Condensed Consolidated Financial Statements (unaudited)

For the three months ended March 31, 2013 and 2012

(Expressed in Canadian Dollars)

SECURE ENERGY SERVICES INC.
Condensed Consolidated Statements of Financial Position

($000's) (unaudited)	Notes	March 31, 2013	December 31, 2012
Assets			
Current assets			
Cash		5,392	7,506
Accounts receivable and accrued receivables		158,765	125,006
Prepaid expenses and deposits		3,632	3,997
Inventories	3	37,426	42,618
		205,215	179,127
Assets under construction	4	108,068	103,179
Property, plant and equipment	5	344,678	313,426
Intangible assets		77,318	79,663
Goodwill		92,779	92,516
Total Assets		828,058	767,911
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		93,847	106,233
Current income tax liability		253	263
Finance lease liabilities		4,177	4,114
		98,277	110,610
Long term borrowings	6	168,353	122,810
Asset retirement obligations	7	28,345	24,274
Finance lease liabilities		4,676	4,158
Deferred income tax liability		28,448	27,660
Total Liabilities		328,099	289,512
Shareholders' Equity			
Issued capital	8	416,571	415,288
Share-based payment reserve	9	10,459	9,400
Foreign currency translation reserve		369	(1,091)
Retained earnings		72,560	54,802
Total Shareholders' Equity		499,959	478,399
Total Liabilities and Shareholders' Equity		828,058	767,911

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

SECURE ENERGY SERVICES INC.

Condensed Consolidated Statements of Comprehensive Income

($000's except per share and share data) (unaudited)	Notes	For the three months ended March 31, 2013	2012
Revenue		**322,978**	277,712
Operating expenses		**282,127**	244,251
General and administrative		**14,139**	10,548
Business development		**1,793**	821
Interest, accretion and finance costs		**1,202**	1,513
Total expenses		**299,261**	257,133
Earnings for the period before income taxes		**23,717**	20,579
Current income tax expense		**5,272**	2,834
Deferred income tax expense		**687**	2,768
		5,959	5,602
Net earnings for the period		**17,758**	14,977
Other comprehensive income			
Foreign currency translation adjustment		**1,460**	(212)
Total comprehensive income for the period		**19,218**	14,765
Earnings per share			
Basic, earnings for the period per common share		**0.17**	0.17
Diluted, earnings for the period per common share		**0.17**	0.16
Weighted average shares oustanding - basic	8	**104,734,964**	90,658,046
Weighted average shares oustanding - diluted	8	**107,363,836**	94,179,644

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

SECURE ENERGY SERVICES INC.

Condensed Consolidated Statements of Changes in Shareholders' Equity

($000's) (unaudited)	Notes	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total Shareholders' Equity
Balance at December 31, 2012		**415,288**	**9,400**	**(1,091)**	**54,802**	**478,399**
Net earnings for the period		-	-	-	17,758	**17,758**
Foreign currency translation adjustment		-	-	1,460	-	**1,460**
Exercise of options	**9**	1,283	(318)	-	-	**965**
Share-based payments	**9**	-	1,377	-	-	**1,377**
Balance at March 31, 2013		**416,571**	**10,459**	**369**	**72,560**	**499,959**
Balance at December 31, 2011		**321,498**	**5,558**	**231**	**21,750**	**349,037**
Net earnings for the period		-	-	-	14,977	14,977
Foreign currency translation adjustment		-	-	(212)	-	(212)
Exercise of options and w arrants		2,086	(456)	-	-	1,630
Share-based payments		-	1,027	-	-	1,027
Balance at March 31, 2012		**323,584**	**6,129**	**19**	**36,727**	**366,459**

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

SECURE ENERGY SERVICES INC.
Condensed Consolidated Statements of Cash Flows

($000's) (unaudited)	Notes	For the three months ended March 31, 2013	2012
Cash flows from operating activities			
Net earnings for the period		17,758	14,977
Adjustments for non-cash items:			
Depreciation, depletion and amortization		13,107	9,440
Accretion		139	84
Deferred income tax expense		687	2,768
Amortization of financing fees		68	107
Unrealized foreign exchange (gain) loss		1,306	144
Share-based payments		1,679	1,027
Funds from operations		34,744	28,547
Change in accounts receivable and accrued receivables, current income tax asset related to operating activities, and prepaid expenses and deposits		(33,504)	4,794
Change in inventories		5,192	(2,010)
Change in accounts payable, accrued liabilities and current income tax liability related to operating activities		(19,887)	(7,415)
Net cash flows (used in) from operating activities		(13,455)	23,916
Cash flows used in investing activities			
Purchase of property, plant and equipment		(42,268)	(32,428)
Business combinations, net of cash acquired		-	(3,405)
Change in non-cash working capital		7,199	5,115
Net cash flows used in investing activities		(35,069)	(30,718)
Cash flows from financing activities			
Shares issued		965	1,630
Draws on revolving credit facility		45,500	-
Financing fees		(25)	(175)
Net cash flows from financing activities		46,440	1,455
Effect of foreign exchange on cash		(30)	3
Decrease in cash		(2,114)	(5,344)
Cash, beginning of period		7,506	11,368
Cash, end of period		5,392	6,024
Taxes paid		5,283	1,560
Interest paid		1,219	942

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

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Secure Energy Services Inc. ("Secure") is incorporated under the Business Corporations Act of Alberta. Secure operates through a number of wholly-owned subsidiaries (together referred to as the "Corporation") which are managed through two reportable segments. The processing, recovery and disposal services division ("PRD") is primarily engaged in providing services relating to clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal and oil purchase/resale service. The drilling services division ("DS") is primarily engaged in providing services relating to drilling fluid systems, solids control and environmental services.

