SECURE energy services

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Three Months ended March 31, 2010, and 2009

This management's discussion and analysis ("**MD&A**") has been prepared by management and reviewed and approved by the Board of Directors of Secure Energy Services Inc. ("**Secure**" or the "**Corporation**"). The discussion and analysis is a review of the financial results of the Corporation based upon accounting principles generally accepted in Canada ("GAAP"). Its focus is primarily a comparison of the financial performance for the three months ended March 31, 2010 and 2009 and should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2009, and are accessible on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com . The Corporation's management is responsible for the information disclosed in this MD&A and the accompanying unaudited interim consolidated financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Corporation's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Corporation. The MD&A has been prepared as of May 11, 2010.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this MD&A. In particular, this MD&A contains forward-looking statements pertaining to: general market conditions, the oil and natural gas industry, commodity prices for oil and natural gas, debt service, future capital needs, access to capital, acquisition strategy and income tax considerations.

Forward-looking information concerning expected operating and economic conditions are based upon prior year results as well as assumptions that increases in market activity and growth will be consistent with industry activity and growth levels in similar phases of previous economic cycles. Forward-looking information concerning the availability of funding for future operations is based upon assumptions that sources of funding which 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 information concerning the relative future competitive position of the Corporation is based upon 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 matters, the ability of the Corporation to successfully market its services and drilling and production activity in the Western Canadian Sedimentary Basin, will lead to sufficient demand for the Corporation's services, that the current business environment will remain substantially unchanged, and that, present and anticipated programs and expansion plans of other organizations operating in the energy service industry will result in increased demand for the Corporation's services. Forward-looking information 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 information 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 cost will not significantly increase from past acquisition and maintenance costs.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to herein under "Risk Factors" and under the heading "Risk Factors" in the Corporation's AIF for the year ended December 31, 2009.

Although forward-looking statements contained in this MD&A 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.

OVERVIEW

Secure is incorporated under the Business Corporations Act (Alberta) and is primarily engaged in clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing and landfill disposal. The Corporation's broad service offerings ensure that its customers have a complete solution for their oil terminalling, processing and disposal requirements. All facilities are complementary to one another and create synergies for the Corporation and its customers.

Secure commenced operations in October of 2007 and since then have expanded operations dramatically. As at March 31, 2010, the Corporation operated the following facilities:

- South Grande Prairie Landfill –commissioned in October 2007;
- Emerson (Stand-alone Water Disposal ("**SWD**") facility –commissioned in April 2008;
- La Glace (Full Service Terminal ("**FST**") –commissioned in August 2008;
- South Grande Prairie (SWD) facility –commissioned in August 2008;
- Kotcho (SWD) facility –acquired in October 2008;
- Nose Hill (SWD) facility –commissioned in November 2008;
- Willesden Green Landfill –commissioned in November 2008;
- Obed (SWD) facility –commissioned in May 2009; and
- Fox Creek (FST) –commissioned in July 2009

The Kotcho SWD facility is located in British Columbia; all other facilities are located in Alberta.+

On March 30, 2010, the Corporation completed its initial public offering ("**IPO**") of common shares ("**Common Shares**"), which are now listed and posted for trading under the symbol "SES" on the Toronto Stock Exchange. The Company's prospectus is available on SEDAR (www.sedar.com). For a complete description of the Secure's business assets and operations, please refer to the headings "Secure Energy Services Inc.", "Description of Business" and "Industry Overview" in the Corporation's annual information form ("**AIF**") for the year ended December 31, 2009.

SELECTED FINANCIAL HIGHLIGHTS

Three Months Ended March 31,	2010	2009	% Change
($000's except share and per share data)			
(unaudited)			
Revenue	12,201	6,369	92
Operating margin (1)	7,634	4,133	85
Operating margin percentage	63%	65%	(3)
EBITDA (1)	6,428	3,051	111
EBITDA (1) % of revenue	53%	48%	10
Per share ($), basic	0.15	0.08	88
Per share ($), diluted	0.15	0.07	114
Net income	1,439	511	182
Per share ($), basic	0.03	0.01	200
Per share ($), diluted	0.03	0.01	200
Funds from operations (1)	6,385	3,101	106
Per share ($), basic	0.15	0.08	88
Per share ($), diluted	0.14	0.08	75
Cash dividends per common share	nil	nil	-
Capital Expenditures	5,143	7,458	(31)
Total assets	151,344	91,687	65
Long term debt - including current portion	-	-	-
Total long term liabilities	3,382	2,903	16
Common Shares - end of period	60,814,648	39,962,075	52
Weighted average common shares			
basic	43,341,202	39,962,075	8
diluted	44,242,584	40,839,554	8

