integrity;
- Fluid transfer;
- Operating procedures; and
- Site engineering or design.

The impact of 'Every Drop Matters' in reducing spills is monitored monthly and all reportable spills are fully investigated to determine the appropriate course of action to mitigate future occurrences. In 2020, SECURE's aggregate spill volumes were down 70% from 2019.

Creating positive relationships with stakeholders in the communities where we live and work

Building lasting, positive relationships with stakeholders in the communities where we operate is critical to SECURE's success, providing us social license to conduct our business where we live, work and play. SECURE proactively engages with stakeholders to create an open and transparent dialogue in order to gain a better understanding of the issues most important to them and works together with stakeholders to address these issues in a respectful, collaborative and inclusive way. SECURE is committed to continuing to build and maintain relationships that will create mutually beneficial relationships within our communities. The following fundamental components form the Corporation's Stakeholder Relations program:

- Empowering our people.
- Early and frequent engagement.
- Respecting diverse cultures.
- Understanding the community.
- Creating outreach and education opportunities and building capacity.
- Seeking and responding to feedback.
- Training our people.

The Corporation has developed a reputation as a good neighbour by delivering on our commitments and sharing success with the local communities where we operate through both economic and social development support through community investment programs, including partnerships, sponsorships and charitable programs. SECURE has given back over $3.6 million in the past three years to the communities in which we live and work through donations, sponsorships and fundraising efforts.

Since our inception in 2007, SECURE has been collaborating and building relationships with Indigenous communities and businesses. In 2020, SECURE took a significant step in formalizing our commitment to Indigenous consultation and economic inclusion with the publication of our Indigenous Relations policy.

Over the past 16 months, we consulted with eight Indigenous communities with respect to the East Kaybob Pipeline System located in the Fox Creek region of Alberta. We acknowledge that our projects may have impacts on lands that have been traditionally utilized by Indigenous peoples for generations. We value the feedback and unique perspective that these Indigenous communities offered and sought to respond to any concerns in a timely and comprehensive manner. As a result, SECURE was able to offer meaningful involvement to Indigenous communities in the permitting and construction of the pipeline. We believe that integrating community needs into the project design and implementation was paramount to the success of this project.

SECURE has a formalized framework intended to guide our efforts in strengthening the communities in which we operate by providing opportunities for increased economic participation in our business. The framework is built on three pillars:

- Community engagement.
- Employment and capacity building.
- Economic inclusion (partnerships, joint ventures, equity participation).

In 2020, we utilized 49 Indigenous-owned businesses, contractors or suppliers for a total spend of $8.9 million, a 29% increase over last year despite lower overall Corporate spending. The Corporation also significantly advanced our collaborative Indigenous partnerships and joint ventures. In 2020, SECURE entered into five new mutually beneficial agreements with Indigenous communities and businesses.

FACILITIES

SECURE's corporate head office is located in Calgary, Alberta. The Corporation has operational offices serving SECURE's businesses located in Grande Prairie, Alberta, and Williston, North Dakota. SECURE also has strategically placed field offices throughout the WCSB.

Midstream Infrastructure Segment Facilities

The Corporation's Midstream Infrastructure facilities are long-life assets with low maintenance capital requirements. The Corporation's midstream processing facilities are designed to maximize the recovery of hydrocarbons and minimize the volume of waste requiring disposal. Residual liquid waste water is injected via deep disposal wells into disposal zones between impermeable layers of rock. While there is no absolute method for determining the longevity of a disposal well, good operating procedures and proper maintenance provides an environment where it is not uncommon for a well to operate effectively for fifteen years or more.

The Corporation provides our specialized Midstream Infrastructure solutions through the following types of infrastructure:

Full Service Terminal

An FST is a facility that provides a combination of clean oil terminalling, custom treating of crude oil, crude oil marketing, crude oil purchase and resale, produced and waste water disposal and oilfield waste processing. SECURE's Kakwa, Keene, Dawson Creek, Drayton Valley, Fox Creek, La Glace, Kindersley, Silverdale, and Judy Creek FSTs also include a connection to an oil gathering or transmission pipeline for the injection of oil. All FSTs, with the exception of Kakwa, are connected to a Class IB Disposal Well for the disposal of produced and waste water.

In summary, an FST operates as follows:

- Clean oil or oil that requires treatment prior to injection into the pipeline is delivered to the FST by pipeline or tank trucks. SECURE processes the oil/water emulsion, resulting in pipeline specification oil, which is injected into the gathering or transmission pipelines, and clean produced water, which is subsequently injected into the disposal well; and
- Oilfield waste is delivered to the FST by vacuum truck. SECURE separates the waste into reclaimed oil, waste water and residual solids. The oil is then injected into the gathering or transmission pipeline, the water is injected into the disposal well, and the residual solids are treated and disposed of at one of SECURE's landfills.

Below is an aerial photograph of the Drayton Valley FST, highlighting the facility's principal components. The facility also has three disposal wells, two located approximately one kilometre south from this photograph, and one located approximately one kilometre north.

SECURE operates 21 FSTs: 14 are located in Alberta, two are located in British Columbia, two are located in Saskatchewan and three are located in North Dakota.

Crude Oil Terminals

Crude oil terminals are scaled back versions of SECURE's FSTs, and provide clean oil terminalling, crude oil marketing, crude oil storage, and crude oil purchase and resale solutions. The Corporation has four crude oil terminals, one in Alberta (Kinsella), two in Saskatchewan (Alida and Kerrobert) and one in Oklahoma (Cushing). SECURE's Kerrobert Crude Oil Terminal forms part of the Kerrobert Light Pipeline System and is connected to the Enbridge Inc. Mainline. SECURE's acquisition of a 27% interest in Barcas Pipeline Ventures LLC in April 2019 added storage in Cushing, Oklahoma with connection agreements providing various outbound access throughout the U.S.

Pipeline Systems

Oil Pipelines

SECURE currently operates two crude oil pipeline systems, the Kerrobert Light Pipeline System in Saskatchewan, and the East Kaybob Pipeline System in Alberta. The Kerrobert Light Pipeline System, commissioned in 2018, is a feeder system that gathers crude oil from multiple oil producers and transports the product to the Corporation's Kerrobert Crude Oil Terminal. This culminates in a connection to the Enbridge Inc. Mainline acting as a downstream carrier allowing access to eastern Canada and export markets. The East Kaybob Pipeline System, commissioned in 2020, gathers light oil and condensate from multiple producers and transports the product to the Corporation's Fox Creek FST.

Below is an aerial photograph of the Kerrobert Crude Oil Terminal, highlighting the facility's principal components:

Water Pipelines

The Corporation also owns five water pipelines in Alberta and North Dakota which transport produced water from producer facilities/gas plants to SECURE's midstream processing facilities (FST or water disposal facility).

Rail Terminal

The Corporation's crude by rail terminals feature:

- Truck offloading utilizing closed systems to prevent fugitive emissions and occupational exposure;
- Terminals with tankage use vapour collection and recovery systems to prevent fugitive emissions and occupational exposure;

- Inspections of all rail cars before and after loading to ensure full compliance with current regulations; and
- Use of mobile and fixed loading units for the purpose of loading crude products.

SECURE operates three crude by rail terminals in Alberta and one crude by rail terminal in Saskatchewan.

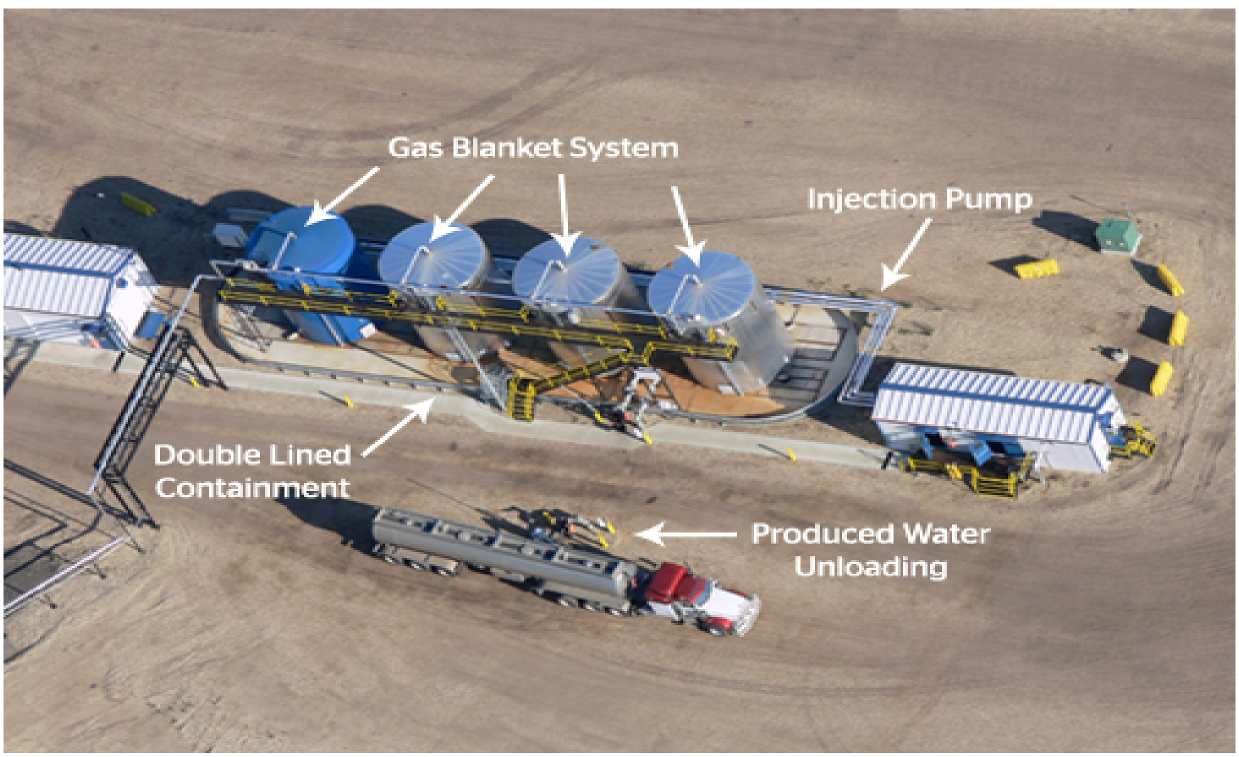
Water Disposal Facility

A water disposal facility provides disposal of produced and waste water through a Class IB Disposal Well into a non-hydrocarbon producing zone, ranging between 1,300 and 4,600 metres below the surface. Disposal wells are classified as either Class IB or Class II. Class II wells are permitted to dispose of saltwaters that are a by-product of oil and natural gas production and originate from a producing formation. Class IB wells can accept Class II fluid plus specific common oilfield waste streams that are produced during drilling, completion and production operations. Such fluids do not typically originate from producing formations but become contaminated either by introducing them to a formation during drilling and completion of wells (for example, fracture stimulation flowback water and waste drilling fluid) or at production facility operations (for example, wash water and boiler blowdown water).

Produced water is a by-product of crude oil and natural gas production. Waste water is a by-product most typically associated with oil and natural gas well drilling and completion activities as well as production related to well work-overs. In summary, a water disposal facility operates as follows:

- Produced and waste water is delivered to the water disposal facility by tank truck;
- Produced and waste water is temporarily stored in tanks prior to being filtered to remove any suspended solids and crude oil; and
- Treated water is injected into the disposal well.

Below is an aerial photograph of the Emerson water disposal facility, highlighting the facility's principal components:



SECURE operates 16 water disposal facilities: 14 are located in Alberta, one is located in British Columbia and one is located in North Dakota.

Environmental and Fluid Management Segment Facilities

The Corporation's Environmental and Fluid Management segment owns seven landfills, as well as several operating and distribution facilities, shops and offices located throughout western Canada to ensure quick and efficient service to customers. Customer service is achieved through a network of facilities owned and/or operated by the Corporation and stock points that are owned and managed by major third-party oilfield transportation companies.

Oilfield Landfill

A Class II Oilfield Landfill provides disposal of contaminated soil and drill cuttings associated with oil and natural gas drilling, production and reclamation activities. Class II Landfills also dispose of waste solids that have been separated from liquid waste delivered to SECURE's FSTs. The Corporation's Class II Oilfield Landfills do not accept municipal, hazardous, dangerous or construction waste. Prior to delivery to the landfill, the waste must receive pre-approval by way of third-party analytical testing to ensure that the soil meets acceptance criteria stipulated in the facility license. Random samples are tested at the facility and compared against prior analytical testing to ensure compliance.

Landfills are located on land that meets stringent geological standards and are constructed with two separate liner systems. Liquids are removed from the landfill cells and treated and disposed of at one of SECURE's FSTs or water disposal facilities. The Pembina Area Landfill also has a separate Class I Landfill cell and is approved for NORM disposal, the only landfill of its kind in Alberta. Class I Landfills are constructed with three liners and have additional monitoring requirements. The Class I cell is regulated to dispose of hazardous industrial solids and dangerous oilfield waste. As such, the Corporation can charge a premium for handling and disposing of this waste.

Below is an aerial photograph of the Pembina Class I and Class II Landfill, highlighting the facility's principal components.

SECURE currently owns seven landfills: six are located in Alberta and one located in North Dakota. SECURE also manages various aspects of several third-party facilities, including the operation of a landfill located in Manitoba.

Drilling Fluids

The Corporation has drilling fluids distribution points across the WCSB where the majority of its facilities are located.

The Corporation owns and operates a 30,000 ft^2 central drilling fluid distribution warehouse in Nisku, Alberta. The Nisku facility is a product stock point for Alberta operations, and outlying stock point for operations in British Columbia, and functions as the SAGD product distribution center for SECURE's drilling fluids business. Attached to the distribution warehouse is a laboratory that is used to ensure that only quality products are shipped to the field for our customers' use.

The Corporation also owns land and a building in Arcola, Saskatchewan which is a drilling fluids distribution center. The Arcola facility is strategically located in southeast Saskatchewan to specifically address the Saskatchewan and Manitoba markets. The facility is a 20,000 ft^2 cold storage and distribution facility. Adjacent to the large warehouse is 7,000 ft^2 of heated office and storage space.

The Corporation also has invert (oil-based drilling mud) blending and mixing facilities in Grande Prairie, Drayton Valley and Fox Creek, all in Alberta. The Drayton Valley and Fox Creek facilities are located adjacent to the Corporation's FST. These facilities are capable of manufacturing and reconditioning invert fluid. The Grande Prairie facility has a large warehouse space for storing liquid and dry products including bulk storage products used for completions. The facility hosts an oil-based mud testing laboratory that is used for quality control and quality assurance testing. The Corporation's silicate production, storage and supply facility is also located in Grande Prairie. The key purpose of the blending and mixing facilities was to reduce transportation costs, leverage off facility infrastructure and enhance customer service in the field.

The Corporation also owns a minerals product plant located in Lethbridge, Alberta. The mineral products plant mainly processes barite to be used in drilling fluids systems and has capacity to process between 100,000 and 120,000 metric tons of raw material annually. The mineral products plant allows the drilling fluids business to vertically integrate its operations to improve supply logistics and quality. The Corporation has also diversified operations at the plant, including bagging of purchased materials and milling of other drilling fluids products.

Fluids and Solids Equipment

In Leduc, Alberta, the Corporation has its operations center for the repair, service, and rental management of the fluids and solids equipment for western Canada. The Leduc facility occupies two acres, with more than 8,000 ft^2 of indoor working space.

The Corporation's South Grande Prairie FST is also utilized as a hub for fluids and solids equipment field technicians who service northern Alberta and British Columbia.

Production Chemicals

The Corporation opened a new 7,000 ft^2 state of the art laboratory facility in 2014 located in Calgary, Alberta. This facility is run by an experienced team of PhD chemists with the objective of assisting customers with technical challenges through simulations and testing, research and development of new products and education sessions.

The Corporation also owns a blending facility in Red Deer, Alberta, a research lab facility in Edmonton, Alberta capable of full-service product support and ongoing research and development, and a network of multiple distribution points throughout the WCSB.

GROWTH HISTORY

Midstream Infrastructure Segment

SECURE continues to successfully execute a disciplined growth strategy focused on constructing facilities in key under-serviced, capacity constrained markets while supporting customer initiatives to reduce transportation costs.

Since its inception, SECURE has completed the construction of 29 additional facilities, including two crude oil pipelines, and has acquired 18 others in the WCSB, North Dakota, and most recently, in Cushing, Oklahoma (27% acquisition of a storage business in 2019).