(1) Refer to "Non GAAP measures" on page 4 for futher information

2010 FIRST QUARTER FINANCIAL SUMMARY

Secure produced record revenue for the first quarter 2010, an increase of 92% over the same period in 2009. The increase in revenue is a result of Secure continuing to expand its customer base, increase in utilization at the Corporation's facilities and the successful completion of both the Fox Creek FST and Obed SWD facilities in mid 2009. With the addition of the Fox Creek FST, Secure now offers two pipeline connected facilities in key market areas. As Secure expands into these key markets, several oil and natural gas producers conduct their own individual audits of the facilities to ensure Secure meets all required internal specifications for disposal of oilfield wastes. This process is conducted at landfills, FSTs and SWDs before the producer will begin delivery volume to the facility. Depending on the producer, this process can take several months, which results in lower activity levels during start up of the new facilities. The Corporation's Nose Hill SWD and Willesden Green landfill facilities had commenced operations late in the last quarter of 2008. As a result, in the first quarter of 2009 activity levels at these facilities were lower when compared to early 2010 where the facilities had a full year to complete audits and to establish a presence in the market place. Some key financial highlights for the three months ended March 31, 2010, are as follows:

- revenue of $12.2 million compared to $6.4 million in the same period of 2009;
- operating margin of $7.6 million in the first quarter of 2010 compared to $4.1 in the first quarter of 2009;

- net income of $1.4 million or $0.03 per share (basic) versus $0.5 million or $0.01 per share (basic) in the same period of 2009;
- funds from operations of $6.4 million or $0.15 per share (basic) compared to $3.1 million or $0.08 per share (basic) in the same period of 2009;
- capital expenditures of $5.1 million primarily related to purchasing assets that will be used in the construction of upcoming projects for 2010; and
- exited the quarter with working capital of $53.3 million and an undrawn credit facility of $28.0 million.

NON-GAAP MEASURES

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

Operating margin

Operating margin is used by management to evaluate the operating performance of its facilities, and is calculated as revenues less operating expenses. Management analyzes operating margin as a key indicator of operating efficiency and variable cost controlling.

Reconciliation of funds from operations and EBITDA

Funds from operations refers to cash flow from operations, excluding loss on disposal of property plant and equipment, before changes in non-cash working capital. Secure's management views cash flow from operating activities before changes in non-cash working capital balances, as a measure of liquidity, and believes that funds from operations is a metric used by many investors to assess the financial performance of the Corporation. Any use of cash from an increase in working capital in a particular period will be financed by existing cash or by the Credit Facility.

EBITDA is not a recognized measure under GAAP. Management believes that in addition to net income, EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed or how the results are taxed. EBITDA excludes depreciation, depletion and accretion, stock-based compensation, interest, and taxes.

	Three Months Ended, March 31		
	2010	**2009**	**% Change**
($000's) (unaudited)			
Net income	1,439	511	182
Add:			
Depreciation, depletion and accretion	3,713	2,201	69
Stock-based compensation	104	103	1
Financing fees	113	37	205
Future income tax expense	1,016	249	308
Funds from operations	6,385	3,101	106
Add: interest expense (income)	43	(50)	-
EBITDA	6,428	3,051	111

Expansion, growth, acquisition or sustaining capital

Expansion, growth or acquisition capital is capital expenditures with the intent to expand or restructure operations, enter into new locations or emerging markets, or complete a business acquisition.

Sustaining Capital refers to capital expenditures in respect of capital asset additions, replacements or improvements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion capital involves judgment by management.

RESULTS OF OPERATIONS – FOR THE THREE MONTHS ENDED MARCH 31, 2010 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2009

	Three Months Ended March 31,		
	2010	**2009**	**% Change**
($000's except per share data)			
(unaudited)			
Revenue	12,201	6,369	92
Expenses			
Operating	4,567	2,236	104
General and administrative	1,092	1,109	(2)
Stock-based compensation	104	103	1
Business development	114	10	1,040
Interest and financing	163	-	-
Depreciation, depletion and accretion	3,713	2,201	69
Other revenue			
Interest income	7	50	(86)
Income before income taxes	2,455	760	223
Income taxes			
Future income tax expense	1,016	249	308
Net income and comprehensive income	1,439	511	182
Earnings per share			
Basic	0.03	0.01	
Diluted	0.03	0.01	

Revenue

The Corporation's revenue has grown substantially from $6.4 million in the first quarter of 2009 to $12.2 million in the first quarter of 2010. Revenue rose by 92% due to the two new facilities added during the second half of 2009, our expanding customer base and increased demand for services at the Corporation's other seven facilities. The increased demand was primarily driven by the rise in drilling and production activities. The Corporation's disposal volumes for the quarter increased by 110% compared to the first quarter of 2009. Disposal volumes include produced and waste water disposal services through a network of Class IB Disposal Wells and disposal of oilfield solid wastes at the Corporation's landfills. One of the significant factors in increased volume was the completion of Obed SWD during 2009, which added to the Corporation's total disposal capacity.