The progression of SECURE's expanding Canadian footprint is as follows:

Facility	Services Provided	Date Commissioned or Acquired
Full Service Terminals (FST)	Oilfield waste processing, produced and waste water disposal, clean oil terminalling and marketing and emulsion treatment	
La Glace, AB		August 2008
South Grande Prairie, AB		August 2008
Kotcho, BC [1]		October 2008
Nosehill, AB		November 2008
Obed, AB		May 2009
Fox Creek, AB		July 2009
Dawson Creek, BC		July 2010
Drayton Valley, AB		December 2011
Silverdale, SK [1] [3]		October 2011
Judy Creek, AB		July 2013
Rocky Mountain House, AB		July 2013
Kindersley, SK		January 2014
Edson, AB		April 2014
Brazeau, AB		December 2014
Tulliby Lake, AB		March 2015
Kakwa, AB		August 2016
Chamberlain, AB [1] [3]		August 2017
Silver Valley, AB [1] [3]		August 2017
Crude Oil Terminals	Clean oil terminalling and marketing	
Alida, SK [1] [3]		June 2016
Kinsella, AB [1] [3]		August 2017
Kerrobert, SK		October 2018
Oil Pipelines	Crude oil gathering system	
East Kaybob, AB		June 2020
Kerrobert, SK		October 2018
Rail Terminals	Rail transloading	
High Prairie, AB [1]		August 2014
Mannville, AB [1]		August 2014
Rycroft, AB	Includes water processing and disposal services	January 2015
Kindersley, SK		March 2015
Water Disposal Facilities	Produced and waste water disposal	
Emerson, AB		April 2008
Wild River, AB		July 2011
Kaybob, AB [3]		August 2013
Big Mountain, AB		June 2015
Wonowon, BC		June 2015
Athabasca, AB [1]		August 2017
Bittern Lake, AB [1] [3]		August 2017
Camrose, AB [1] [3]		August 2017
Eccles, AB [1]		August 2017
Gordondale, AB [1]		August 2017
Kaybob South, AB [1]		August 2017
Ponoka, AB [1] [3]		August 2017
Tony Creek, AB [2]		July 2018
Gold Creek, AB [2]		July 2018
Pipestone, AB [2]		October 2019

Notes:

1. This facility was acquired.
2. This facility includes an incoming produced water pipeline originating at a producer facility/gas plant (two produced water pipelines at Gold Creek, one produced water pipeline at Tony Creek and one at Pipestone).
3. This facility is temporarily shut-in at December 31, 2020.

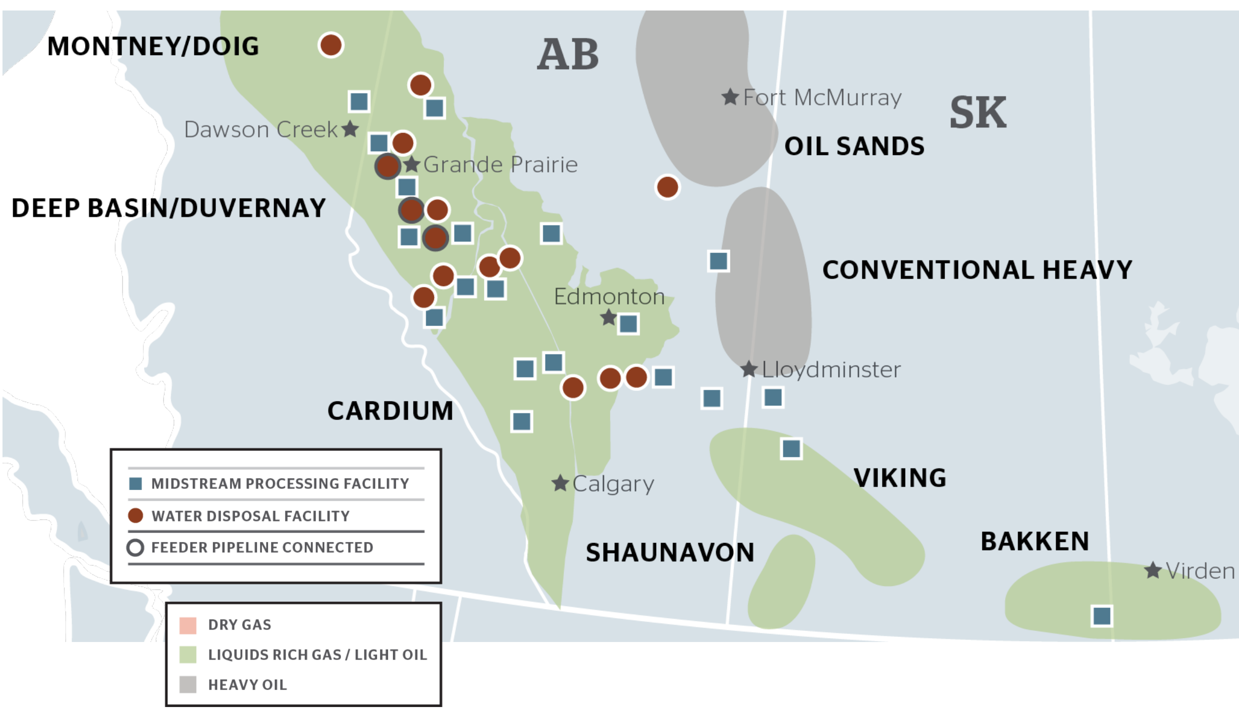
The locations of the Midstream Infrastructure U.S. facilities are listed below:

Facility	Services Provided	Date Commissioned or Acquired
Full Service Terminals (FST)	Oilfield waste processing, produced and waste water disposal, clean oil terminalling and marketing, emulsion treatment and tank washing	
Keene, ND		April 2014
Stanley, ND		July 2014
13 Mile Corner, ND (1)		March 2015
Water Disposal Facilities	Produced and waste water disposal	
Crosby, ND (2)		December 2012
Watford City, ND (3)		July 2012
Crude Oil Terminals		
Cushing, Oklahoma (4)		April 2019

Notes:

1. This facility was purchased on July 2, 2012 as a water disposal facility but was subsequently converted to an FST and includes one incoming produced water pipeline originating at a producer's facility.
2. This facility has been temporarily shut-in.
3. This facility was purchased on July 2, 2012.
4. On April 11, 2019, the Corporation acquired a 27% interest in a crude oil storage business which owns a 700,000 barrel crude oil storage facility located in Cushing, Oklahoma.

The location of the Midstream Infrastructure facilities in western Canada are illustrated below. Midstream processing facilities include FSTs and stand-alone water disposal facilities (SWDs).



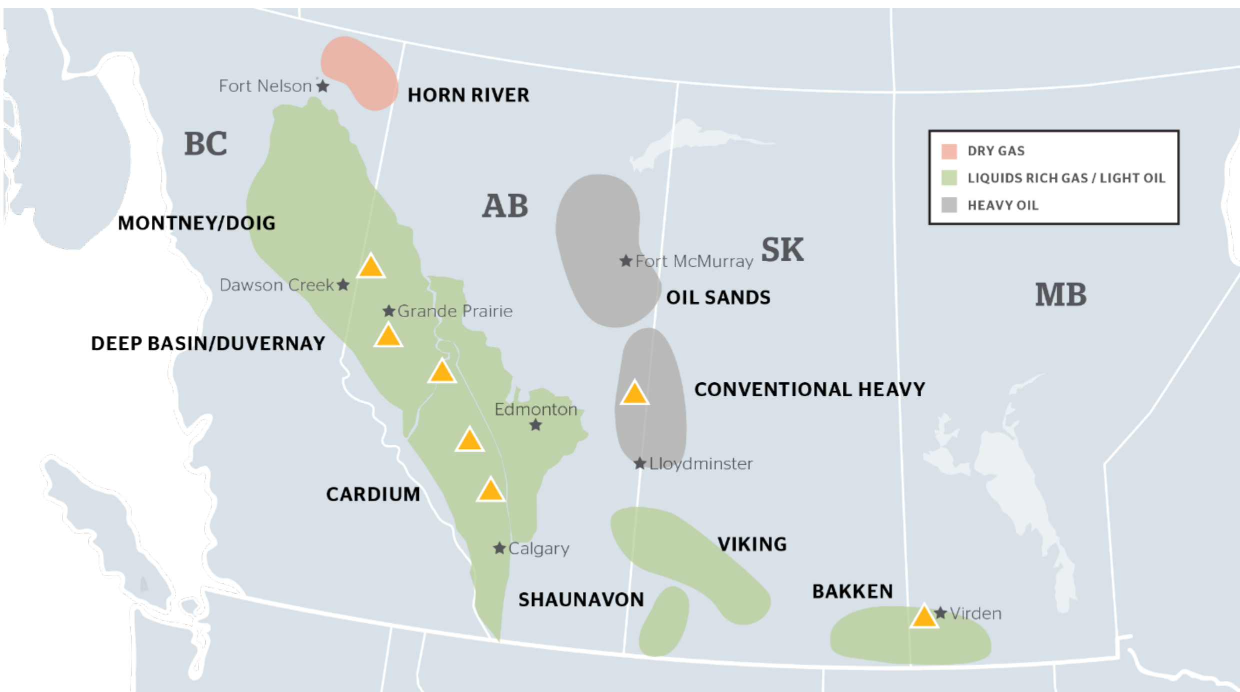
Environmental and Fluid Management Segment

The following table lists the Corporation's landfills, including the date commissioned or acquired.

Facility	Services Provided	Date Commissioned or Acquired
Canada	Class II oilfield solids disposal	
South Grande Prairie, AB		October 2007
Willesden Green, AB		November 2008
Pembina Area Landfill, AB (1)	Class I (accepts NORMs) and II Landfill	May 2010
Fox Creek, AB		December 2012
Virden, MB (2)		April 2013
Saddle Hills, AB		December 2013
Tulliby Lake, AB		December 2014
U.S.		
13 Mile Special Waste, ND		November 2013

Notes:
1. This facility was acquired.
2. The Corporation has operated and managed the Virden Municipal & Industrial Waste Facility since April 2013.

The following map outlines the location of the seven landfills the Corporation operates in western Canada:



INDUSTRY FACTORS

The following industry factors impact the Corporation.

Market for Services

The Corporation's Midstream Infrastructure and Environmental and Fluid Management segments share the same customer base primarily consisting of oil and gas exploration and production companies. The majority of the Corporation's operations and customers are located in western Canada. The Midstream Infrastructure segment also has facilities located in North Dakota, and, as of last year, a 27% interest in a crude oil storage business located in Cushing, Oklahoma. Approximately 9% of the Corporation's revenue (excluding oil purchase and resale) was generated in the U.S. in 2020 compared to 12% in 2019.

Midstream Infrastructure Segment

Demand for third party midstream solutions is largely dependent on oil and natural gas customers outsourcing these needs. In recent years, the volatility of the oil and gas sector has resulted in oil and gas customers increasing financial and capital discipline as they strive for resiliency and free cash flow generation through low commodity price cycles. SECURE works transparently with customers to identify opportunities where we can provide innovative solutions that help our customers reduce costs and emissions, and invest their capital where it generates the highest returns. Third party midstream infrastructure is more efficient, offers capital savings, operational efficiencies, and safe and environmentally responsible disposal.

The maturation of the WCSB and the increasing number of wells in production, and the complexity of these wells, drives growth in demand for Midstream Infrastructure's solutions. Produced water volumes continue to increase based on maturing basins and new shale completion techniques that require more water. As a result, produced water volumes are increasing at a disproportionate rate relative to aggregate production. Concentrated pad drilling with multiple wells creates large centralized volumes and have improved the economics of building pipelines to connect production volumes to midstream facilities.

Completion fluids and processing volumes are also elevated as high intensity fracs continue to be applied in shale reservoirs like the Montney and Duvernay formations. The increased use of proppants, the number of completion stages and length of the horizontal wells are all factors that produce more by-products that require treatment and disposal.

Volatile differentials experienced in prior years caused by limited pipeline capacity as supply growth outpaced takeaway capacity created additional opportunities both for crude oil storage and transporting crude by rail as producers seek flexibility for optimizing the price per barrel of oil sold and transporting their product to market.

Environmental and Fluid Management Segment

Landfills Disposal

Demand for oilfield solids disposal correlates strongly with oil and natural gas drilling programs and timing of well completions. Additionally, solids generated from environmentally sensitive remediation and reclamation work requires disposal at Class I or Class II landfills.

Environmental Solutions

Oil and natural gas drilling programs and timing of well completions impacts the demand for certain services within the Environmental and Fluid Management segment. As oil and gas producers drill wells with an increased focus on environmental considerations, demand for planning, remediation and reclamation services, including other ancillary services offered in conjunction with the drilling process, is expected to increase.

More recently, government stimulus and programs have increased the demand for these services. During the second quarter of 2020, the Canadian Federal Government announced a $1.7 billion federal stimulus package to help fund the closure of orphan and inactive wells in the WCSB as part of an effort to reduce the economic fallout on oil-producing provinces resulting from the COVID-19 pandemic. The majority of the stimulus package ($1.0 billion) has been used to create the Alberta Site Rehabilitation Program ("**SRP**"), a phased grant funding program for well, pipeline and oil and gas site closure and reclamation work through the end of 2022. Site closure and remediation programs have also been introduced in British Columbia ($100 million) and Saskatchewan ($400 million), where SECURE is an approved government contractor. SECURE is also a prime contractor for the Alberta Orphan Well Association, who has been allocated the remaining $200 million. SECURE expects increased abandonment, remediation and reclamation activity to positively impact our Canadian business over the term of the SRP, particularly within the Environmental and Fluid Management segment, as a result of higher demand for environmental site assessments, onsite abandonment, remediation and reclamation management and decommissioning work. Solid and waste volumes resulting from these operations will also require disposal; SECURE owns and operates six industrial landfills in Alberta capable of handling waste of this nature.

The Environmental and Fluid Management segment is also expected to benefit from the AER's Area Based Closure program, which was introduced in 2018, as it encourages oil and gas producers to collaborate and combine resources in an effort to accelerate the cleanup of inactive wells and infrastructure.

A significant amount of SECURE's environmental solutions services are project based, and demand is not necessarily tied to drilling programs or commodity prices. The environmental solutions offered by the Corporation extend beyond the oil and gas industry and include work related to mining, pipelines, pulp and paper, civil projects, and oil sands development. Further, the remediation, reclamation and demolition expertise offered by the Corporation applies across multiple industries. Additionally, SECURE currently has long-term agreements with two major oil sand producers to manage and operate their scrap metal recycling programs in the Fort McMurray region of Alberta.

Fluid Management

Demand for drilling fluids and fluids and solids equipment is closely correlated with the overall oil and natural gas drilling activity and the related capital budgets of oil and gas producers. In recent years, oil and gas producers have been directing a larger percentage of capital to resource plays that are often drilled deeper with increasingly longer horizontal sections. Deep wells and other technically complex wells, including wells drilled horizontally, require sophisticated drilling fluid systems, a high level of drilling fluid expertise and technical support.

The combination of increased depth and complexity of wells being drilled has led to an increase in the cost to drill and complete wells. Effective drilling systems can significantly reduce costs and improve recovery economics for oil and gas producers. Properly designed drilling fluid systems can reduce the time to drill by increasing wellbore stability as well as maximize recovery from the reservoir by minimizing formation damage.

Once the well bore starts to produce, production services equipment and chemical solutions are used to optimize production, provide flow assurance and maintain the integrity of production assets. As the length and depth of wells continue to increase through horizontal drilling, as does the demand for more chemicals. Additionally, the increasing presence of water in the produced fluids causes complications for oil and gas producers, which require chemical intervention. Generally, as oil wells age, the percentage of the produced fluid that is water versus hydrocarbon rises and often requires even more chemical intervention.

In addition, the level of multi-stage fracs drive the demand for the Environmental and Fluid Management segment's integrated fluid solution services in managing and handling fluid requirements, including sourcing water, fluid logistics, storing fluid and overall fluid re-use where it is cost effective.

Seasonality of 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. As a result, road bans are implemented prohibiting heavy loads from being transported in certain areas and limiting the movement of heavy equipment required for drilling, completions and well servicing activities. In addition, the transportation of heavy waste loads is restricted resulting in smaller loads and a general reduction in the volume of waste delivered to SECURE's facilities. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's midstream infrastructure and fluid management 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.

Midstream Infrastructure operations in the U.S. have mitigated some of the historical effects of seasonality on the Corporation's Canadian operations as it is not as significant a factor to drilling activity in the U.S. Additionally, connecting volumes by pipeline from producer facilities to SECURE's midstream facilities will help reduce the impact of seasonality on the Midstream Infrastructure segment's business.

Demand for environmental project services is typically highest during the third quarter of the year as the weather is more conducive for completion of the majority of the services the Corporation currently offers.

Competition

Midstream Infrastructure Segment

By 'Doing Midstream Differently', SECURE differentiates itself from competitors by working transparently with customers to understand their operational requirements and strives to form long-term partnerships with customers to share the risks and benefits associated with owning and operating midstream infrastructure.

The Corporation's primary competition for oil production processing and disposal is oil and gas producers who manage their own treatment and disposal requirements. There is an industry trend towards producers outsourcing midstream work, allowing their capital to be reinvested where it can generate the highest rate of return.

Other competitors in the third-party oilfield treatment and disposal market include small regional service providers as well as larger companies with operations throughout the WCSB. SECURE is one of the leading providers in the third-party oilfield treatment and disposal market with 42 locations in the WCSB and five in the U.S.. Tervita Corporation ("**Tervita**") has approximately 50 treating, recovery and disposal facilities located primarily in western Canada. Several smaller competitors also exist, operating independent facilities, most of which offer limited services.