Secure's processing, treating and terminalling volumes increased by 172% compared to the same period in 2009. The processing, treating and terminaling services are primarily performed at FST's. FST's are connected to oil pipelines through which Secure provides customers with an access point to treat or terminal their crude oil for preparation for shipment to market. Typically this crude 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. The increase in the Corporation's processing, treating and terminalling volumes is primarily a result of the Corporation's new Fox Creek FST, which was operational in July of 2009. In addition to the services described above, Secure also earns revenue from the sale of oil recovered through waste processing. During the quarter, total sales of recovered oil from waste increased by 186% compared to the same period in 2009. A major factor in the increase in recovered oil can also be attributed to the increase in the commodity price of crude oil from the first quarter of 2010 compared to the first quarter of 2009.

Operating Expenses

During the first quarter of 2010, operating expenses increased to $4.6 million from $2.2 million in the first quarter of 2009. The majority of the increase is a result of the addition of the Fox Creek FST and the Obed SWD facilities and the resulting increase in demand for the Corporation's services. Operating margin as a percentage of revenue for the quarter was 63% down slightly from 65% in same quarter of 2009. The change in operating margin may fluctuate from quarter to quarter as a result of changes in volume affected by seasonality, as new facilities come online and activity levels increase, as the Corporation's sales mix or type of services received varies and as commodity prices rise and fall.

General and Administrative

General and administrative expenses include salaries and benefits for office staff, professional fees, rent, utilities and communications in the Corporation's head office. General and administrative expenses for the first quarter of 2009 were consistent with the first quarter of 2010.

Stock-based Compensation

Stock-based compensation expense is the amortization of the fair value of stock options granted to employees, officers, directors and key consultants of the Corporation. The fair value of all options granted is estimated at the date of grant using the Black-Scholes option pricing model. The fair value of options granted prior to January 1, 2010 was estimated at the date of grant using the minimum value method in the Black-Scholes Option Pricing Model. Subsequent to December 31, 2009, the Corporation has incorporated a volatility factor of 52% in the Black-Scholes Option Pricing Model. Accordingly, future option grants will likely be at recorded at a higher amount, thereby increasing the Corporation's stock based compensation expense in future periods. The non-cash compensation expense for the three months ended March 31, 2010 increased by 1% as the number of stock options granted has remained relatively consistent. In connection with the IPO, the Corporation granted 1,771,025 stock options to employees, officers, and key consultants under the Corporation's stock option plan.

Business Development Expense

Business development expenses for the quarter increased to $0.1 million in 2010. In 2009, a significant portion of the Corporation's prospects were converted to capital projects and thus were no longer expensed. In addition, during 2009 the Corporation incurred fewer expenses on prospects for 2010 as the majority of its current prospects met the criteria to be converted to a capital project.

Interest and Financing

For the quarter ended March 31, 2010, interest and financing costs increased to $0.2 million over the prior year as the Corporation had $4.8 million drawn on its Credit Facility compared to nil in the same period of 2009. In December 2009, the Corporation entered into a secured credit facility consisting of a $35.0 million revolving term loan facility. The financing charges of $0.1 million associated with establishing the Credit Facility reduced the carrying amount of the loan and are charged to interest expense over the minimum term of the debt using the effective interest method, however with the repayment of all outstanding amounts under the credit facility in March 2010, the entire amount of financing charges were expensed in the first quarter of 2010.

Depreciation, Depletion and Accretion

Depreciation, depletion and accretion expense for the three months ended March 31, 2010 increased to $3.7 million from $2.2 million in the same quarter of 2009. The increase was primarily due to the expenses related to the addition of the Fox Creek FST and Obed SWD facilities during 2009 and higher volumes at the landfills, which are depleted on a unit of capacity basis.

Income Taxes

The Corporation follows the liability method of accounting for income taxes. During the first quarter of 2010, the Corporation has a future tax expense of $1.0 million as compared to a future income tax expense of $0.2 million in the first quarter of 2009. The main reason for the increase in future tax expense is a result of increase in net income before taxes of $2.5 million in the first quarter of 2010, compared to $0.8 million in the first quarter of 2009. The future income tax expense increase also includes the tax effect of rate changes on the Corporation's non-capital losses and timing differences. Secure does not have any current tax expense for the quarter ended March 31, 2010, as it has non-capital loss carry forwards of $16.4 million available for future use.

Significant Projects

Secure's 2010 capital expenditure program includes a number of significant projects that are expected to continue to expand the network of Secure's facilities. For a discussion of the Corporation's 2010 capital expenditure program, see "***Liquidity and Capital Resources***".

SUMMARY OF QUARTERLY RESULTS

Seasonality

Seasonality impacts Secure's operations. In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. As a result, the movement of the heavy equipment required for drilling and well servicing activities may be restricted, and the level of activity of the Corporation's customers may be consequently reduced and as such the level of oilfield waste processing and landfill disposal is therefore reduced accordingly. 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 Corporation's facilities. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's activity levels. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up.