SECURE also competes with pipeline, midstream and marketing service providers in the Corporation's service areas. Competition is based on location, connectivity of assets and the range of services provided.

SECURE's Kerrobert Light Pipeline System is a feeder pipeline that moves product from the field/producer batteries and processing facilities to the Kerrobert Terminal and on to an export pipeline. The Kerrobert Light Pipeline System includes area dedication and contracted volumes on both an annual and cumulative basis over a 10-year term. SECURE's East Kaybob Pipeline System is a light oil and condensate gathering system underpinned by 15-year commitments from multiple producers for transport to the Corporation's Fox Creek FST with the intention of replacing existing trucked volumes, allowing counterparties to manage their transportation costs. Existing volumes are expected to remain connected to the pipeline system until it is uneconomical to provide pipeline transportation services, usually due to low volumes, in which case the connection may be discontinued.

For crude oil storage, competition is based on location, connectivity of assets and the range of services provided.

Environmental and Fluid Management Segment

The Corporation's competition within the Environmental and Fluid Management segment includes small regional service providers as well as larger companies with operations throughout western Canada. There are different competitors for each of the service lines included within the Environmental and Fluid Management segment; however, the main market participant in competition with the Corporation is Tervita, with approximately three cavern disposal facilities and 24 engineered landfills. Government regulations, permitting processes, and high capital requirements create hurdles to the construction of new landfills.

Aside from landfills, there are no significant barriers of entry into the marketplace for the remaining business units within the Environmental and Fluid Management segment; however, the Corporation believes that our recognized safety record, trained, loyal and experienced staff; and strong relationships with our customers, gives the Corporation a competitive advantage over other service providers.

With respect to the fluid management business unit, there are approximately 15 drilling fluid companies operating in the WCSB, all of which are in competition with the Corporation. Three large integrated oilfield service companies control a broad majority of the world-wide drilling fluids marketplace. Drilling fluid entities compete by focusing their efforts on the price of materials, quality of product, technological advantages, and the knowledge and technical expertise of management and field personnel. The Corporation believes that our specialty fluids provide significant productivity efficiencies, drilling cost reductions, solutions to environmental issues and solutions to a wide variety of drilling operations, including conventional and heavy oil drilling. In addition, specialty fluids provide solutions for downhole problems such as water/oil separation, wellbore ballooning and other production specific problems. The Corporation believes that we will maintain our competitive status by offering what we believe is state-of-the-art technology in our drilling fluid systems, excellent customer service and integrated services.

The segment of the WCSB drilling fluids market in which the Corporation operates has barriers to entry such as:

- *Proprietary Drilling Fluid Systems* – a drilling fluid provider that possesses proprietary technology and builds a proven history with that technology has an advantage over competitors who attempt to copy technology but do not have a working history.
- *Reputation for Expertise* – a drilling fluids provider with technical expertise, particularly with respect to a specific formation or drilling process, has an advantage over other drilling fluids providers.
- *Certificates of Recognition* – the Alberta Ministry of Community and Social Services and the Petroleum Industry Training Service (the certifying partner for the petroleum industry) issue certificates of recognition to entities for achieving the provincial minimum standards for a health and safety program, and evidence that a drilling fluids provider has a safety program in place which meets minimum provincial standards. Most senior exploration and production entities require their drilling fluids provider to hold a current certificate of recognition in order to work on their drilling projects.
- *Master Service Agreements* – many senior exploration and production entities, as well as integrated oil companies, engage their service providers through master service agreements. A service provider must have specific qualifications that are required to be met in order to obtain master service agreements.
- *Capital Intensive* – with the shift toward horizontal drilling, the demand for oil-based mud has increased. Capital investment is required for facilities to store and blend this mud prior to delivery to the customer's location. In addition, the drilling fluid provider must be able to support sufficient working capital necessary to purchase the oil-based stock prior to re-sale to the customer.

The Corporation believes that our proprietary drilling fluid systems; our trained, loyal and experienced staff; our consistent relationships with our clients, some of which are evidenced by master service agreements; and our efficient operations, give the Corporation a competitive advantage over other drilling fluids providers.

The production services business is a very competitive and a highly consolidated industry in North America. Two large corporations currently control over half of the production and specialty chemicals market. SECURE's organic growth and acquisitions, has created a complete suite of proven production chemical solutions, providing SECURE with economies of scale and efficiencies. The Corporation can leverage off the Midstream Infrastructure customer base which is expected to accelerate market share growth. Additionally, the Corporation has 22 highly qualified employees creating new and innovative solutions to meet our customers' needs in the Corporation's two research facilities.

Customer Relationships

Customer relationships are a critical component in providing meaningful customer service where competitors are in close proximity and in which some customers have the ability to serve their own needs. By retaining an experienced management team and emphasizing customer service to all staff, SECURE focuses on creating customer value in all of our operations. SECURE solicits feedback from our customers and uses that information to enhance our service offerings to better meet our customers' needs.

Energy Prices and Oil and Natural Gas Activity

Energy prices, expectations of future energy prices and oil and natural gas activity in the WCSB all have significant effects on SECURE's performance. Revenue is impacted directly by a change in the price of oil due to the Corporation's sales of recovered oil. In addition, changing prices and associated differentials between crude oil types can impact revenue associated with the Corporation's crude oil handling, marketing and terminalling activities. Volumes of recovered oil and revenue earned from processing, disposal, treatment, terminalling and marketing activities are all affected by oil and natural gas activity in the WCSB, and are thus indirectly impacted by oil and natural gas prices.

Demand for landfills, drilling services, drilling waste management and integrated fluid solutions are closely correlated with overall oil and natural gas drilling activity and the related capital budgets of oil and natural gas companies. Oil and natural gas producers base their capital expenditures on many factors, including, but not limited to, oil and natural gas commodity prices.

Climate Change

Climate change is expected to challenge the oil and gas industry in a number of ways, from regulation and taxation of greenhouse gas emissions, to evolving weather conditions that could impact production and the drilling of new wells and increasing consumer demand for alternative energy sources. Given the evolving discoveries related to climate change, it is not possible to predict the extent of the impact of the future changes on the industry at this time; however, given a significant portion of SECURE's operations are currently tied to production volumes and, to a lesser extent, drilling and completion activities, it is possible that potential climate-related impacts on the industry could have a material impact on the Corporation's operations and cash flows.

In 2019, SECURE formalized our first Climate Policy as we strive to do our part to reduce the greenhouse gas emissions generated from our operations. See "*Description of Business – Business Strategy"* under the heading Enhanced Sustainability Practices for further information on SECURE's commitment to contributing to climate change solutions, including how we can help our partners in industry reduce the overall emissions associated with delivering energy to the world.

A major consequence of climate change is the impact on the world's water supply. Sourcing a sufficient quantity and quality of water could become problematic if fresh water supplies are restricted. Refer to *Description of Business – Business Strategy"* under the heading Enhanced Sustainability Practices for more information about how SECURE's operations use fresh water. Large volumes of water are used and produced in extracting resources. We are also helping our customers manage their water needs through various onsite water solutions offered. SECURE owned and/or operated onsite centralized water hubs, where recycling can occur, could provide producers with economical access to the water required for their operations while efficiently managing the wastewater generated. Such conservation and recycling solutions will reduce the negative environmental impact of oil and gas operations while reducing the overall carbon footprint of water handling.

Indigenous Peoples Consultation, Claims and Relationships

Indigenous peoples have claimed aboriginal title and rights to a substantial portion of lands in the WCSB. Early identification of local concerns enables SECURE to respond quickly and to take a proactive approach to the consultation process and the expectations of the various parties involved. Early engagement also provides additional opportunities for socio-economic participation. The Corporation is committed to providing business and employment opportunities to qualified local businesses, residents and Indigenous peoples in the areas surrounding the communities in which we operate. Starting in 2018, dedicated resources were allocated to the Indigenous and stakeholder relations program and proactive relationship development. SECURE formalized these initiatives in 2020 with the publication of our Indigenous Relations policy. The Corporation has implemented business processes to identify Indigenous vendors and track spending with these businesses, in accordance with a trend toward economic reconciliation through participation in energy development in western Canada. The Corporation formalized several business arrangements with Indigenous communities through written agreements in 2020.

SECURE has a formalized Supply Chain Management best practice guideline with the goal of mitigating financial, environment, quality and health and safety risk related to vendor management and procurement. Elements of the Corporation's Indigenous Relations policy related to local and Indigenous communities are integrated in the guideline to support:

- Preferential selection of safe, reliable and competent First Nations, Metis and local vendors including increased weight in the competitive selection process; and
- Formation and strengthening of company-to-community and business-to-business relationships with Indigenous and local vendors by awarding work of increasing complexity and scope over time.

The Corporation spent approximately $8.9 million with Indigenous vendors in 2020, representing a 29% increase in the amount spent using Indigenous vendors in 2019.

Regulatory Environment

Canada

The Corporation and our customers are subject to a variety of regulations applicable to the treatment and disposal of oilfield waste. In Alberta, all aspects of oilfield waste management are highly regulated, primarily by the AER and AEP. The AER regulates under Alberta's Responsible Energy Development Act, the Oil and Gas Conservation Act, the Environmental Protection and Enhancement Act, the Water Act, the Public Lands Act, and the Pipeline Act. AEP regulates all of SECURE's landfills under Alberta's Environmental Protection and Enhancement Act, the Waste Control Regulations and the Activities Designation Regulation.

In British Columbia, the primary regulatory bodies are the British Columbia Oil and Gas Commission and the British Columbia Ministry of Environment and Climate Change Strategy. The British Columbia Oil and Gas Commission regulates under British Columbia's Oil and Gas Activities Act, the Petroleum and Natural Gas Act and the Environmental Management Act. The British Columbia Ministry of Environment and Climate Change Strategy administers the Environmental Management Act.

In Saskatchewan, regulatory authority is split between two ministerial jurisdictions. The Saskatchewan Ministry of Energy and Resources regulates the exploration, development, production, and management of oil and gas within the province by administering Saskatchewan's Oil and Gas Conservation Act. The Saskatchewan Ministry of Environment regulates environmental standards within the province through the administration of a number of Saskatchewan's provincial acts including: The Environmental Management and Protection Act and The Environmental Assessment Act, among others.

Environmental legislation in the province of Manitoba is, for the most part, set out in Manitoba's Environment Act and the Oil and Gas Act, which are administered by Manitoba's Department of Conservation and Climate and Manitoba Agriculture and Resource Development, respectively.

In addition, the regulatory environment governing the Corporation's crude oil treatment, terminalling and crude oil marketing services establishes well defined reporting requirements for volumes produced from each well and the tracking of those volumes through to the final sale point. These reporting requirements are established by the applicable provincial government in order to track royalty payments and are required by customers to ensure proper allocations of revenue in joint venture operations and to track volumes.

These provincial environmental regulations include requirements for oilfield waste management that deal with environmental protection, liability management, waste characterization and classification, waste manifesting and tracking, waste management facility design, application requirements and acceptable waste disposal options. These regulations strongly influence the permitting, design, construction, operation and reclamation of waste management facilities.

Transportation of petroleum products are subject to regulation under the transportation of dangerous goods ("**TDG**") legislation in Canada and the U.S. Key pieces of TDG legislation pertaining to transporting crude oil and condensate by rail are outlined below:

- Consignor of Petroleum Products - Under TDG legislation, the Corporation may, in certain circumstances, be considered a consignor of the petroleum products that it ships or that are shipped on our behalf. As a consignor, the Corporation is responsible for determining the classification of the product and ensuring that each railcar is properly loaded, labelled and placarded consignors of petroleum products being transported by rail or truck to keep records of their classification of the petroleum products and the sampling methods used to determine that classification, and provide a certification with the shipping documents that the petroleum product has been properly classified.
- Emergency Response Assistance Plan ("**ERAP**") - TDG legislation require parties handling, offering for transport, transporting or importing certain dangerous good to have an approved ERAP in place. ERAPs have been required for Class II products, such as propane and butane, for many years. In 2014, Canada's Federal Government began requiring ERAPs for Class 3 Flammable Liquid products such as crude oil, and condensate when transported by rail. An ERAP is intended to ensure that specialized emergency response personnel and equipment are available in a timely manner, in order to assist and/or supplement primary emergency responders responding to an incident. The Corporation has an ERAP in place for all the Class II and III products that it handles, transports and imports.
- Rail Car Specifications - Class 3 Flammable Liquids transported by rail, including crude oil and condensate, must meet the specifications including those outlined in Transport Canada's Protective Direction No. 39. The Corporation leases all rail cars to ensure that they meet current rail car specifications.

The Kerrobert Light Pipeline System and East Kaybob Pipeline System meet all design and operating specifications under the Canada Energy Regulator's oil and gas pipeline safety standard (CSA-Z662-15). The Kerrobert Light Pipeline System is provincially regulated by the Saskatchewan Department of Energy and Resources and the East Kaybob Pipeline System is provincially regulated by the AER.

United States

The North Dakota Industrial Commission, through its Oil and Gas Division ("**NDIC**"), is the regulatory agency for oil and gas exploration and production activities in North Dakota. The North Dakota Department of Environmental Quality's ("**NDDEQ**") Environmental Health Section has the responsibility to safeguard the quality of North Dakota's air, land, and water resources. The rules administered by the NDIC are codified in Title 43 (Industrial Commission), Article 43-02 (Mineral Exploration and Development) and Chapter 43-02-03 (Oil and Gas Conservation) of the North Dakota Administrative Code. North Dakota's Standards of Quality for Waters of the State, Solid Waste Management and Land Protection, and Hazardous Waste Management are administered by the Division of Water Quality and the Division of Waste Management in the NDDEQ's Environmental Health Section.

As most of the Corporation's operations and facilities are in western Canada and North Dakota, the disclosure in this document focuses on the regimes and regulations of these locations; however, it should be noted that the Corporation became subject to oil and gas regulatory and environmental regimes of the state of Oklahoma following the April 2019 acquisition of a 27% interest in a crude storage facility located in Cushing, Oklahoma.

In each market that the Corporation operates, the oil and natural gas industry is subject to a complex and increasingly stringent array of laws addressing the actual and potential environmental impacts inherent to the business, including laws governing waste management and the blending, storage, transportation, use and handling of fluids used in oil and gas drilling and completion operations.

The environmental legal regimes in Canada and the U.S. are comprised of a variety of federal, state, provincial and local laws which require the Corporation to allocate significant capital related to facility construction and maintenance and additional operating costs to maintain compliance.

SECURE estimates costs and projected timing of performing abandonment and retirement operations associated with the Corporation's well sites, facilities and landfills. Asset retirement obligations are recorded and reviewed at each reporting period and adjusted as necessary. At December 31, 2020, the Corporation has recorded a liability of $108.0 million. Refer to Note 11 of the Corporation's 2020 audited consolidated financial statements.

Management and Employees

As of December 31, 2020, the Corporation has approximately 950 employees, the majority of which are located at the Corporation's Midstream Infrastructure facilities and on site at customer locations associated with the Environmental and Fluid Management segment. The composition of the employees between the two segments is as follows:

- Midstream Infrastructure: 481 employees;
- Environmental and Fluid Management: 468 employees.

A key part of the Corporation's values is to develop an entrepreneurial culture among all our employees. To this end, within the Midstream Infrastructure segment each facility operates as a profit center, with the facility manager playing a key role in the Corporation's strategic planning by developing goals and budgets. Each field employee, and the facility managers in particular, maintain relationships with customers to ensure that the Corporation is a key industry partner.

SECURE facilitates a biennial, organization-wide employee engagement survey. In 2019, SECURE had a 92% employee participation rate and an overall engagement score of 65%, 3.1% higher than the global benchmark, and outperforming market on 89% of the categories. The results of SECURE's employee engagement surveys continue to support our cultural and engagement efforts. Leaders throughout the organization create targeted plans to leverage strengths and identify areas of opportunity related to their specific business unit's ability to deliver on our strategies and fulfill our purpose of bringing energy to the world so people and communities thrive.

Financing

SECURE's success depends upon our continued ability to finance our growth plan. Adequate financing gives the Corporation the flexibility to acquire, construct and expand facilities. Since inception, the Corporation has independently financed the construction of 35 Midstream Infrastructure facilities and landfills and acquired 19 others. In addition, SECURE has completed a number of acquisitions in the Environmental and Fluid Management segment to expand service offerings and its geographical footprint. Historically, the Corporation has financed growth primarily through equity issuances ($780 million raised since inception) and debt financing, supplemented with cash flow from operations. The Corporation expects to finance future growth through cash flow from operations and indebtedness incurred under the Credit Facilities; however, it may also supplement with debt or equity issuances as required to maintain a strong and flexible balance sheet or for such other purposes as may be determined by SECURE from time to time to be in our best interests and the interests of our stakeholders.

RISK FACTORS

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, our industry or our business, and is intended only as a summary of certain material risks. If any of such risks or uncertainties actually materializes, 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 AIF.

Volatility of Industry Activity and Oil and Natural Gas Prices

The demand, pricing and terms for midstream infrastructure, oilfield waste disposal services, drilling fluids, production services, oilfield rentals, and construction and demolition 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 U.S.

Oil and natural gas industry conditions are influenced by numerous factors over which the Corporation has no control, including oil, liquids and natural gas prices, expectations about future oil, liquids 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 effect of governmental regulations and policies in general, and particularly relating to GHG emissions and climate change, 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 has been particularly volatile in the past several years. No assurance can be given that oil and natural gas exploration and production activities will continue at their historical levels. Any reduction in oil and natural gas prices may affect oil and natural gas exploration and production levels and therefore adversely affect the demand for our services by oil and natural gas companies or the price for such services. 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 U.S. A material decline in crude oil, liquids 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.

Market events and conditions, including global excess oil and natural gas supply, actions taken by OPEC+, sanctions against, and civil unrest in, Iran and Venezuela, slowing growth in China and emerging economies, market volatility and disruptions in Asia, weakening global relationships, conflict between the U.S. and Iran, isolationist and punitive trade policies, increased U.S. shale production, sovereign debt levels, the COVID-19 pandemic and political upheavals in various countries, including growing anti-fossil fuel sentiment, are among the recent sources of significant weakness and volatility in commodity prices.

Midway through 2020, oil prices deteriorated due to softening global demand caused by the COVID-19 pandemic and related travel and business restrictions. Overall global oil supply simultaneously increased as OPEC and non-OPEC members were unable to reach an agreement, resulting in increased production by both Russia and Saudi Arabia. The combined effect was the deterioration of oil prices to historically low levels. Actions taken by OPEC+ members amid and in response to the COVID-19 pandemic have continued to create uncertainty and instability in oil and other commodity prices. Although OPEC members have agreed to certain production cuts and reconfirmed their commitment to a stable oil market amid the global demand reduction, there can be no assurances that OPEC members and other oil exporting nations will abide by the agreed upon reductions or continue to agree on actions to stabilize oil prices. With the rapid spread of COVID-19 and additional oil supply expected to come on-stream over the near term, oil prices, global equity markets and overall supply/demand remain uncertain. These events and conditions have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty and environmental regulation.

In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in the WCSB has led to additional downward price pressure on oil and natural gas produced in Canada in recent years, creating further uncertainty and reduced confidence in the oil and gas industry in Canada.

Force Majeure Events

Our operations, information systems and midstream and rail infrastructure may be vulnerable to substantial loss or damage, including the curtailment or suspension of our operations, as a result of certain disruptions, including natural disasters, forest fires, national emergencies, acts of war, acts of terrorism, technological attacks, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, the outbreak of disease or similar events, any of which may have a material adverse effect on our reputation, our business, financial conditions or operating results.

Global Financial Conditions

Global financial conditions, including changes in commodity and equity markets, remain 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: financial institutions that hold the cash of the Corporation or provide available funding on the Credit Facilities; the insurance providers of the Corporation; and counterparties to hedge transactions. 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 or in the event of the default or bankruptcy of a counterparty, the Corporation would bear the risk of loss of the amount expected to be received under these financial instruments.

The Corporation is also exposed to liquidity risk in the event our cash positions decline or become inaccessible for any reason, or additional financing is required to advance our 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 volatility and market turmoil recur, the Corporation’s results of operations and planned growth could be adversely impacted.

COVID-19 Pandemic

In December 2019, the novel coronavirus (“COVID-19”) was first reported in Wuhan, China and on January 30, 2020, the World Health Organization declared the outbreak a global health emergency. The designation was escalated to a pandemic on March 11, 2020. The rapid global spread of COVID-19 and measures taken in response by governments and health authorities around the world, including travel restrictions, quarantines, business and school closures, and restrictions on public gatherings, have resulted in the significant slow-down in economic activity and reduced the demand for and price of commodities closely linked to SECURE’s business and financial condition. The Corporation’s business, operations and financial condition could be materially adversely affected by the COVID-19 pandemic or other outbreaks, epidemics, or other health crises.

The duration and extent of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. The nature and scope of the effect of the COVID-19 pandemic depends on future developments that cannot be predicated at this time, including the severity, transmission rate and resurgences of COVID-19 or any variants thereof; the effectiveness of local and global efforts to contain and treat COVID-19, including the effectiveness, availability and distributions of vaccines; and the rate and extent to which normal economic and operating conditions resume.

This public health crisis has resulted in and may continue to result in volatility and disruptions in the supply and demand for oil and natural gas, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. In particular, oil prices have significantly weakened in response to the outbreak of COVID-19. See “Risk Factors – Volatility of Industry Activity and Oil and Natural Gas Prices”.

The risks to the Corporation of the COVID-19 pandemic also include risks to employee health and safety and a slowdown or temporary suspension of our operations in geographic locations impacted by an outbreak. Should an employee or visitor in any of the Corporation’s facilities, offices or work sites become infected with COVID-19, this could place the Corporation’s workforce at risk. Although, the Corporation follows the recommendations of health authorities respecting industrial hygiene and occupational health guidelines, there can be no assurance that COVID-19 or another infectious illness will not specifically impact the Corporation’s personnel and ultimately its operations, in addition to the broader global effects of the COVID-19 pandemic.

At this point, the extent to which COVID-19 may impact the Corporation is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Corporation’s business, results of operations and financial condition. The situation is rapidly changing and future unknown impacts, including on SECURE, our stakeholders, and parties on which we rely, may materialize. There are no comparable recent events to provide guidance on the spread or subsidence of COVID-19, and the ultimate effect on SECURE’s business, operations and financial condition is highly uncertain and subject to change. SECURE’s operations and financial condition may also be adversely affected by a future virus or public health emergency that results in similar local or global restrictions to a lesser or greater extent than COVID-19.

Timing and Execution of Government Site Rehabilitation Programs

The Canadian Federal Government announced a $1.7 billion federal stimulus package to help fund the closure of orphan and inactive wells in the WCSB as part of an effort to reduce the economic fallout on oil-producing provinces from COVID-19. SECURE’s services are central to such operations. Additionally, SECURE is also a prime contractor for the Alberta Orphan Well Association, who has been allocated $200 million of the stimulus package. Delayed timing or other changes to the Canadian Federal Government site rehabilitation programs could negatively impact the Corporation’s business, financial condition, and results of operations by reducing demand for environmental site assessments, onsite abandonment, remediation and/or reclamation management and decommissioning work.

Governmental Regulation

General

The Corporation’s operations are subject to a variety of federal, provincial, state and local laws, regulations and guidelines, including laws and regulations relating to the environment, health and safety, the conduct of operations, and the manufacture, management, transportation including by pipeline and crude oil by rail, storage, and disposal of certain materials used in the Corporation’s operations. In addition, the Corporation’s securities are being sold in Canada and are listed on the Toronto Stock Exchange (“TSX”), and the Corporation is accordingly subject to regulation by Canadian securities regulators and Canadian federal and provincial laws and regulations. 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.

GHG Emissions

Governmental regulations and policies continue to focus considerable attention on the effects of GHG emissions in relation to the hydrocarbon industry and their potential role in climate change. Changes in environmental regulations, related to efficiency standards, the requirement for alternatively fueled vehicles or other government initiatives aimed at conserving energy or lowering GHG emissions, may adversely affect our results and financial condition going forward. This may result in a reduction in the demand for hydrocarbons, by moving this demand towards relatively lower carbon energy sources. As societal awareness continues to grow in relation to the potential impact of climate change, consumer demand for alternative fuel sources may continue to rise.

Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the United Nations Framework Convention on Climate Change ("**UNFCCC**") and as a participant to the Copenhagen Agreement (a non-binding agreement created by the UNFCCC), the Government of Canada announced on January 29, 2010 that it would seek a 17% reduction in GHG emissions from 2005 levels by 2020; however, these GHG emission reduction targets were not binding. As a result of the UNFCCC adopting the Paris Agreement on December 12, 2015, which Canada ratified on October 3, 2016, the Government of Canada implemented new GHG emission reduction targets of a 30% reduction from 2005 levels by 2030.

In addition, the Government of Canada announced it would implement a Canada wide price on carbon to further reduce its GHG emissions under the Greenhouse Gas Pollution Pricing Act (the "**GGPPA**"). On October 29, 2019, Alberta introduced a new GHG emissions policy called the Technology Innovation and Emissions Reduction ("**TIER**") system. The federal government announced on December 6, 2019 that the TIER Regulations met the federal carbon pricing standard for 2020 such that the federal backstop under the GGPPA would not apply to regulated facilities under TIER that meets certain conditions. In December 2018, the AER revised Directive 017 and Directive 060 to reduce methane emissions from upstream oil and gas operations by 45% (relative to 2014 levels) by 2025 as set out by the Government of Alberta's 2015 Climate Leadership Plan. These directives were again amended in May 2020. The new revisions to Directive 060 include reduced carbon levies in economic evaluations of gas conservation projects, revised measurement and reporting requirements to ensure consistency with the definitions in appendix 2 of the Directive, and amended vent gas limits for certain applications beginning in 2022, as well as amended exemptions for the overall vent gas limit and defined vent gas limit. The new revisions to Directive 017 include lengthening the duration required to test gas production at heavy oil and crude bitumen batteries (not including thermal in situ facilities) from 24 hours to 72 hours, starting in 2023. The revisions apply to SECURE's midstream processing facilities; but have not had a significant impact to our operations as each of our facilities are well below the overall and defined vent gas limits prescribed in Directive 060.

Present and future regulations with respect to the control and taxation of GHG emissions could have a material impact on the nature of oil and natural gas operations of the Corporation's customers which may in turn impact the Corporation, our operations and financial condition. In December 2020, the Canadian Federal Government proposed increasing the carbon tax to $170 per tonne of GHG emissions in 2030. Notably, several Canadian provinces have launched constitutional challenges to Canada's national carbon-pricing regime that were heard by the Supreme Court of Canada ("**SCC**") in September 2020; however, as of December 31, 2020, the SCC's decision had not yet been issued. Any taxes placed on carbon emissions may have the effect of decreasing the demand for oil, NGL and natural gas products and at the same time, increasing the Corporation's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Further, the imposition of carbon taxes puts the Corporation at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations.

In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels.

Bill C-69

In February 2018, the federal government introduced a new piece of legislation (Bill C-69) which, among other things, overhauled the Federal Environmental Assessment, now called Impact Assessment. Changes included a new Impact Assessment Act, which came into force in August 2019 and replaced the Canadian Environmental Assessment Act ("**CEAA 2012**") and a new Impact Assessment Agency of Canada which replaced the Canadian Environmental Assessment Agency. For major projects including interprovincial pipelines the Impact Assessment Act broadens the scope of the assessment considerations beyond the environment to expressly include health, economic, social and gender impacts, as well as considerations related to sustainability and Canada's climate change commitments. Capital projects executed by SECURE are not considered major projects and are not subject to the Impact Assessment Act.

Bill C-48

On May 12, 2017, the federal government introduced Bill C-48. Bill C-48 is aimed at providing coastal protection in northern British Columbia by prohibiting crude oil tankers carrying more than 12,500 metric tonnes of crude oil or persistent crude oil products from stopping, loading, or unloading crude oil in that area. Parliament passed Bill C-48 as the Oil Tanker Moratorium Act, which received Royal Assent on June 21, 2019. The enactment of this statute imposes a moratorium on tanker traffic transporting certain crude oil and NGL products from British Columbia's northwest coast which may prevent pipelines from being built, and export terminals from being located on, the portion of the British Columbia coast subject to the moratorium. The Oil Tanker Moratorium Act could have a material impact on the nature of oil and natural gas operations and the ability of producers to access global markets, which may in turn impact the Corporation, our financial conditions or operating results.

Fracturing Regulations

Recent regulatory initiatives have been undertaken in various jurisdictions to address assertions that hydraulic fracturing processes could adversely affect drinking water supplies. Developments regarding environmental protection, including laws and regulations governing chemical usage, water discharges and waste management are starting to be introduced in certain jurisdictions. Some jurisdictions have addressed the levels of water usage for hydraulic fracturing by imposing suspensions on water withdrawals, implementing permitting programs, and requiring more reporting and monitoring, as well as having implemented restrictions on the proximity of fracturing to potable water sources, other surface waters, and aquifers. Further, as a result of increased seismic activity in certain jurisdictions where hydraulic fracturing has or is taking place, regulatory bodies have implemented interim or permanent restrictions and additional compliance requirements on the fracturing process. These actual and proposed legislative changes could lead to a reduced demand for the Corporation's services or increased operating costs for our customers. The adoption of any future federal, provincial, state or local laws or the implementation of regulations in jurisdictions in which the Corporation currently supplies products and services related to fracturing, could have a material adverse impact on the Corporation's financial position and operating results.

Transportation of Dangerous Goods

The Corporation transports various petroleum products by rail, pipeline and truck. These petroleum products are considered dangerous goods under transportation of dangerous goods legislation. When SECURE loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under 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 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.

SECURE's produced water pipelines, FSTs and water disposal facilities contain pipeline networks to transport produced water and wastewater for disposal. In the event of an incident resulting in the release of large quantities of product, there could be a significant impact to the financial results and continuing operation of the facility. The operation of these pipelines may be affected by changes implemented by federal, provincial or state regulatory agencies and their respective acts and regulations governing pipelines. Refer to the risk factor titled '*Crude Oil Pipeline Transportation*' for information on risks associated with transporting crude by pipeline.

Competitive Conditions

The Corporation's markets are highly competitive, which could have a material adverse effect on the financial condition, operating results, and cash flows of the Corporation. The Corporation competes with a number of outsourcing companies, and oil and gas producers. The Corporation's business is dependent on the willingness of its customers to outsource their waste management and other environmental services generally, and to the Corporation specifically, rather than to its competitors.

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 segments. The Corporation's customers may elect not to purchase our services if they view the Corporation's financial viability as unacceptable, which would cause the Corporation to lose customers, and may adversely affect the Corporation's results of operation, financial condition and reputation.

Impairment Losses on Physical Assets

The Corporation has significant investments in physical assets. Reduced industry activity or low commodity prices could result in a sustained decrease in the demand for services provided by the Corporation's existing infrastructure. In any such case, the Corporation may be required to record a write down of the carrying value of the impacted fixed assets on its balance sheet and the recognition of an impairment charge on its income statement. If the Corporation elects to sell such assets, it may receive substantially less in consideration than the carrying book value for such assets.

Merger and Acquisition Activity

Potential Acquisitions

The Corporation may undertake future acquisitions of businesses and assets in the ordinary course of business. The completion of any acquisitions will depend in part on SECURE's ability to identify suitable targets, negotiate favorable financial and other contractual terms and obtain all necessary regulatory approvals on acceptable terms. 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.

Potential Divestitures

The Corporation may look to divest specific service lines or other assets that do not have recurring or production-related revenue streams in the future. However, we may not be able to sell any of these service lines or other assets at the desired time, at sales prices acceptable to us or at all. Such divestitures may require the dedication of management effort, time and resources and may divert management's focus and resources from other strategic opportunities and from operational matters during such time.

The completion of any divestitures will depend in part on SECURE's ability to identify suitable buyers, negotiate favorable financial and other contractual terms and obtain all necessary regulatory approvals on acceptable terms. These transactions may result in continued financial involvement in the divested businesses, such as guarantees or other financial arrangements, and may require the Corporation to retain certain liabilities directly or through indemnities made to the buyers against known and unknown contingent liabilities such as lawsuits, tax liabilities and environmental matters, which could adversely affect the Corporation's financial results.

Any divestitures could result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect SECURE and we may be unable to separate divested businesses or business units effectively and efficiently from our existing business operations and reduce or eliminate associated overhead costs. Further, such divestitures may result in proceeds to us in an amount less than we expect or less than our assessment of the value of those assets. Any of the foregoing could adversely affect the Corporation's financial condition and results of operations.

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.

SECURE may make use of derivative financial instruments to hedge the Corporation's commodity price and other market risks, which creates exposure to financial risks, which include, but are not limited to: unfavourable movements in commodity prices; interest rates or foreign exchange that could result in a financial or opportunity loss to the Corporation; a lack of counterparties, due to market conditions or other circumstances, that could result in the Corporation being unable to liquidate or offset a position, or at unfavourable prices; the counterparty failing to perform an obligation owed to the Corporation; loss as a result of human error or deficiency in the Corporation's systems or controls; and loss as a result of contracts being unenforceable or transactions being inadequately documented. The occurrence of any of the foregoing could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flow.

Crude Oil Marketing and Commodity Price Risk – Trading

The Corporation is exposed to operating and commodity price risk at our FSTs that purchase and sell crude oil, crude oil terminalling facilities, and at our rail 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. The variability of supply, and 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 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, but not limited to: changes in the commodity price; foreign exchange rates; changes in value of different qualities of a commodity; physical loss of product through operational activities; unauthorized trading; 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 and may adversely affect the Corporation's financial condition. The Corporation may choose to hold open positions based on energy commodity pricing relationships, time periods or qualities.