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

($000s except share and per share data)	**2010**	2009				2008		
(unaudited)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**12,201**	7,520	4,954	3,534	6,369	3,844	1,663	814
Net income (loss)	**1,439**	(970)	(1,343)	(956)	511	(224)	(481)	(555)
Earnings (loss) per share - basic	**0.03**	(0.02)	(0.03)	(0.02)	0.01	(0.01)	(0.02)	(0.02)
Earnings (loss) per share - diluted	**0.03**	(0.02)	(0.03)	(0.02)	0.01	(0.01)	(0.02)	(0.02)
Weighted average shares - basic	**43,341,202**	41,624,234	41,620,292	40,074,801	39,962,075	31,954,775	28,080,275	25,714,317
Weighted average shares - diluted	**44,242,584**	42,600,342	42,568,727	40,995,562	40,839,554	32,798,930	28,907,369	26,403,220
EBITDA	**6,428**	2,761	1,444	740	3,051	1,063	(66)	(515)

Quarterly Review Summary

As described above, quarterly performance is affected by seasonal variation; however, with Secure's significant growth during 2008, 2009 and the first quarter of 2010, variations in quarterly results extend beyond seasonal factors. Each quarter was impacted depending on the date at which any one of the constructed FST, SWD or landfills commenced operations. See "Overview" for a description of the date on which each of Secure's facilities commenced operations. In addition to when the facility commenced operating activities, the quarters were also impacted by the length of time required for several oil and natural gas producers to conduct their own individual audits of the facilities to ensure Secure meets all required internal specifications for disposal of oilfield wastes. This process is conducted at all landfills, FSTs and SWDs before the producer will begin sending product. Depending on the producer, this process can take several months.

LIQUIDITY AND CAPITAL RESOURCES

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

Sources of Cash

	Three Months Ended March 31,		
	2010	2009	% Change
($000's) (unaudited)			
Sources:			
Funds from operations	6,385	3,101	106
Issue of common shares, net of issue costs	53,634	(40)	-
	60,019	3,061	

For the three months ended March 31, 2010, funds from operations increased by 106% to $6.4 million from $3.1 million for the three months ended March 31, 2009. The major contributing factors were the growth in operations, the addition of the Fox Creek FST and Obed SWD facilities, and the increase in the commodity price of crude oil.

On March 30, 2010, the Corporation completed the IPO, pursuant to which it issued 19.2 million Common Shares for net proceeds of $53.6 million to fund the development of the business and for capital expenditures. On April 16, 2010, the Corporation issued an

additional 2.9 million Common Shares for net proceeds of $8.1 million upon the exercise of an over-allotment option granted to the Agents in connection with the IPO.

Uses of Cash

	Three Months Ended March 31,		
	2010	2009	% Change
($000's) (unaudited)			
Uses:			
Expansion and Growth Capital expenditures	5,016	7,458	(33)
Sustaining Capital Expenditures	127	-	-
Revolving loan facility	4,900	-	-
Change in non-cash working capital	783	1,597	(51)
	10,826	9,055	20

Expansion and growth capital are capital expenditures with the intent to expand or restructure operations, enter into new locations or emerging markets, or complete a business acquisition. Secure's 2010 capital expenditure program contemplates constructing new facilities and the expansion of services at existing locations. Secure's planned Drayton Valley FST and Brazeau SWD facilities will be located in the centre of the Pembina oil field, one of the largest and most prolific oil fields in the Western Canadian Sedimentary Basin. This area presents an excellent opportunity for Secure in that it has both a long history of stable oil and natural gas production, and a significant amount of current drilling activity driven by the success of the application of modern horizontal drilling technology in that area.

Secure's planned Dawson Creek SWD Facility will be located in the centre of the Montney unconventional shale natural gas play where the development of horizontal drilling and multi-stage frac technology have made the production of natural gas economic despite relatively low natural gas prices. The expansion of services at existing locations is expected to include the addition of oilfield waste processing services at the South Grand Prairie, Alberta and Obed, Alberta SWD facilities.

For the three months ended March 31, 2010, the Corporation's expansion and growth capital expenditures decreased by 33% to $5.0 million from $7.5 million for the three months ended March 31, 2009. During the first quarter of 2009, Secure was in the later stages of constructing the Fox Creek FST and the Obed SWD, where as in the first quarter of 2010, Secure is in the early stages of purchasing assets that are expected to be used in the construction of upcoming projects for 2010 as described above. The assets purchased are primarily for the construction of the Dawson Creek SWD and Brazeau SWD. FST's have a higher capital cost than SWD's which contributed to the decline in capital spending in the first quarter of 2010 compared to the same period in 2009. As at March 31, 2010, all projects are in the preliminary stages of development, with the exception of Dawson Creek SWD which has incurred capital expenditures of $2.8 million relating to the well and initial groundwork of the facility infrastructure. Dawson Creek SWD is expected to be operational in early summer of 2010.