Crude Oil Pipeline Transportation

Our crude oil pipeline systems are operated pursuant to initial contracts with customers who have committed minimum volumes on an annual and cumulative basis and who pay for such usage over the term of their contracts. However, there is no assurance that the customers will be able to perform their obligations under the contract with SECURE, or that revenues following the expiry of the term of the contract will be sustained. Future throughput on the pipeline will be dependent, among other things, on the level of industry activity in the area, the success of producers operating in the area in exploiting their existing reserve bases and exploring for, developing and acquiring additional reserves, SECURE's ability to renew contracts with terms favourable to the Corporation, and competition for volumes transported by rail, trucking or other pipelines in the area.

Our pipelines systems are dependent upon their interconnections with other terminals, pipelines, rail networks and facilities owned and operated by third parties to reach end markets and as a significant source of supply for our facilities. Outages at facilities connected to our pipeline systems or reduced or interrupted throughput on our pipeline systems due to operational disruptions, apportionment, or changes to operating parameters on our pipeline systems, including the Kerrobert Light Pipeline System and the East Kaybob Pipeline System, may prevent the full utilization of our crude oil pipeline systems and our connected facilities. As our pipeline systems are reliant on electrical power to operate, failure or disruption within the local electrical power supply or distribution or transmission systems could affect ongoing pipeline operations. In the event of a major pipeline or facility incident resulting in the release of large quantities of product there could be a significant impact to the continuing operation of our pipeline systems and the Corporation's financial results and reputation. In addition, the Kerrobert Light Pipeline System and East Kaybob Pipeline System may be affected by any changes implemented in Saskatchewan or Alberta, respectively, or in the governing legislation, including *The Pipelines Act, 1998* and *The Pipelines Administration and Licensing Regulations* in Saskatchewan and the *Pipeline Act* and the *Pipeline Rules* in Alberta. Ongoing compliance with this legislation, or any additional applicable legislation, may be costly to the Corporation and adversely affect our results of operations and financial conditions.

Credit Risk

Credit risk affects both non-trading and trading activities. The Corporation provides credit to our customers in the normal course of operations and assumes credit risk with counterparties through our trading activities. In addition, the Corporation is at risk for potential losses if counterparties in our 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. Failure of the counterparties to whom the Corporation has extended credit to perform their contractual obligations may adversely affect the Corporation's financial condition, results of operations, and ongoing relationships with such customers.

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, consequently reducing the demand for the Corporation's services and adversely affecting the Corporation's results of operations and financial condition. Additionally, certain *provincial governments collect royalties on the production of oil and natural gas products from Crown lands. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. These changes, as well as the potential for future changes in these and other jurisdictions, add uncertainty to the outlook of the energy services sector.*

Trade Relations

The U.S., Canadian and Mexican governments signed the new Canada, U.S., Mexico Trade Agreement on November 30, 2018 ("**CUSMA**"). CUSMA is intended to supersede the North American Free Trade Agreement and provide protection against tariffs, duties and or fees. In addition, the treaty ensures that North American customers have equal access to oil produced in either country, ensuring a broad demand base for Canadian oil and gas producers. On July 1, 2020, CUSMA came into effect.

The imposition of taxes or disruption to supply channels to the U.S. may result in reduced oil and gas activity in the WCSB and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Potential supply disruptions and global demand impacts amid evolving trade conflicts, including uncertainty from oversupply and decreased demand for crude oil due to U.S. trade tensions with foreign nations, may result in increased volatility in market prices for oil and natural gas products and could have an effect on demand, including the demand for oilfield services generally. The Corporation cannot predict the effect of this volatility in market prices and 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.

Foreign Operations Risk

The Corporation is actively involved in operations in the U.S, including in North Dakota and Oklahoma. The Corporation's reliance on these markets means it is subject to downturns in the U.S. economy, U.S. regulatory changes, protectionist actions by the U.S. government and other political developments, all of which could have an adverse impact on the Corporation's results.

In November 2020, the U.S. elected a new Democratic president, who took office in January 2021. The new administration was elected on a platform of tackling climate change and may implement domestic and foreign policy that could have a significant impact on SECURE's business, financial condition or results of operations. In particular, the new administration has indicated its intention to curtail energy operations on federal lands and pursue other regulatory initiatives, executive actions and legislation in support of its broader climate change agenda.

On January 20, 2021 the U.S. President signed an executive order that revoked the previously issued presidential permit for the Keystone XL Pipeline, and, among other things, directed all executive departments and agencies to review federal regulations related to climate change. The new administration also recommitted the U.S. to the Paris Climate Agreement, which may result in additional government actions or regulatory initiatives in an effort to achieve the goals of such international agreement. The Corporation currently faces uncertainty regarding the U.S. government's trade and environmental policy and its impact given our significant dependence on global economic conditions and prevailing commodity prices; however, the full extent of the impact of any actions taken by the new administration is not presently quantifiable.

Performance Obligations

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

The Corporation has entered into contracts for committed crude oil volumes for pipeline throughput at certain pipeline connected FSTs. The production, processing and transportation of crude oil are interdependent and the Corporation's ability to fulfill these commitments may be impacted by industry activity levels. If unable to fulfill its commitments, the financial results of the Corporation could be adversely affected.

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.

Development of New Technology and Equipment

The technology used in the Midstream Infrastructure segment 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 Environmental and Fluid Management segment for drilling fluids systems and drilling and completion fluid and production chemicals is in some instances protected by intellectual property rights, but not in every instance. In addition, new technological advances could occur within the drilling fluids system and drilling and completion fluids and production chemicals industry at any time. The development of new technologies by our competitors and competition from new market entrants could have an adverse effect on our business, financial condition, results of operations and cash flows.

Information Security

The Corporation has become increasingly dependent upon the development and maintenance of information technology systems that support the general operation of the business. Exposure of the Corporation's information technology infrastructure to external threats poses a risk to the security of these systems. Such cyber security threats include unauthorized access to information technology systems due to hacking, viruses and other deliberate or inadvertent causes that can result in service disruptions, system failures and the disclosure of confidential business information. Any such information security risks may be increased given the increased remote access to our information and technology systems caused by the COVID-19 pandemic, which may continue on a go forward basis.

The Corporation applies risk management controls in line with industry accepted standards to protect our information assets and systems; however, these controls may not adequately protect against cyber security breaches. There is no assurance that the Corporation will not suffer losses associated with cyber security breaches in the future, including with respect to negative effects on the Corporation's operational performance and earnings, the incurrence of regulatory penalties, reputational damage and costs required to investigate, mitigate and remediate any potential vulnerabilities.

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.

Transition to Alternative Energy Sources

The demand for oil and gas and other liquid hydrocarbons could be reduced by fuel conservation measures, alternative fuel requirements, government subsidies promoting renewable energy sources, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices, including in energy storage that make renewable energy sources more competitive for energy generation or increase consumer preference for alternatively fueled vehicles. 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.

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 our efforts in this regard or that we will have the resources available to meet this continuing demand. The Corporation's failure to do so could have a material adverse effect on us. 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 and completions fluids, production chemicals, and solids control equipment and technological and regulatory changes. If the Corporation fails to do so, this could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Scheduled and Unscheduled Maintenance

Much of SECURE's equipment is subject to regularly scheduled maintenance or may require additional unscheduled downtime for unanticipated maintenance or repairs. Scheduled and unscheduled maintenance reduces SECURE's revenues and increases its operating expenses during the period of time that our equipment is not operating. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance which may negatively impact the Corporation's results of operations.

Sources, Pricing and Availability of Products and Third-Party Services

The Corporation sources our products from a variety of suppliers, many of whom are located in Canada and the U.S. 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 our 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 our capital expenditure plans.

The ability of the Corporation to provide services to our 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 U.S. 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.

Additionally, a portion of the Corporation's raw materials are sourced from the U.S. and are denominated in U.S. dollars; a weakening Canadian dollar relative to the U.S. dollar will have a negative impact on these input costs.

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 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 projects which could adversely reduce or eliminate profitability.

Seasonal Nature of the Industry

In Canada, the level of activity in the energy services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground, rendering many secondary roads incapable of 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 our 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. The timing and duration of spring thaw is dependent on weather patterns but generally occurs from mid-March to mid-May. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting the Corporation's equipment utilization rates and revenues. 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.

There is greater demand within the WCSB for energy services, including the drilling fluid systems provided by the Corporation, in the winter season when the freezing permits the movement and operation of heavy equipment. Consequently, energy service activities tend to increase in the fall and peak in the winter months of November through March. However, if an unseasonably warm winter prevents sufficient freezing, the Corporation may not be able to access well sites, and our operating results and financial condition may therefore be adversely affected. The demand for these services, including the demand for all oilfield chemistries, may also be affected by the severity of the Canadian winters. The volatility in the weather and temperature can therefore create unpredictability in activity, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

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 U.S. dollars. The risk is mitigated as the majority of the activities occur in the same period and/or through the use of financial contracts to mitigate exposure; therefore, foreign currency risk exposure is generally limited to crude oil or drilling fluids products held in inventory. The Corporation mitigates a portion of this risk through the use of financial contracts. The Corporation is exposed to foreign currency fluctuations as revenues, expenses and working capital derived from our foreign operations that are denominated in U.S. dollars. In addition, the Corporation's U.S. subsidiaries are 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 ongoing foreign operations are included in the foreign currency translation adjustment.

Some of the Corporation's current operations and related assets are located in the U.S. 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.

Key Personnel

The Corporation's success depends to a significant extent on a number of our 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, including with respect to the success of the sales process to divest certain service lines that do not have recurring or production-based revenue streams. To help mitigate this risk, the Corporation has a structured compensation plan to promote continued involvement with the company through the utilization of short and long term incentive plans..

Economic Dependence

The top ten customers of the Corporation accounted for approximately 29% of revenue for fiscal 2020 (2019 – 24%), of which no single customer accounted for more than 10%. Excluding the Corporation's recent midstream infrastructure projects which are underpinned by long-term contracts with committed volumes, 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 effect 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 material portion of SECURE's Midstream Infrastructure segment current and future revenue is generated from pipeline connected FSTs. As significant revenue is generated from each pipeline connected FST, any single event that interrupts one of these operations could result in the loss of revenues.

Asset Retirement Obligations

Operating and maintaining midstream infrastructure such as pipeline systems, full-service terminals, gathering, storage and blending facilities, stand-alone water disposal facilities, landfills and rail facilities 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 our pipeline systems, terminals, facilities and landfills. The Corporation has estimated these costs annually 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, state, 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 our profit to decline, and reduce the amount of funds available to be borrowed under the Corporation's Credit Facilities.

Environmental Protection & Health and Safety

The oil and natural gas industry is regulated by federal and provincial legislation in Canada, federal and state laws and regulations in the U.S. 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 Corporation and/or the oil and gas customers of the Corporation. In the case of a major environmental or safety incident, the Corporation may be exposed to increased public scrutiny, subject to fines, civil suits or criminal charges, or result in an inability to obtain permits required in order to conduct the Corporation's business, the Corporation's oil and gas customers will also be required to comply with any regulatory schemes for GHG emissions adopted by any applicable jurisdiction. Various levels of government are implementing climate change measures, including carbon taxes and limitations over the emissions of GHGs. Given the evolving nature of the debate related to climate change and control of GHGs and resulting requirements, management is unable to predict the impact of climate change legislation and regulation on the Corporation and it is possible that it could have a material adverse effect 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 our 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, our 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 effect on the financial results, cash flows and overall financial condition of the Corporation.

In addition, the Corporation's customers may elect not to purchase our services if they view our 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.

Availability of Qualified Employees

The Corporation's ability to provide reliable service is dependent upon attracting and retaining skilled workers. The Corporation attempts to achieve 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 our 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 our 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 intellectual property rights could prove to be difficult, and there can be no assurance that the steps taken by the Corporation will prevent misappropriation of our intellectual property rights. In addition, litigation may be necessary in the future to enforce the intellectual property rights of the Corporation to protect our 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 our 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

Third parties may claim that the Corporation has infringed such third parties' intellectual property rights or may challenge the right of the Corporation in our 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 energy services industry, such as,equipment defects, malfunctions, failures, pipeline leaks (both detected and undetected), explosions, fires, damage or loss from inclement weather, accidents, spills, the handling, blending and transportation of dangerous goods, 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. To continue to implement our business strategy, the Corporation will be required to further our capital investment. The Corporation may finance these capital expenditures through vendor financings, ongoing cash flow from operations, borrowings under the Credit Facilities 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. Given the current market conditions and the lack of investor confidence in the Canadian oil and natural gas industry, the Corporation may have difficulty raising additional funds or if it is able to do so, it may be on unfavourable and highly dilutive terms.

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 Board has the discretion to determine the provisions attaching to any preferred 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. Uncertainty in global financial conditions could mean that the Corporation, along with other oil and gas entities, may face restricted access to capital and increased borrowing costs and the Corporation's ability to borrow is dependent on, among other factors, the overall state of the capital markets and investor appetite for investments in the energy industry generally. In addition, governments, financial institutions, environmental and governance organizations, institutional investors, social and environmental activists, and individuals, are increasingly seeking to implement, among other things, changes in investment patterns which could affect investor or lender sentiment towards our business or the industry in which we operate and could impede our ability to secure and maintain cost-effective financing. 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 agreements governing the Credit Facilities impose operating and financial restrictions on the Corporation that may prevent the Corporation from pursuing certain business opportunities and restrict our ability to operate our business.

Additionally, the Corporation's ability to comply with these covenants will likely be affected by events beyond our control, and the Corporation cannot assure that we will satisfy those requirements. If the Corporation's financial 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 agreements governing the Credit Facilities 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 our ability to finance our operations, enter into acquisitions or to engage in other business activities that would be in the Corporation's interest.

Indigenous Peoples Consultation, Claims and Relationships

Indigenous peoples have claimed aboriginal title and rights to a substantial portion of lands in the WCSB. The interpretation of aboriginal and treaty rights continue to evolve and government policy (including the requirements that are imposed on industry) continues to change. The federal and provincial governments in Canada have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights. In certain circumstances, governments have a duty to accommodate their concerns. The consultation processes and expectations of parties involved can vary considerably from project to project, which can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for some projects. Additionally, some types of claims may affect or limit the Corporation's ability to secure locations for capital projects.

In May 2016, Canada announced its support for the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**"). The principles and objectives of UNDRIP have also been considered by the Government of Alberta as well as the Government of British Columbia and on November 26, 2019 the Government of British Columbia passed draft legislation to implement UNDRIP ("**Bill 41**"), becoming the first Canadian province to do so. On December 3, 2020, the federal government tabled Bill C-15. Bill C-15 is the federal government's response to calls to implement UNDRIP as a framework for reconciliation in Canada. The Bill will now proceed through the legislative process, where it may be subject to changes as it is debated further. The means of implementing UNDRIP by government bodies is uncertain and may include increased consultation obligations and processes associated with project development and operations such that the end goal must be obtaining free, prior and informed consent, posing risks and creating uncertainty with respect to project regulatory approval timelines and requirements and operating conditions. The extent and magnitude of any adverse impacts of changes to legislation or policies on project development and operations cannot be estimated at this time, as uncertainty exists with respect to recommendations being considered or to be developed. Increased consultation and environmental assessment obligations may create risk of increased costs and project development delays.

Environmental Activism and Opposition

Increasing concerns about climate change have resulted in increased public opposition to the continued exploitation and development of fossil fuels. Governments, businesses, and social and environmental activists are increasingly seeking to implement legislation, regulatory and policy changes, which are intended to accelerate the reduction in global consumption of carbon-based energy and to curb GHG emissions. Environmental activist groups and individuals may engage in protests, demonstrations or blockades which may cause disruptions to our facilities or operations, or to facilities or operations on which we rely. Any such disruptions may have an adverse impact on our operations, financial condition or reputation.

Opposition to SECURE's operations stemming from environmental and climate change concerns 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 and opposition including, but not limited to, protests, demonstrations, blockades, 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 our ability to protect our operating equipment against damage from fire, vandalism, theft or a similar disruptive event. Protests, demonstrations, 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 our 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.

Sustainability and Emissions Targets and Performance

Generally speaking, SECURE's sustainability and other targets depend significantly on the Corporation's ability to execute its current business strategy, related milestones and schedules, each of which can be impacted by the numerous risks and uncertainties associated with SECURE's business and the industries in which it operates, as outlined in the other risk factors described in this AIF.

The Corporation recognizes that its ability to adapt to and succeed in a lower-carbon economy will be compared against its peers. Investors and stakeholders increasingly compare companies based on sustainability-related performance, including climate-related performance. Failure by the Corporation to achieve its sustainability or emissions targets and to implement its Climate Policy, or a perception among key stakeholders that our targets or policies are insufficient, could adversely affect, among other things, our reputation and our ability to attract capital.