Sustaining capital or maintenance capital refers to capital expenditures in respect of capital asset additions, replacements or improvements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion and growth capital involves judgment by management. In the first quarter of 2010, sustaining capital was $0.1 compared to nil in the same period of 2009. Sustaining capital in the first two years of operation of a facility is expected to be minimal because each facility is constructed with new equipment or refurbished equipment, however as a facility matures the amount of sustaining capital required will increase.

In December 2009, the Corporation entered into a secured credit facility with a Canadian financial institution consisting of a $35.0 million committed revolving term facility (the “Credit Facility”). The Credit Facility has an extendible revolving period, followed by a one year non-revolving term period. The initial revolving period is renewable on May 31, 2011. If the Credit Facility is not renewed prior to May 31, 2011, then a non-revolving term period shall commence immediately thereafter and shall end one year later on May 31, 2012. During March 2010, the Corporation repaid the entire outstanding balance of its Credit Facility.

The Credit Facility is a multi-use facility and is intended to provide capital project financing, fund working capital requirements and for the issuance of letters of guarantee in support of financial security requirements. The Credit Facility has a $10,000,000 sublimit for the issue of letters of guarantee and bears interest at 1.50%, while issued. The aggregate dollar amount of the outstanding letters of guarantee is not categorized in the consolidated financial statements as long term debt; however, the issued letters of guarantee reduce the amount available under the Credit Facility. The Credit Facility provides that the Corporation may borrow, repay, reborrow and convert between types of borrowings at any time. The Credit Facility bears interest ranging from 1.5% to 2.5% above the prime rate depending on the applicable funded debt to EBITDA ratio, with any unused amounts subject to standby fees. Funded debt includes all outstanding debt, including capital leases, and any outstanding letters of guarantees. At the option of the Corporation, the Credit Facility may be utilized by way of guaranteed notes with interest calculated at the lenders base rate for such notes plus 3.0% to 4.0% based on the funded debt to EBITDA ratio. EBITDA as defined in the Credit Facility has the same meaning as ascribed in the Non GAAP measurement section of this MD&A. Under the terms and conditions of the Credit Facility, the Corporation is subject to certain covenants with respect to maintaining minimum financial ratios. As at March 31, 2010, the Corporation is in compliance with all its covenants.

At March 31, 2010, the Corporation had issued approximately $7.1 million in letters of guarantee to various environmental regulatory authorities in Alberta and British Columbia. The Energy Resource and Conservation Board (“ERCB”), is implementing amendments to the *Energy Statutes Amendment Act, 2009* (Alberta) with respect to the Oilfield Waste Liability (“OWL”) program. The OWL program is expected to replace the current fully funded liability management program for oilfield waste facilities with a facility specific asset to liability risk based assessment that is backed by the existing upstream oil and natural gas industry liability management program. During the quarter, approximately $1.2 million in letters of guarantee were refunded following amendments to the Alberta Energy Statutes Act. The amount of letters of guarantee issued will fluctuate based on the growth of the Corporation and future refunds under the OWL program.

As security for the Credit Facility, the Corporation granted lenders a security interest over all of its present and after acquired property. A $200.0 million debenture provides a first fixed charge over the Corporation’s real properties and a floating charge over all present and after acquired property not subjected to the fixed charge.

BUSINESS RISKS

The Corporation’s business is subject to certain risks and uncertainties including, without limitation: industry activity; the general stability of the economic and political environment; effect of market conditions on demand for the Corporation's products and services; access to capital markets; seasonality; the ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability to operate its business in a safe, efficient and effective manner; the performance and characteristics of various business services; third party credit risk; the CCS Action (as defined below); the effect of current plans; the timing and costs of capital expenditures; future oil and natural gas prices; interest rates; the regulatory framework regarding royalties, environmental regulation, and taxes. In addition, actual results could differ materially from those anticipated as a result of the risk factors set forth under the section entitled "Risk Factors" in the Corporation’s AIF dated March 31, 2010, which is available on SEDAR at www.sedar.com.

OUTSTANDING SHARE CAPITAL

As at May 11, 2010, there were 63,689,648 Common Shares issued and outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2010, the Corporation had no off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

The Corporation's contractual obligations as at March 31, 2010, were as follows:

		Payments due by period		
	Total	**1 year or less**	**1 - 3 years**	**4 - 5 years**
($000's) (unaudited)				
Capital leases	522	339	183	-
Operating leases	784	503	281	-
Total Commitments	1,306	842	464	-

All of the Corporation's contractual obligations range from less than one year to three years. The most significant are capital lease commitments totaling $0.5 million.

The Corporation also has commitments for estimated future costs for asset retirement obligations. The net present value of its total asset retirement obligations as at March 31, 2010 are approximately $3.2 million (December 31, 2009: approximately $3.1 million)

based on a total future liability as at March 31, 2010 of approximately $7.3 million (December 31, 2009: approximately $7.3 million). These costs are expected to be incurred over the next two to twenty-four years.