There is also a risk that some or all of the expected benefits and opportunities of achieving the various sustainability targets may fail to materialize, may cost more to achieve or may not occur within the anticipated time periods. In addition, there are risks that the actions taken by the Corporation in implementing targets and ambitions relating to sustainability and emissions may have a negative impact on its existing business and operations and increase capital expenditures, which could have a negative impact on the Corporation's business, financial condition, results of operations and cash flows.

Reputation

SECURE relies on its reputation to build and maintain positive relationships with its stakeholders in the industry and in the communities in which we work and live, to recruit and retain personnel, and to be a credible, trusted company. Reputational risk is the potential for negative impacts that could result from the deterioration of the Corporation's reputation with key stakeholders. Increasing public concerns about climate change have resulted in increased opposition to the continued exploitation and development of fossil fuels, as thereby increasing reputational risk for companies active in the energy industry, including SECURE. The potential for harming the Corporation's reputation exists in every business decision and public interaction, including the actions of its employees, which in turn can negatively impact the Corporation's business and value of its securities.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, liquidity, regulatory, environmental and legal risks must all be managed effectively to safeguard SECURE's reputation. If the Corporation's reputation is adversely affected, it could result in, among other things: loss of customers; revenue loss; delays in obtaining regulatory approvals with respect to growth projects; increased operating, capital, financing or regulatory costs; lower shareholder confidence; or loss of its social license to operate.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. This 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, acquisitions, dispositions or other material public announcements by the Corporation or our 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 on stock exchanges, including the TSX, may experience significant price and trading fluctuations, which are often unrelated or disproportionate to changes in operating performance. Further, SECURE may issue additional securities, which in turn may reduce the ownership percentage of existing shareholder and have other dilutive effects. These broad market fluctuations and future share issuances may adversely affect the market prices of the Common Shares. Further, sufficient market liquidity for holders to sell Common Shares when desired cannot be assured.

Dividend Payout

The decision whether or not to pay dividends and the amount of any such dividends are subject to the sole discretion of the Board, which regularly evaluates the Corporation's proposed dividend payments. 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 but not limited to: 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 AIF.

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 our 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 our 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, our indebtedness will depend on our 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 our control.

The Corporation's Credit Facilities have been secured by a $1 billion floating charge debenture and negative pledge from the Corporation creating a security interest over all of the Corporation's present and after acquired personal property and floating charge over all of our present and after acquired real property. A failure to comply with the obligations in the agreements in respect of the Credit Facilities could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness.

Interest Rates

Funds drawn under the Corporation's First Lien Facility are managed through a combination of bankers' acceptance loans and U.S. dollar London Interbank Offered Rate ("LIBOR") loans which bear interest at a floating interest rate. Therefore, to the extent that the Corporation borrows under this facility, the Corporation is at risk to rising interest rates and foreign exchange rates. Exposure to foreign exchange rate changes is mitigated using cross currency swaps to hedge foreign exchange exposure on U.S. denominated long-term debt, fixing the exchange rate on the U.S. dollar loan amounts for the purposes of interest and principal repayments. The Corporation has managed a portion of its interest rate risk through derivative instruments to effectively fix the interest rate on the $130 million Second Lien Facility until July 31, 2022.

Legal Proceedings

The Corporation is named as a defendant in legal claim against Tervita. See "*Legal Proceedings*". 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 in the Tervita claim 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 by Tervita are not covered by SECURE's insurance policy and deny coverage. In the event that the Tervita claim 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.

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 our 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 controls 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 AIF under the heading "*Forward-Looking Statements*".

DIVIDENDS AND DISTRIBUTIONS

In March 2013, the Corporation's Board of Directors (the "**Board**") approved a monthly dividend to be paid to holders of Common Shares.

On May 2, 2017, the Board approved a 6.25% increase to SECURE's monthly dividend rates from $0.02 to $0.02125 per Common Share commencing with the June 15, 2017 dividend payment. On November 9, 2017, the Board approved a further 6% increase to SECURE's monthly dividend, to $0.0225, commencing with the January 15, 2018 dividend payment.

On March 24, 2020, the Corporation announced that its monthly dividend would be reduced from $0.0225 (2.25 cents) per common share to $0.0025 (0.25 cents) per common share, effective for the May 2020 monthly dividend. Following the June 2020 monthly dividend, the Corporation moved to a quarterly dividend of $0.0075 (0.75 cents) with the first payment made on October 15, 2020, for shareholders of record on October 1, 2020.

Any future payments of dividends will be at the sole discretion of the Board and will depend upon the financial condition, capital requirements and earnings of the Corporation as well as other factors it may deem relevant. See "*Risk Factors – Dividends*".

The table below provides information on dividends declared per Common Share in each of the past three years:

	2018	2019	2020
January	0.02250	0.02250	0.02250
February	0.02250	0.02250	0.02250
March	0.02250	0.02250	0.02250
April	0.02250	0.02250	0.02250
May	0.02250	0.02250	0.00250
June	0.02250	0.02250	0.00250
July	0.02250	0.02250	-
August	0.02250	0.02250	-
September	0.02250	0.02250	0.00750
October	0.02250	0.02250	-
November	0.02250	0.02250	-
December	0.02250	0.02250	0.00750
Total declared during the year	**0.27000**	**0.27000**	**0.11000**

DESCRIPTION OF CAPITAL STRUCTURE

SECURE is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, of which 159,573,439 Common Shares are issued and outstanding as at February 25, 2021.

Common Shares

The holders of Common Shares (“**Shareholders**”) are entitled: (i) to notice of, to attend and to one vote per Common Share at, all meetings of the Shareholders (other than meetings of a class or series of shares of the Corporation other than the Common Shares); (ii) to receive dividends as and when declared by the Board on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of dividends; and (iii) in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among the Shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of a return of capital on dissolution, to share rateably, together with the holders of shares of any other class of shares of the Corporation ranking equally with the Common Shares in respect of a return of capital, in such assets of the Corporation as are available for distribution.

Preferred Shares

As of February 25, 2021, there were no preferred shares of the Corporation issued and outstanding. The preferred shares of the Corporation are issuable in one or more series, each series to consist of such number of preferred shares as determined by the Board. The Board is empowered to fix the number of preferred shares and the designation, rights, privileges, restrictions and conditions attaching to the preferred shares of each series and the holders of each series of preferred shares shall be entitled: (i) to the payment of dividends in priority to the Shareholders; and (ii) in the event of a distribution, the payment on a distribution in priority to the Shareholders.

PRICE RANGE AND TRADING VOLUMES

The Common Shares are listed and posted for trading on the TSX under the symbol “SES”. The following table sets out information concerning the monthly price ranges and trading volumes of the Common Shares on the TSX for the periods indicated.

2020	**Low $**	**High $**	**Volume**
January	4.41	5.20	9,695,324
February	3.62	5.08	9,863,470
March	0.64	4.05	24,195,230
April	0.89	1.62	29,161,350
May	0.97	1.29	20,662,228
June	1.15	2.40	42,739,765
July	1.56	1.85	14,959,816
August	1.50	1.93	18,577,038
September	1.21	1.56	18,993,414
October	1.29	1.54	8,980,444
November	1.43	2.45	22,713,691
December	2.21	2.93	14,925,233

DIRECTORS AND EXECUTIVE OFFICERS

Name and Jurisdiction of Residence	Position with the Corporation	Principal Occupation	Director Since[1]	Common Shares Held (#/%)[2]
Rene Amirault Alberta, Canada	Chairman, President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation	June 1, 2007	4,620,594/2.9%
Michael Callihoo Alberta, Canada	Corporate Secretary and Vice President Commercial/Legal	Corporate Secretary [and Vice President Commercial/Legal] of the Corporation	N/A	45,553/0.0%
David Engel Alberta, Canada	Executive Vice President, New Ventures	Executive Vice President, New Ventures of the Corporation	N/A	287,221/0.2%
Allen Gransch Alberta, Canada	Chief Operating Officer, Midstream	Chief Operating Officer, Midstream of the Corporation	N/A	544,969/0.3%
Corey Higham Alberta, Canada	Executive Vice President, Operations	Executive Vice President, Operations of the Corporation	N/A	235,897/0.1%
Chad Magus Alberta, Canada	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer of the Corporation	N/A	126,407/0.1%
David Mattinson Alberta, Canada	Executive Vice President, Environmental Solutions	Executive Vice President, Environmental Solutions of the Corporation	N/A	445,781/0.3%
Mike Mikuska Alberta, Canada	Executive Vice President, Commercial & Transportation	Executive Vice President, Commercial & Transportation of the Corporation	N/A	89,247/0.1%
Marion Burnyeat[3][6] Alberta, Canada	Director	Independent Businesswoman	April 28, 2020	0/0.0%
Brad Munro[3][4] Saskatchewan, Canada	Director	President and Chief Executive Officer of Bittercreek Capital Corporation	April 23, 2009	70,362/0.0%
Kevin Nugent[3][4] Alberta, Canada	Director	Independent Businessman	September 25, 2007	73,750/0.0%
Shaun Paterson[5][6] British Columbia, Canada	Director	Independent Businessman	May 9, 2013	17,100/0.0%
Dan Steinke[6] Alberta, Canada	Director	Independent Businessman	May 8, 2015	632,321/0.4%
Richard Wise[4][5] Alberta, Canada	Director	Independent Businessman	February 26, 2019	33,000/0.0%
Deanna Zumwalt[3][5] Alberta, Canada	Director	President and Chief Executive Officer of Coril Holdings Ltd.	April 30, 2019	0/0.0%

Notes:

1. A director's term of office shall be from the date on which he is elected or appointed, as the case may be, until the position has been transitioned to his elected or appointed successor.
2. Includes Common Shares beneficially owned or controlled, directly or indirectly as at December 31, 2020. Percentage holdings are calculated on a non-diluted basis.
3. Member of the Audit Committee of the Corporation.
4. Member of the Compensation Committee of the Corporation.
5. Member of the Corporate Governance and Nominating Committee of the Corporation.
6. Member of the Health, Safety, Sustainability & Environment Committee of the Corporation.

As at the date hereof, the directors and officers of the Corporation, as a group, beneficially owned, controlled or directed, directly or indirectly, 7,214,426 Common Shares, or approximately 5% of the outstanding Common Shares (on a non-diluted basis).

The following are brief biographies of each of the officers and directors of the Corporation, including a description of their present occupations and their principal occupations during at least the last five years.

Executive Officers

Rene Amirault, Chairman, President, Chief Executive Officer and Director

Rene Amirault was appointed as the President and Chief Executive Officer of SECURE in March 2007 and was elected a director and appointed as Chairman of the Board on June 1, 2007. From January 2006 to March 2007, he was an independent businessman. Mr. Amirault held various roles at Canadian Crude Separators Inc. and CCS Income Trust from August 1994 to January 2006, including Vice President roles in Sales and Marketing, Business Development and Corporate Development. Mr. Amirault held various positions with Imperial Oil Ltd. from 1981 to 1994. Mr. Amirault received a Certified General Accountant designation in 1985.

Michael Callihoo, Corporate Secretary and Vice President Commercial Operations/Legal

Michael Callihoo was appointed as Corporate Secretary of SECURE on July 29, 2019. Mr. Callihoo has been Vice President Commercial Operations/Legal at SECURE since July 2018. Prior to joining SECURE, Mr. Callihoo worked in various legal roles at Plains Midstream Canada ULC beginning in 2010, finishing his time there as Associate General Counsel. Preceding his time at Plains, beginning in 1999 Mr. Callihoo was a lawyer at Bennett Jones LLP within the Energy and Corporate Departments, becoming a Partner in 2008. Throughout his career, Mr. Callihoo has gained extensive experience within the upstream and midstream petroleum industries in Canada, including in the areas of acquisitions and divestitures, joint ventures, major pipeline and facility construction projects and commercial contracting and negotiating. Mr. Callihoo holds a Bachelor of Laws from the University of Alberta.

Dave Engel, Executive Vice President, New Ventures

Dave Engel has worked in senior leadership roles in operations, sales, health and safety, and business development with SECURE since September 2007. Since May 2019, he has held the position of Executive Vice President, Operations. Prior thereto, he was Executive Vice President, Technical Services (September 2017 – May 2019), Executive Vice President, Processing Recovery & Disposal division (January 2017 – September 2017) and VP of Operations & Sales (December 2011 – January 2017).

From 2000 to 2007, Mr. Engel held various roles at CCS Income Trust, including roles in environment and regulatory, project development, mergers and acquisitions, and business development. Prior to CCS Income Trust, Mr. Engel worked for Newpark Environmental Services, Ensign Drilling Inc., and Newalta Corporation. He has over 20 years of experience in the energy industry. Mr. Engel has a Bachelor of Science degree from the University of Calgary.

Allen Gransch, Chief Operating Officer, Midstream

Allen Gransch joined SECURE in September 2007. From 2012 to 2017, Mr. Gransch held the position of Executive Vice President and Chief Financial Officer. In September 2017, Mr. Gransch was appointed Executive Vice President, Corporate Development. In April 2019, Allen was appointed Chief Operating Officer, Midstream. Prior to joining SECURE, Mr. Gransch was a Senior Manager with PricewaterhouseCoopers. From May 1999 to August 2007, Mr. Gransch held various positions from Associate to Senior Manager with PricewaterhouseCoopers located in Calgary, Alberta, Georgetown, Cayman Islands and Saskatoon, Saskatchewan. Mr. Gransch has over 20 years of experience in a broad range of corporate finance and accounting activities. Mr. Gransch is a Chartered Professional Accountant, Chartered Accountant and attended the University of Saskatchewan where he earned a Bachelor of Commerce degree and his Masters of Professional Accounting degree.

Corey Higham, Executive Vice President, [Midstream] Operations

Corey Higham has worked in senior leadership roles in environment & regulatory, operations and business development with SECURE since July 2007. Mr. Higham was appointed Executive Vice President, Corporate Development in May 2019. Prior thereto he was Executive Vice President of Processing, Recovery and Disposal (September 2017 – May 2019), Executive Vice President, Midstream (April 2014 – September 2017), and VP of Business Development (Organic) (December 2011 – April 2014).

From March 2004 to July 2007, Mr. Higham held various roles at CCS Income Trust, including roles in environment and regulatory, and business development. Mr. Higham has over 20 years of experience in the energy industry. Mr. Higham worked for a private engineering & consulting company from 1998 to 2004 prior to joining CCS Income Trust. Mr. Higham is a registered Professional Geoscientist and holds a Masters of Engineering from the University of Calgary.

Chad Magus, Executive Vice President and Chief Financial Officer

Chad Magus was appointed Executive Vice President and Chief Financial Officer in September 2017. Mr. Magus joined SECURE in June 2014 and most recently served as SECURE's Vice President of Corporate Finance. Prior to joining SECURE, Mr. Magus spent over 10 years with an oil and gas exploration and production company in a variety of finance, accounting and financial reporting roles and prior thereto was a senior accountant with KPMG LLP. Mr. Magus is a Chartered Professional Accountant, Chartered Accountant and holds a Bachelor of Commerce degree from the University of Saskatchewan.

David Mattinson, Executive Vice President, Environmental Solutions

David Mattinson was the President of Frontline Integrated Services prior to joining SECURE in April 2013 when he was appointed Executive Vice President, Environmental Solutions (formerly OnSite Services). Mr. Mattinson, a professional engineer, previously held the position of President for over 20 years at an environmental services company, and as the President of a frac sand production company. Mr. Mattinson manages the Environmental and Fluid Management segment's existing relationships and positively contributes to the communities in which SECURE works. He has nearly 30 years of experience and has worked across Canada and through South America on a multitude of environmental remediation related projects including landfill construction projects, and decommissioning projects.

Mike Mikuska, Executive Vice President, Commercial and Transportation

Mike Mikuska was appointed Executive Vice President, Commercial and Transportation with SECURE in September 2017 after joining the Corporation in January 2017. He brings extensive industry knowledge, experience and strategic leadership to his role at SECURE. Mr. Mikuska is responsible for the growth and development of SECURE's transportation and commercial business, increasing asset value and contributing to the safe and reliable Canadian transportation system of oil and gas production. Prior to joining SECURE, Mr. Mikuska had various roles at Plains Midstream Canada ULC and predecessors for 21 years, most recently as Vice President of Crude Supply & Transportation where he was responsible for crude oil supply gathering and distribution, pipeline logistics, pipeline development, trucking, rail, regulatory and tariffs, quality and optimization for crude oil and liquefied petroleum gas. Mr. Mikuska has a Bachelor of Economics and has completed the Duke University and Stanford Graduate School of Business Executive Programs.