TRANSACTIONS WITH RELATED PARTIES

In March 2007, the Corporation entered into an interest bearing promissory note and pledge agreement with three of its shareholders, who are also employees of the Corporation. The notes bear interest at a rate of 5% per annum. The proceeds of the loan were used to purchase shares in the Corporation. As security for the loan, the shareholders have pledged a representative portion of their shares of the Corporation. The notes are repayable on demand and are due on March 23, 2012. As at March 31, 2010, the aggregate amount outstanding under the loans is $0.5 million.

In addition, during the quarter the Corporation incurred approximately $0.2 million of expenses ($0.2 million in 2009) with companies that have common directors, officers and shareholders. These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The nature of the expenses relate to service work on the Corporation's disposal wells and promotional items.

COMPLETED AND PROPOSED TRANSACTIONS

Pursuant to the long form prospectus dated March 23, 2010 and in connection with the initial public offering of 19,166,667 common shares, the Agents were granted an over-allotment option to purchase an additional 2,875,000 common shares at a price of $3.00 per common share. On April 16, 2010, the Agents exercised this over-allotment option, resulting in additional gross proceeds to the Corporation of $8.6 million. The closing of the exercise of the over-allotment option increased the aggregate gross proceeds of the initial public offering from $57.5 million to $66.1 million, and the common shares issued on the initial public offering from 19,166,667 to 22,041,667.

On May 3, 2010, the Corporation publicly announced the assets acquired under the purchase agreement (the "**Purchase Agreement**") with Pembina Area Landfill for $11.7 million. Under the terms of the Purchase Agreement, Secure purchased all of the assets associated with a Class I and Class II landfill in the Drayton Valley area of Alberta, Canada.

As of the date of this MD&A, there is no other proposed asset or business acquisitions or dispositions expected to have a material effect on the financial condition, results of operations or cash flows of Secure.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

All of the Corporation's financial instruments as at March 31, 2010 relate to standard working capital and Credit Facility items, with the exception of notes receivable. There are no significant differences between the carrying value of these financial instruments and their estimated fair values. There are no off-balance sheet arrangements and the Corporation does not use any financial instruments such as derivatives. Of the Corporation's financial instruments, only accounts receivable represent credit risk. The Corporation provides credit to its customers in the normal course of operations. The Corporation's credit risk policy includes performing credit evaluations of its customers. Substantially all of the Corporation's accounts receivable are due from companies in the oil and natural gas industry and are subject to normal industry credit risks. Management views the credit risk related to accounts receivable as minimal. Funds drawn under the Credit Facility bear interest at a floating interest rate. Therefore, to the extent that the Corporation borrows under this facility, the Corporation is at risk to rising interest rates.

CRITICAL ACCOUNTING POLICES AND ESTIMATES

Depreciation and depletion

Secure has significant estimates related to the depreciation policies for property, plant and equipment. Factors that are included in the estimates include, but are not limited to, the economic life of the asset and the salvage value of the asset at the end of its economic life. The Corporation makes an estimate based on the best information on these factors that it has at the time these estimates are performed. The Corporation also has significant estimates related to the depletion policy for landfill cells. Factors included in the estimation include the capacity of the cell when constructed, and the units of total capacity utilized in a period. Actual results could differ materially if any of these factors for estimating depreciation or depletion are different in the future than the current estimates.

Asset retirement obligation and accretion

Secure is required to provide for the cost of restoring its facility sites to an acceptable condition, as determined by regulatory authorities. The Corporation estimates the cost to remediate, reclaim and abandon the Corporation's facilities based upon current regulations, costs, technology, and industry standards. Accretion expense is the increase in the asset retirement obligation over time.

Stock-Based Compensation

The Corporation provides stock-based compensation to certain employees in the form of stock options. The fair value of stock options is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions related to the risk-free interest rate, average expected option life, estimated volatility of the Corporation's shares and anticipated dividends.

Income Taxes

The Corporation follows the liability method of accounting for income taxes, which evaluates the differences between the financial statement treatment and tax treatment of certain transactions, assets and liabilities. Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement amounts of existing assets and liabilities and their respective tax bases. Estimates of the Corporation's future taxable income have been considered in assessing the utilization of available tax losses.

NEW ACCOUNTING STANDARDS ADOPTED

Business combinations, Consolidated financial statements and Non-controlling interests

Effective January 1, 2010 the Corporation has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests. The new Business Combinations standard provides guidance as to what an acquirer must measure when it obtains control, the basis of valuation and the date at which the valuation should be determined. The majority of acquisition-related costs must be expensed in the periods they are incurred. Section 1582 will be applicable for acquisitions that are completed on or after November 1, 2011 although early adoption in 2010 is permitted to facilitate the transition to IFRS in 2011. The Corporation has elected to early adopt Handbook Section 1582. The Consolidated Financial Statements standard provides clarification for preparing consolidated financial statements after the acquisition date. The Non-controlling Interests standard provides guidance on the accounting and presentation of non-controlling interest. All of these new standards must all be adopted concurrently. The adoption of these new standards has not impacted the financial statements as currently presented, however accounting for future acquisitions maybe affected.

FUTURE ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("**AcSB**") published a new strategic plan that outlined the convergence of GAAP with International Financial Reporting Standards ("**IFRS**") over an expected five year transitional period. Over the past few years, the AcSB has adopted new GAAP standards that converge with that of IFRS in order to reduce the amount of differences upon transition. On February 13, 2008, the AcSB confirmed 2011 as the official changeover date from current GAAP to IFRS. The Corporation will transition to IFRS on January 1, 2011, which will require, for comparative purposes, the restatement of amounts reported on the Corporation's opening IFRS balance sheet as at January 1, 2010 and amounts reported by the Corporation for the year ended December 31, 2010.

During 2009, the Corporation commenced its IFRS Conversion Project (the "**Conversion Project**"). The Conversion Project consisted of three phases:

- impact assessment,
- analysis and development; and
- implementation.

The Corporation has currently completed the impact assessment which involved establishing a conversion timeline, project planning, assessment of IT systems and controls and identification of differences between current GAAP and IFRS. In identifying the GAAP differences, management focused on areas having the most significant financial statement impact based on the IFRS standards existing at the time of review. Analysis and development is also nearing completion and involves a detailed review and evaluation of the financial statement impact, review of possible options under specific IFRS polices, review of business processes and IT processes and initial staff training. Implementation is in the preliminary stages and involves drafting a template for a full IFRS set of financial statements, establishing new templates for business processes, approval of accounting policy choices and final staff training.

The Corporation's analysis and development review of internal controls over financial reporting and disclosure and business process controls will require some updating and testing when the Corporation converts to IFRS. It is anticipated that the adoption of IFRS will have minimal impact on information systems requirements.

In the second and third quarter of 2010, the Corporation will continue to assess and evaluate the financial reporting impacts of adopting IFRS in 2011. Management anticipates there will be a significant increase in disclosure resulting from the adoption of IFRS. The Corporation is identifying and assessing the impact of this additional disclosure, as well as implementing changes that will be necessary to compile the new disclosures requirements.

The following list illustrates the areas of accounting difference of highest potential impact to the Corporation on transition to IFRS. The quantitative impact on future financial position and results of operations is not fully determinable or estimable at this time.

Property, Plant and Equipment

The basic principles of accounting for property, plant and equipment under Canadian GAAP handbook section 3061 and International Accounting Standards (IAS 16) are similar; however, differences in application do exist. IAS 16 requires the parts or components approach and depreciation is based on the expected useful life of the parts or components. This method of componentizing property, plant and equipment may result in an increased number of component parts that are recorded and depreciated. In addition, IAS 16 requires the capitalization of major inspections that were previously expensed under Canadian GAAP. As a result, this may impact the cost of the asset and the calculation of depreciation expense. The Corporation can also elect to use the cost model or the revaluation model to measure its property, plant and equipment. The Corporation has elected to use the cost model.

Under IAS 17, accounting for property, plant and equipment capital leases takes a substance over form approach to classifying leases as either capital or operating, stating that the classification depends on the substance of the transaction rather than the form of the contract (risks and rewards transferred, etc.). Operating leases are recognized in the same manner as Canadian GAAP. As a result, this classification may result in operating leases becoming capital leases recorded under property, plant and equipment. The International Accounting Standards Board ("**IASB**") has released an Exposure Draft on lease accounting that could result in a significantly different accounting model; therefore, the final extent of the impact of IAS 17 may change pending the outcome of this project in 2010.

Impairment of Assets

Under IAS 36, Impairment of Assets, an asset is impaired when the recoverable amount is less than the carrying amount. The recoverable amount is the higher of fair value less costs to sell or value in use (Present Value of discounted cash flows) derived from the asset or cash generating unit ("**CGU**"). The use of discounted cash flows under IAS 36 to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. Impairment therefore can be more likely with discounted cash flows when calculating value in use; however IAS 36 does allow reversal of impairment losses. This differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses. The Corporation's assets will be subject to the new application for testing and measuring asset impairments which may result in some impairments being recognized or reversed under IAS 36 that would not have been required or permitted under Canadian GAAP.