Directors

In addition to Mr. Amirault, the following individuals are the directors of the Corporation:

Marion Burnyeat, Director

Marion Burnyeat was elected as a director of the Corporation on April 28, 2020. Ms. Burnyeat has served as a director of Surge Energy Inc., an oil focused exploration company traded on the TSX, since June 2018. Ms. Burnyeat also serves on the boards for the Calgary Academy and Headwater Learning Group and is an active volunteer for several charitable organizations. From January 2013 to March 2017, Ms. Burnyeat held the role of Vice President of Field Services at Westcoast Energy Inc., a 100% owned subsidiary of Spectra Energy Corp focused on gas processing transmission and distribution in Canada. Prior thereto, she held various other senior positions with Westcoast Energy Inc., including leading midstream business units, strategic development, stakeholder relations and business development. Following her retirement from Westcoast Energy Inc., Ms. Burnyeat consulted on mergers and acquisitions with Inter Pipeline Ltd. from March 2018 to June 2018. She holds a Bachelor of Commerce degree from the University of Alberta, a Master of Business Administration from Edinburgh University, and an Institute of Corporate Directors, Director designation.

Brad Munro, Director

Brad Munro was elected as a director of the Corporation on April 23, 2009. Mr. Munro is the President and Chief Executive Officer of Bittercreek Capital Corporation, a private investment and advisory firm. Through Bittercreek Capital Corporation, Mr. Munro was a contractor to GrowthWorks Capital WV Ltd. and its affiliates in the role of Vice President, Investments from May 2006 to August 2009. Prior thereto, Mr. Munro was an employee of Working Ventures Investment Services Inc. and its affiliates since September 1991. Mr. Munro holds a Bachelor of Commerce degree from the University of Saskatchewan and has extensive experience in corporate finance and investment in the oil and natural gas and other industries. Mr. Munro was a director of Tervita (or its predecessors) for eight years and was the lead director of the independent committee on the privatization of Tervita. Mr. Munro is currently the Chairman of MustGrow Biologics Corp., an agricultural biotech company listed on the Canadian Securities Exchange.

Kevin Nugent, Director

Kevin Nugent was elected as a director of the Corporation on September 25, 2007. Mr. Nugent is an independent businessman and corporate director. Mr. Nugent is a Chartered Professional Accountant, Chartered Accountant with over 30 years of experience in the oil and natural gas industry. Mr. Nugent currently serves as a director of Hifi Engineering Inc., VentMeter Technologies Inc., RGL Reservoir Management Inc., Trican Well Service Ltd., the Pacific Salmon Foundation and the Banff Sport Medicine Foundation.

Shaun Paterson, Director

Shaun Paterson was elected as a director of the Corporation on May 9, 2013. Mr. Paterson is the former Vice President, Marketing of Baytex Energy Corp. and served in this capacity from 2006 to 2011 before retiring. Prior to this Mr. Paterson was Vice President, Domestic Crude Oil Marketing at EnCana Corporation from November 2002 to November 2006. Mr. Paterson was a director of Prism Sulphur Corporation from January 2008 until October 2011 and served as a director of Profero Energy Inc. from March 2008 to September 2011. Mr. Paterson holds a Bachelor of Science in Mechanical Engineering degree from the University of Alberta.

Dan Steinke, Director

Dan Steinke was appointed to the Board in May 2015. Mr. Steinke was a founding member of SECURE in 2007 and held various senior and executive level positions with the Corporation in sales, marketing, business development and operations up until his retirement on December 31, 2018. His most recent position with the Corporation was Executive Vice President of New Ventures and Government Affairs (September 2017 – December 2018). Mr. Steinke has over 30 years of experience in the energy industry. Previous to his employment at SECURE, Mr. Steinke consulted at SCF Partners Inc. (later Enermax Services Inc.) from April 2006 to March 2007 and prior thereto held various sales, marketing and business development positions at Canadian Crude Separators Inc. and CCS Income Trust from July 1995 to March 2006.

Richard Wise, Director

Richard (Rick) Wise was appointed to the Corporation's Board of Directors in February 2019. From June 2009 to December 2018, Mr. Wise held various senior executive level positions with Gibson Energy Inc., a Canadian-based oil infrastructure company focused on the storage, optimization, processing and gathering of crude oil and refined products. Mr. Wise's positions included Chief Operating Officer from January 2013 to November 2017 and Chief Commercial Officer (interim) from December 2017 to June 2018. Most recently, Mr. Wise was the strategic advisor to the Chief Executive Officer. From 2003 to 2009, Mr. Wise held the position of Vice President, Engineering, Regulatory & Midstream Development with CCS Corporation. In total, Mr. Wise possesses over 34 years of diversified upstream & midstream experience in leadership, technical and commercial roles. He obtained his Bachelor of Science Chemical & Petroleum Engineering from the University of Calgary and has completed the Queens Executive Program and the Institute of Corporate Directors, Directors Education Program. Mr. Wise currently serves as a Director for the Canadian Mental Health Association, Calgary.

Deanna Zumwalt, Director

Deanna Zumwalt was elected to the Board in April 2019. From 2015 to present, Ms. Zumwalt has held increasingly more senior executive roles at Coril Holdings Ltd., a privately-owned company based in Calgary which holds subsidiaries operating in a diverse group of industries, including railway maintenance and services, real estate ownership and advisory services, and personal health and wellness services. From 2015 to 2019, Ms. Zumwalt served as CFO and then in 2020 was appointed as President & CFO. Effective January 1, 2021, she was appointed as President and Chief Executive Officer. Prior thereto, Ms. Zumwalt held a variety of senior financial and energy marketing roles at Nexen Energy ULC, including Vice President, Energy Marketing from 2013 to 2015, Vice President, North American Crude Oil Marketing from 2010 to 2013, Vice President, North American Natural Gas & Power from 2009 to 2010, and Vice President, Finance-Marketing from 2004 to 2009. Deanna is a Chartered Professional Accountant, Chartered Accountant and holds an Institute of Corporate Directors, Director designation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the directors or executive officers is, or has been in the last ten years, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued while the director was acting in that capacity; or (ii) was subject to such an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in such a capacity.

None of the directors or executive officers is, or has been in the last ten years, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mr. Brad Munro.

Brad Munro

Mr. Munro was a director of ATK Oilfield Transportation Inc. ("**ATK**"), a private oilfield services company, until April 1, 2016. ATK was placed into receivership following an application by its creditors on April 1, 2016.

Mr. Munro was formerly a director of Zedcor Energy Inc. (formerly Canadian Equipment Rentals Corp. which acquired Winalta Inc. of which he was a director). Winalta Inc. and each of its subsidiaries (collectively, "**Winalta**"), obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) (the "**CCAA**") pursuant to an order granted on April 26, 2010 by the Court of Queen's Bench of Alberta. Deloitte & Touche Inc. was appointed as Winalta's monitor. The CCAA filing follows the receipt on March 31, 2010 by Winalta of demands for payment and Notices of Intention to Enforce Security from Winalta's principal lender, HSBC Bank of Canada.

On October 22, 2010, Winalta received court and creditor approval of a plan of arrangement (the "**Plan**") pursuant to the CCAA under which Winalta amalgamated with certain of its subsidiaries and, effective October 29, 2010, emerged from CCAA protection to begin focused operations on its oilfield services business.

The board of directors maintained its usual role during the period while Winalta was under CCAA protection and, together with management, was primarily responsible for formulating the Plan for restructuring Winalta's affairs.

Conflicts of Interest

There are no known existing or potential material conflicts of interest between the Corporation (including its subsidiaries) and any director or officer of the Corporation. Certain of the directors and officers also serve as directors and/or officers of other public and private companies that may be involved in the oil and natural gas industry, and therefore it is possible that a conflict may arise between their duties as directors or officers of the Corporation and their duties as directors and/or officers of such other companies. The Corporation and the directors attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such items of which they are conflicted. In appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which directors, or management, may have a conflict. In accordance with the *Business Corporations Act* (Alberta), the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Corporation, the degree of risk to which the Corporation may be exposed and our financial position at that time. Other than as indicated, the Corporation has no other procedures or mechanisms to deal with conflicts of interest.

LEGAL PROCEEDINGS

On December 21, 2007, Tervita Corporation ("**Tervita**") filed a statement of claim (the "**Tervita claim**") in the Court of Queen's Bench of Alberta, (the "**Court**") against the Corporation and certain of the Corporation's employees who were previously employed by Tervita (collectively, the "**SECURE Defendants**") alleging the SECURE Defendants breached their employment contracts with Tervita and engaged in other unlawful conduct. A Statement of Defence was filed by the SECURE Defendants on November 10, 2008 denying all of the allegations made against them. The Corporation also filed a counterclaim against Tervita, alleging that Tervita engaged in conduct constituting a breach of the Competition Act (Canada), unlawful interference with the economic relations of the Corporation and conspiracy (the "**counterclaim**"). This counterclaim includes damages related to the delay of building facilities as a result of the actions of Tervita.

After nearly 12 years of litigation, on December 10, 2019, the Tervita claim and counterclaim were amended to $250.0 million and $83.0 million, respectively. These claims are scheduled to proceed to trial in 2022.

The matters raised in the claim 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.

The Corporation is a defendant and plaintiff in legal and regulatory 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 our consolidated financial position. Also see "*Risk Factors – Legal Proceedings*".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of SECURE, no: (i) director or executive officer of the Corporation; (ii) person that is the beneficial owner of, or who exercises direct or indirect control or direction over, more than ten percent of the outstanding Common Shares; or (iii) any associate or affiliate of any person referred to in (i) or (ii) above has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect SECURE, other than as disclosed elsewhere in this AIF.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is KPMG LLP, 3100, 205-5th Ave. S.W., Calgary, Alberta T2P 4B9. KPMG LLP was first appointed as the Corporation's auditor on May 8, 2015.

The registrar and transfer agent of the Corporation is Odyssey Trust Company ("**Odyssey**") and a register of Shareholders is maintained by Odyssey at its principal office in Calgary, Alberta.

AUDIT COMMITTEE INFORMATION

The mandate of the Audit Committee is set forth in '*Appendix A - Mandate of the Audit Committee*' attached hereto.

Composition of the Audit Committee

The following table sets forth the name of each of the current members of the Audit Committee, whether such member is "independent" and "financially literate" as those terms are defined by National Instrument 52-110 *Audit Committees* and the relevant education of each such member.

Name	Independent	Financially Literate	Relevant Education and Experience
Kevin L. Nugent[(1)]	Yes	Yes	Mr. Nugent is an Independent Businessman. Mr. Nugent is a Chartered Professional Accountant, Chartered Accountant with more than 30 years of experience in the oil and natural gas industry. Mr. Nugent has held various senior positions requiring regular review of financial statements and has served as an audit committee Chair for a number of publicly traded companies.
Brad R. Munro	Yes	Yes	Mr. Munro is the President and Chief Executive Officer of Bittercreek Capital Corporation, a private investment and advisory firm. Mr. Munro holds a Bachelor of Commerce degree from the University of Saskatchewan and has extensive experience in corporate finance and investment in the oil and natural gas and other industries. Mr. Munro has held various senior positions requiring regular review of financial statements and has served as an audit committee member, including as Chairman, for a number of publicly traded companies.
Marion Burnyeat	Yes	Yes	From January 2013 to March 2017, Ms. Burnyeat held the role of Vice President of Field Services at Westcoast Energy Inc., a 100% owned subsidiary of Spectra Energy Corp focused on gas processing transmission and distribution in Canada. Prior thereto, she held various other senior positions with Westcoast Energy Inc., including leading midstream business units, strategic development, stakeholder relations and business development. Following her retirement from Westcoast Energy Inc., Ms. Burnyeat consulted on mergers and acquisitions with Inter Pipeline Ltd. from March 2018 to June 2018. She holds a Bachelor of Commerce degree from the University of Alberta, a Master of Business Administration from Edinburgh University, and an Institute of Corporate Directors, Director designation.

Name	Independent	Financially Literate	Relevant Education and Experience
Deanna Zumwalt	Yes	Yes	Since 2015, Ms. Zumwalt has been the Chief Financial Officer of Coril Holdings Ltd., a privately-owned company based in Calgary which holds subsidiaries operating in a diverse group of industries. In 2020, Ms. Zumwalt was appointed President and Chief Executive Officer. In her role, Ms. Zumwalt is responsible for managing the company's portfolio of investments, strategic planning, financial reporting, treasury and corporate finance, tax planning, risk management, IT and innovation, internal audit and accounting. Prior to this, Ms. Zumwalt held a variety of senior financial and energy marketing roles of increasing responsibility spanning over a decade at Nexen Energy ULC, ultimately serving as Vice President, Energy Marketing. In this role, Ms. Zumwalt led a commercial team responsible for marketing over a million barrels of oil equivalent per day, including both proprietary and third-party crude oil, natural gas, liquid natural gas and electrical power. Ms. Zumwalt is a Chartered Professional Accountant, Chartered Accountant and holds an Institute of Corporate Directors, Director designation.

Note:

1. Chair of the Audit Committee.

Pre-Approval Policies and Procedures

To safeguard the continued independence of the Corporation's external auditors, all services (including non-audit services) to be rendered by the Corporation's external auditors and any of their related entities to the Corporation or any subsidiary of the Corporation, and all related terms of engagement, must be the subject of pre-approval by the Audit Committee.

External Auditor Service Fees

The following table sets forth the aggregate fees billed by KPMG LLP for the 2020 and 2019 fiscal years.

	2020	2019
Audit fees (1)	$355,000	$315,000
Tax fees (2):		
U.S. tax compliance and advisory	$14,897-	$11,500
Canadian tax compliance	$2,485	$14,960
All Other Fees	-	-
Total	$372,382	$341,460

(1) Aggregate fees billed by SECURE's external auditor for audit services. There were no other fees incurred by the Corporation in 2020 or 2019 for assurance and related services that are related to the performance of the audit or review of SECURE's financial statements and are not reported under "Audit fees".

(2) Consists of fees incurred for consultations on cross-border and domestic tax issues and for tax compliance.

MATERIAL CONTRACTS

The only material contract entered into by the Corporation during the most recently completed financial year, or before the most recently completed financial year that was still in effect, other than during the ordinary course of business, is as follows:

The Credit Facilities

During 2017, the Corporation entered into two credit facilities: the $470 million First Lien Facility led by ATB Financial with a syndicate of ten financial institutions and Canadian Chartered banks and the $130 million Second Lien facility led by National Bank with a syndicate of three financial institutions and Canadian Chartered Banks.
On April 29, 2019, SECURE closed an amendment to the First Lien Facility increasing the overall size of the facility to $600 million, comprised of a four-year $565 million revolving credit facility and a $35 million revolving operating facility with a new maturity date of June 30, 2023. The First Lien Facility also includes an accordion feature, which, if exercised and approved by the Corporation's lenders, would increase the size of the facility by $100 million. The First Lien Facility is secured by a $1 billion floating charge debenture and negative pledge from the Corporation creating a security interest over all of the Corporation's present and after acquired personal property and floating charge over all of our present and after acquired real property.

The First Lien Facility is subject to customary terms, conditions and covenants, including the following financial covenants:

- the senior debt to EBITDA ratio is not to exceed 3.5 to 1.0;
- the total debt to EBITDA ratio is not to exceed 5.0 to 1.0; and
- the EBITDA to financing charges ratio is not less than 2.5 to 1.0.

Senior Debt is defined in the lending agreement to include amounts drawn under the First Lien Facility and finance leases entered into by the Corporation as defined by International Accounting Standard 17 *Leases*, less cash balances in excess of $5 million. Total Debt includes Senior Debt plus amounts drawn under the Corporation's Second Lien Facility. Should the Corporation issue any unsecured notes in the future, Total Debt would also include the principal amount of the notes.

EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis. Financing Charges are defined to include interest expense on Total Debt.

The Corporation also covenants the following:

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

Amounts borrowed under the First Lien Facility will bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the banker acceptance rate plus 1.45% to 3.00%, depending, in each case, on the ratio of senior funded debt to EBITDA.

The First Lien Facility is used for working capital purposes, capital expenditures, acquisitions, and general corporate purposes.

The Second Lien Facility is a four year plus one month $130 million term credit facility with a maturity date that was extended in the third quarter of 2020 to July 31, 2022. The Second Lien Facility is subject to customary terms, conditions, and covenants, including financial covenants consistent with the First Lien Facility. It is secured by substantially all of the Corporation's assets but is subordinate to the First Lien Facility. Interest on the Second Lien Facility has been fixed at 5.5% through the use of interest rate swaps. The Second Lien Facility provides the Corporation with reduced near-term liquidity risk and increase financial flexibility.

INTERESTS OF EXPERTS

KPMG LLP has prepared the auditor's report for the Corporation's annual consolidated financial statements. KPMG LLP is independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Information as to the remuneration of directors and officers of the Corporation, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in SECURE's information circular, dated March 6, 2020, and additional financial information in respect of the Corporation is provided in SECURE's most recent annual financial statements and management's discussion and analysis.

SECURE ENERGY

MANDATE OF THE AUDIT COMMITTEE

Objectives

The Audit Committee has been formed by the board of directors (the "Board") of SECURE Energy Services Inc. (together with its subsidiaries, the "Corporation") to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- monitor the integrity of the Corporation's financial reporting process and systems of internal controls regarding finance, accounting and securities laws compliance;
- assist Board oversight of: (i) the integrity of the Corporation's financial statements; and (ii) the Corporation's compliance with securities laws and regulatory requirements;
- oversee audits of the Corporation's financial statements;
- monitor the independence, qualification and performance of the Corporation's external auditors; and
- provide an avenue of communication among the external auditors, management and the Board.