Share-Based Payments

Under Canadian GAAP, section 3870, share options granted vest in installments (tranches) over the vesting period, where the total grant can be valued at grant date with the corresponding stock-based compensation expense recognized in a straight line method over the vesting period of the options. This differs under IFRS 2, Share-Based Payments, where share options granted vest in installments (tranches) over the vesting period, and each tranche is treated as a separate share option grant, and subsequently valued at the start of each tranche's vesting period. Corresponding stock- based compensation expense will be calculated at the start of each vesting period with fair value inputs that exist at that time. IFRS 2 also requires the use of the fair value method for valuing options and companies are required to estimate forfeitures at the start of the vesting period. This may change the amount the Corporation recognizes as stock-based compensation as well as the timing of recognition. The Black-Scholes model is currently being used for option valuation, which is also permitted under IFRS. No change in option valuation method is required.

IFRS 1, First-Time Adoption of International Financial Reporting Standards

The first-time adoption of IFRS states that, in general, an entity shall apply the principles under IFRS retrospectively. IFRS 1 provides the framework and specifies that, the adjustments that arise on retrospective conversion to IFRS from another GAAP should be recognized directly in retained earnings. There are certain optional exemptions and mandatory exceptions to retrospective application, both of which are clarified under IFRS 1. The Corporation has made preliminary decisions with regards to the elective exemptions available upon transition, however a final decision is pending.

Fair Value or Revaluation as Deemed Cost

The Corporation has the elective option upon transitioning to IFRS to reset the cost of its property, plant and equipment based on fair value in accordance with the provisions of IFRS 1. The Corporation expects not to take this election upon transitioning to IFRS.

Share-Based Payments

The Corporation has the option to elect under IFRS 1 to elect not to revalue options that have vested before January 1, 2010. Options that vest after this date are required to be revalued under IFRS 2, Share-Based Payments. The Corporation expects to apply this election upon transitioning to IFRS.

DISCLOSURE CONTROLS AND PROCEDURES

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. 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. No changes were made to the Corporation's internal control over financial reporting during the three months ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On December 21, 2007, CCS Inc. ("**CCS**") filed a statement of claim commencing Action No. 0701-13328 (the "**CCS Action**") in the Judicial District of Calgary of the Court of Queen's Bench of Alberta (the "**Court**") against the Corporation, certain of the Corporation's employees who were previously employed by CCS (collectively, the "**Secure Defendants**") and others in which CCS alleges that the defendants misappropriated business opportunities, misused confidential information, breached fiduciary duties owed to CCS, and conspired with one another. CCS seeks damages in the amount of $110 million, an accounting and disgorgement of all profits earned by the Corporation since its incorporation and other associated relief.

A statement of defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered CCS to provide further particulars of its claim. On September 17, 2008, CCS obtained an *Anton Pillar* Order and seized various documents from the Corporation's offices. The Secure Defendants applied to the Court and were granted an order varying the *Anton Pillar* Order and the seized documents were returned to the Corporation's solicitors, with the exception of several documents which do not impact the business of Secure and which in respect thereof the order states that it shall in no way be interpreted as a finding of the Court or an acknowledgement or admission by the Secure Defendants that the documents constitute the property of CCS.

The Secure Defendants filed an Amended Statement of Defence (the "**Defence**"), and the Corporation filed an Amended Counterclaim (the "**Counterclaim**"), on November 10, 2008. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, the Corporation claims damages in the amount of $37,860,000 against CCS, alleging that CCS has engaged in conduct constituting a breach of the *Competition Act* (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation.

The parties have completed initial document production to one another and additional document production is on-going. Examinations for discovery are currently anticipated to begin in May 2010 and to continue into 2011. The Corporation intends to continue to defend against the CCS Claim and to prosecute the Counterclaim.

OUTLOOK

During the first quarter of 2010, the industry experienced an increase in both oil and natural gas activity. Despite relatively low natural gas prices, higher levels of drilling activity occurred in "liquids rich" natural gas producing areas, driven mostly by advances in horizontal drilling and completion techniques. The produced water volumes continue to increase as new gas producing wells are completed with the new fracing techniques. The strength of crude oil prices has revitalized key markets as new wells are drilled and old wells are worked over to enhance production. The use of multistage fracturing for both gas and oil is expected to increase demand for all of the Corporation's services.

Much of Secure's growth occurred during the fourth quarter of 2008 and through 2009 as it constructed its initial facility footprint. With signs of a recovering industry and economy, management believes the Corporation's facilities are equipped to support higher levels of activity. In addition, Secure's management and staff have continuously operated in a state where efficiencies were vital to ensuring a stable business model and, as such, management believes that the Corporation is poised to thrive in an upturn in the industry, and in the economy in general.

Overall, demand for the Corporation's services is expected to continue to grow based on a trend of greater outsourcing by oil and gas producers, and the increasing volume of byproducts requiring treatment and disposal from producing oil and gas wells. With two facilities under construction and one more approved by regulatory authorities, Secure is well prepared to grow our network to better service our customers. The Corporation will endeavor to maintain its strong balance sheet and execute its business strategy. With net proceeds of $62 million from the IPO and the available $35 million Credit Facility, the Corporation believes it is well positioned to capitalize on future opportunities.

ADDITIONAL INFORMATION

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