The Audit Committee will, at least annually, review and modify this mandate with regards to, and to reflect changes in, the business environment, industry standards on matters of corporate governance, additional standards which the Audit Committee believes may be applicable to the Corporation's business, the location of the Corporation's business and its shareholders and the application of laws and policies.

Oversight Function

The Audit Committee's role is one of oversight. The Audit Committee is responsible for assisting the Board with overseeing the integrity of the Corporation's financial statements and for maintaining systems of internal controls to ensure the Corporation's internal and external auditors, management and the Board are informed on a timely basis of material developments and the Corporation complies with all securities laws and regulatory requirements, including the Corporation's public disclosure obligations. The external auditors are responsible for auditing the Corporation's financial statements.

In carrying out its oversight responsibilities under this mandate, the Audit Committee and each of its members is entitled to, absent knowledge to the contrary, rely upon the accuracy and completeness of the opinions, reports and statements prepared by the Corporation's internal and external auditors, consultants and other advisors. The Audit Committee and its members do not provide any professional certification or special assurance as to the accuracy of the Corporation's financial statements or the opinions, reports and statements prepared by the Corporation's external auditors.

In discharging its duties under this mandate, the Audit Committee shall have the authority to communicate directly with the Corporation's internal and external auditors.

SECURE ENERGY

Composition

Subject to such exemptions as may be available to the Corporation under securities laws, Audit Committee members must meet the requirements of applicable corporate and securities laws and of the stock exchanges on which the securities of the Corporation trade. The Audit Committee will be comprised of three or more directors as determined by the Board. Each member of the Audit Committee shall be "independent" and "financially literate", as those terms are defined in National Instrument 52-110 *Audit Committees* ("NI 52-110") of the Canadian Securities Administrators (as set out in Schedule "A" hereto), and as "financially literate" is interpreted by the Board in its business judgment. In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements and at least one member shall have "accounting or related financial management expertise", meaning the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles recognized by the Chartered Professional Accountants of Canada from time to time and applicable to publicly accountable enterprises ("GAAP"). In accordance with section 115(2) of the *Business Corporations Act* (Alberta), at least 25 percent of the members of the Audit Committee shall be Canadian residents. The Audit Committee shall have, at a minimum, one member with experience being a certified public accountant, Chief Financial Officer or corporate controller of similar experience, or demonstrably meaningful experience overseeing such functions as a senior executive officer.

Appointment

Audit Committee members shall be appointed annually by the Board, provided that any member may be removed or replaced as a member of the Audit Committee at any time by the Board, and shall, in any event, cease to be a member of the Audit Committee upon ceasing to be a member of the Board. The Board may fill any vacancy in the membership of the Audit Committee at any time. The Chair of the Audit Committee shall be appointed annually by the Board. An individual who previously served as Chief Executive Officer ("CEO") of the Corporation must observe a five-year waiting period before holding a position on the Audit Committee. An individual who previously served as Chief Financial Officer of the Corporation must observe a three-year waiting period before holding a position on the Audit Committee.

Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board first determines that such simultaneous service will not impair the ability of the relevant members to effectively serve on the Audit Committee, and required public disclosure is made.

Meetings and Minutes

The Audit Committee shall meet at least quarterly, or more frequently if determined necessary to carry out its responsibilities.

A meeting may be called by the Chair of the Audit Committee, the CEO of the Corporation, any member of the Audit Committee or the external auditors. A notice of time and place of every meeting of the Audit Committee shall be given in writing to each member of the Audit Committee and the external auditors at least 24 hours prior to the time fixed for such meeting unless waived by all members entitled to attend. Attendance of a member of the Audit Committee at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

A quorum for meetings of the Audit Committee shall require a majority of its members present in person, by telephone, by video conference or by combination of any of the foregoing. If the Chair is not present at any meeting of the Audit Committee, one of the other members of the Audit Committee present at the meeting will be chosen to preside by a majority of the members of the Audit Committee present at that meeting.

Each of the CEO and the Chief Financial Officer shall be available to advise the Audit Committee, shall receive notice of meetings and may attend meetings of the Audit Committee at the invitation of the Chair on a non-voting basis. The Corporation's external auditors shall be invited to attend all meetings of the Audit Committee on a non-voting basis. Other management representatives shall be invited to attend as necessary on a non-voting basis. Notwithstanding the foregoing, the Chair shall hold in camera sessions, without management present, at every meeting of the Audit Committee.

Decisions of the Audit Committee shall be determined by a majority of the votes cast.

The Audit Committee shall appoint a member of the Audit Committee, an officer of the Corporation or legal counsel to act as secretary at each meeting for the purpose of recording the minutes of each meeting. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the secretary of the meeting.

The Audit Committee shall make available to the Board, all members of the Audit Committee and the external auditors a summary of all meetings and a copy of the minutes from such meetings, in such form as approved by the Audit Committee. The Audit Committee shall, after each meeting, report to the Board the results of its activities and reviews undertaken and make recommendations to the Board as deemed appropriate. All information reviewed and discussed by the Audit Committee at any meeting shall be referred to in the minutes and made available for examination by the Board upon request to the Chair.

Scope, Duties and Responsibilities

Mandatory Duties

Oversight in Respect of Financial Disclosure and Accounting Practices

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Review the Corporation's audit plan with the external auditors and management, including plans, scope, staffing, engagement terms and proposed fees.

2. Prior to filing or public distribution, review, discuss with management and the external auditors and recommend to the Board for approval, the Corporation's audited annual financial statements, annual profit or loss press releases, interim financial statements, interim profit or loss press releases, annual information forms, management's discussion and analysis, financial statements required by regulatory authorities, financial information and any profit or loss guidance proposed to be provided to analysts and rating agencies, all audited and unaudited financial statements included or incorporated by reference in prospectuses or other offering documents and all documents which may be included or incorporated by reference into a prospectus which contain financial information within the Audit Committee's mandate, including without limitation, the portions of the management proxy circular for any annual or special meeting of shareholders containing significant financial information within the Audit Committee's mandate. This review should include discussions with management, and the external auditors of significant issues regarding accounting principles, practices and judgments.

3. Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in paragraph 2 above and periodically assess the adequacy of those procedures.

4. Be responsible for reviewing the disclosure contained in the Corporation's annual information form as required by Form 52-110F1 *Audit Committee Information Required in an AIF*, attached to NI 52-110. If proxies are solicited for the election of directors of the Corporation, the Audit Committee shall be responsible for ensuring that the Corporation's information circular includes a cross-reference to the sections in the Corporation's annual information form that contains the information required by Form 52-110F1.

5. Ensure the preparation and filing of each annual certificate in Form 52-109F1 and each interim certificate in Form 52-109F2 to be signed by each of the CEO and Chief Financial Officer of the Corporation in accordance with the requirements set forth under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, as amended from time to time ("NI 52-109").

6. Oversee the establishment of a procedure to ensure the accuracy of the matters certified by the Corporation's certifying officers as required under NI 52-109 and make reasonable inquiries to ensure that interim and annual filings are true and accurate in all material respects, do not omit to state a material fact or contain any misrepresentations and ensure that all necessary information as required under NI 52-109 is disclosed in the Corporation's interim and annual filings.

7. In consultation with management, and the external auditors, consider the integrity of the Corporation's financial reporting processes and controls and the performance of the Corporation's internal financial accounting staff; discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures; and review significant findings prepared by the external auditors together with management's responses.

8. Meet separately with each of management, and the external auditors to discuss difficulties or concerns, specifically: (i) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management; and (ii) any changes required in the planned scope of the audit, and report to the Board on such meetings. These separate meetings may take place as frequently as necessary, provided that the Audit Committee shall meet independently with each of management and the external auditors at least quarterly.

9. Discuss with management and the external auditors any proposed changes in major accounting policies, standards or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting.

10. Discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses.

11. Review with management and the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues.

12. Review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management.

13. Confirm through discussions with management and the external auditors that GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.

14. Conduct an annual performance evaluation of the Audit Committee's performance of its duties under this mandate and present the results to the Board.

Oversight in Respect of Risk Management

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Identify and monitor the principal risks that could affect the financial reporting of the Corporation and periodically discuss with management the steps that management has taken to monitor and control such risks.

2. Monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.

3. Provide an avenue of communication among the external auditors, management and the Board.

4. Review and oversee compliance with the Corporation's Commercial and Transportation Risk Policy. The Audit Committee shall have the authority to approve, from time to time, amendments to the Commercial and Transportation Risk Policy and, in accordance with the terms of the Commercial and Transportation Risk Policy, actions of the Corporation to manage energy marketing risks, provided that such approvals shall lapse if not ratified by the Board at the next meeting thereof.

Oversight in Respect of Internal Controls

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

5. Establish procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

6. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

7. The Audit Committee will be responsible for ensuring that management regularly evaluates the effectiveness of the Corporation's disclosure controls and procedures and causes the Corporation to disclose its conclusions about the effectiveness of the disclosure controls and procedures in accordance with all applicable legal and regulatory requirements. The terms "annual filings," "interim filings," "disclosure controls and procedures" and "internal control over financial reporting" shall have the meanings set forth under NI 52-109.

8. Monitor the quality and integrity of the Corporation's system of internal controls, disclosure controls and management information systems through discussions with management and the external auditors.

9. Be responsible for monitoring any changes in the Corporation's internal controls over financial reporting and for ensuring that any change that occurred during the Corporation's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting is disclosed in the Corporation's most recent annual or interim management's discussion and analysis.

10. Oversee investigations of alleged fraud and illegality relating to the Corporation's finances and any resulting actions.

11. Review and discuss with the CEO and Chief Financial Officer the procedures undertaken in connection with the CEO and Chief Financial Officer certifications for the annual and/or interim filings with applicable securities regulatory authorities.

12. Review disclosures made by the CEO and Chief Financial Officer to the Corporation during their certification process for annual and/or interim financial statements with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees of the Corporation who have a significant role in the Corporation's internal controls.

13. Review or satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted from the Corporation's financial statements and periodically assess the adequacy of those procedures.

Oversight in Respect of External Auditors

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Advise the external auditors of their accountability to the Audit Committee and the Board as representatives of the shareholders of the Corporation to whom the external auditors are ultimately responsible. The external auditors shall report directly to the Audit Committee. The Audit Committee is directly responsible for overseeing the work of the external auditors, shall review at least annually the independence, qualifications and performance of the external auditors and shall annually recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant.

2. Require the use of enhanced auditor reporting standards whereby auditors must clearly communicate key audit matters in their reports. Key audit matters are those matters which, in the auditors' professional judgment, were of the most significance in the audit of the Corporation's financial statements.

3. Approve the fees and other compensation to be paid to the external auditors.

4. Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditors and all related terms of engagement.

5. On an annual basis, review and discuss with the external auditors all significant relationships they have with the Corporation that could impair the auditors' independence and obtain a report describing all relationships between the external auditors and the Corporation.

6. Review the external auditors' audit plan and discuss scope, staffing, locations, and reliance upon management and general audit approach.

7. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

8. Be responsible for the resolution of disagreements between management and the external auditors.

9. Ensure that the external auditors are participants in good standing with the Canadian Public Accountability Board ("CPAB") in accordance with National Instrument 52-108 Auditor Oversight and participate in the oversight programs established by the CPAB from time to time and that the external auditors have complied with any restrictions or sanctions imposed by the CPAB as of the date of the applicable auditor's report relating to the Corporation's annual audited financial statements.

10. Annually review the performance of the external auditors to determine whether the Corporation should adopt or maintain a policy of rotating its external auditors.

11. When there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditor and documentation required pursuant to National Instrument 51-102 Continuous Disclosure Obligations (or any successor instrument) of the Canadian Securities Administrators and the planned steps for an orderly transition period.

12. Review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

Oversight in Respect of Other Items

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Review the Corporation's major financings and related offering documents.

2. Review the Corporation's credit ratings and monitor the Corporation's activities relating to credit rating agencies, if applicable.

3. Review the Corporation's credit facilities and monitor compliance by the Corporation with its financial covenants.

4. Review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.

5. Receive and review complaints under the Corporation's Whistleblower Policy. At its discretion, the Audit Committee may refer complaints received under the Whistleblower Policy to the other standing committees of the Board, provided that such complaints relate to matters over which the other standing committees have oversight responsibilities.

6. Enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Audit Committee by any member of the Board, a shareholder of the Company, the external auditors or management.

7. Review, approve or make recommendations to the Board in respect of corporate social responsibility (CSR) and environmental, social and governance (ESG) factors in the Corporation's reporting and public disclosure, including the Corporation's annual sustainability report, that are relevant to the Audit Committee's mandate or described in the Audit Committee's annual work plan.

8. Review and reassess the adequacy of the Audit Committee's mandate at least annually, and submit the mandate to the Board for approval.

9. Review the summary of all approvals by the Audit Committee of the provision of audit, audit-related, tax and other services by the external auditors for the inclusion in the Corporation's annual information form.

10. On at least an annual basis, review, with the Corporation's counsel, any legal matters or other events, including tax assessments, that could have a material current or future impact on the Corporation's financial statements, the disclosure of such material legal matters or events in the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

11. Review all material related party transactions and ensure that the nature and extent of such transactions is properly disclosed.

12. Oversee and advise management with respect to the Corporation's cyber security risks and review and make recommendations to the Board in respect of any disclosure about cyber security risks to be included in the Corporation's reporting and public disclosure documents.

13. Perform any other activities consistent with this mandate, the Corporation's by-laws, and other governing law as the Audit Committee or the Board deems necessary or appropriate.

14. Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.

Communication, Authority to Engage Advisors and Expenses

The Audit Committee shall have direct access to such officers and employees of the Corporation, to the Corporation's external auditors and to any other consultants or advisors, as well as to such information respecting the Corporation, including the books and records of the Corporation and its subsidiaries, it considers necessary to perform its duties and responsibilities. The Audit Committee shall also request such information from the Board in regard to the accounts of the Corporation as the Audit Committee or the Board may consider necessary or appropriate to carry out its duties and responsibilities.

Any employee may bring before the Audit Committee, on a confidential basis, any concerns relating to the matters over which the Audit Committee has oversight responsibilities, including those regarding questionable accounting or auditing matters.

The Audit Committee has the authority to engage the external auditors, independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any auditors, counsel and other advisors, such engagement to be at the Corporation's expense. The Corporation shall be responsible for all other expenses of the Audit Committee that are deemed necessary or appropriate by the Audit Committee in order to carry out its duties.

Each year, the Audit Committee shall be responsible for preparing and delivering to the Board for approval an annual work plan setting out the scope of the Audit Committee's responsibilities and the topics to be addressed at meetings of the Audit Committee.

Adopted by the Board of the Corporation on December 9, 2009. Last reviewed and/or amended February 24, 2021.

SECURE ENERGY

SCHEDULE "A" EXCERPT FROM NATIONAL INSTRUMENT 52-110

STANDARD OF "INDEPENDENCE"

1. An audit committee member is independent if he or she has no direct or indirect material relationship with the Corporation.

2. For the purposes of paragraph 1, a "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.

3. Despite paragraph 2, the following individuals are considered to have a material relationship with the Corporation:

   (a) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;

   (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;

   (c) an individual who:

      (i) is a partner of a firm that is the Corporation's external auditor,

      (ii) is an employee of that firm, or

      (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit within that time;

   (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

      (i) is a partner of a firm that is the Corporation's external auditor,

      (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

      (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit within that time;

   (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee; and

   (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

4. Despite paragraph 3, an individual will not be considered to have a material relationship with the Corporation solely because (a) he or she had a relationship identified in paragraph 3 if that relationship ended before March 30, 2004; or (b) he or she had a relationship identified in paragraph 3 by virtue of paragraph 8 if that relationship ended before June 30, 2005.

5. For the purposes of paragraphs 3(c) and 3(d), a partner does not include a fixed income partner whose interest in the firm that is the external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

6. For the purposes of paragraph 3(f), direct compensation does not include

   (a) remuneration for acting as a member of the Board or any Board committee of the Corporation, and

   (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

7. Despite paragraph 3, an individual will not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member

   (a) has previously acted as an interim chief executive officer of the Corporation, or

   (b) acts, or has previously acted, as a chair or vice-chair of the Board or of any Board committee of the Corporation on a part-time basis.

8. For the purposes of paragraphs 1 through 7, the Corporation includes a subsidiary entity of the Corporation and a parent of the Corporation.

9. Despite any determination made under paragraphs 1 through 8, an individual who

   (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or

   (b) is an affiliated entity of the Corporation or any of its subsidiary entities, is considered to have a material relationship with the Corporation.

10. For the purposes of paragraph 9, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

   (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.

11. For the purposes of paragraph 9, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

Standard of "Financial Literacy"

An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.