The following entities have been consolidated within Secure's condensed consolidated financial statements for the period ended March 31, 2013:

			% Interest	
Subsidiary	**Country**	**Segment**	**Mar 31, 2013**	**Dec 31, 2012**
Secure Energy Services Inc. (parent company)	Canada	PRD		
Marquis Alliance Energy Group Inc.	Canada	DS	100%	100%
Secure Energy Services USA Holdings Inc.	USA	PRD	100%	0%
Secure Energy Services USA LLC	USA	PRD	100%	0%
Marquis Alliance Energy Group USA LLC	USA	DS	100%	100%
Alliance Energy Services International Ltd.	Canada	DS	100%	100%
1658774 Alberta Inc.	Canada	DS	100%	100%

In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. As a result, the movement of the heavy equipment required for drilling and well servicing activities may be restricted, and the level of activity of the Corporation's customers may be consequently reduced. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up. Historically, the Corporation's first, third and fourth quarters represent higher activity levels and operations. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter over quarter analysis of performance.

Basis of Presentation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*" as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements and notes thereto in the Corporation's 2012 Annual Report available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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

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

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Management reviews these judgments, estimates and assumptions on an ongoing basis, including those related to the determination of cash generating units, depreciation, depletion and amortization, income tax, asset retirement obligations, recoverability of assets, share-based payments, and provision for doubtful accounts. Actual results may differ from these estimates. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed consolidated financial statements.

These condensed consolidated financial statements were approved by the Board of Directors on May 9, 2013. The address of the Corporation's registered office is Suite 1900, 205 - 5th Ave S.W. Calgary, Alberta, T2P 2V7.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2012, except as below:

Investments in joint operations, consolidation, associates and disclosures

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

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

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

The Corporation accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS applicable to the particular assets, liabilities, revenues and expenses. The adoption of the new standard had no impact to the condensed consolidated statement of financial position as at January 1, 2012 and December 31, 2012 and the condensed consolidated statement of comprehensive income for the three months ended March 31, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

On January 1, 2013 the Corporation adopted IFRS 13, "*Fair Value Measurement*", and applied the standard prospectively as required by the transitional provisions. The standard provides a consistent definition of fair value and introduces consistent requirements for disclosures related to fair value measurement. There has been no change to how the Corporation measures the fair value of financial instruments upon adoption of this standard. The carrying value of the Corporation's cash, accounts receivable and accrued receivables, and accounts payable and accrued liabilities approximate their fair value due to the short term nature of these assets and liabilities. The carrying value of the long term borrowings, not including unamortized borrowing costs, approximates fair value because the interest rates approximate current market rates. Fair value of long term borrowings at March 31, 2013 was $169.0 million (as at December 31, 2012 – $123.5 million) (Note 6).

Presentation of items in comprehensive income

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

Share based payment plans

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

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

There were no PSUs or RSUs granted under the plans (the "PSU/RSU Plan") as at March 31, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification of prior period amounts

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

3. INVENTORIES

($000's)	Mar 31, 2013	Dec 31, 2012
Crude oil and natural gas liquids	3,907	3,192
Drilling fluids	33,146	39,077
Spare parts and supplies	373	349
Total inventories	37,426	**42,618**

Inventories are shown at the lower of cost and net realizable value. Crude oil, natural gas liquids and drilling fluids inventories recognized as operating expenses in the condensed consolidated statements of comprehensive income for the three months ended March 31, 2013 were $231.9 million (three months ended March 31, 2012 – $206.6 million).

Inventories are included in the general security agreements held by the banks as security for the Corporation's credit facility (Note 6).

4. ASSETS UNDER CONSTRUCTION

($000's)	Mar 31, 2013	Dec 31, 2012
Projects under construction	106,486	101,339
Equipment (under refurbishment)	1,582	1,840
Total assets under construction	108,068	**103,179**

The amounts included in the categories above consist of assets associated with a variety of ongoing projects. $1.1 million of capitalized salaries and overhead were added to assets under construction for the three months ended March 31, 2013 ($0.3 million for the three months ended March 31, 2012).

The Corporation's policy is to capitalize borrowing costs on projects with a substantial time to completion. Typically, borrowing costs are only capitalized on the construction of the Corporation's full-service terminals. The amount of borrowing costs capitalized to assets under construction for the three months ended March 31, 2013 was $0.5 million ($Nil for the three months ended March 31, 2012) based on a capitalized borrowing rate of 3.25% (2012 – n/a).

5. PROPERTY, PLANT AND EQUIPMENT

Included in operating expenses on the condensed consolidated statements of comprehensive income for the three months ended March 31, 2013 is $10.6 million of depreciation and depletion expense (three months ended March 31, 2012 - $7.4 million), for the Corporation's property, plant and equipment.

During the three months ended March 31, 2013, $35.7 million was transferred from assets under construction to property, plant and equipment for completed projects (three months ended March 31, 2012 - $14.9 million).

Included in property, plant, and equipment is equipment under finance lease arrangements with a net book value of $15.5 million at March 31, 2013 (December, 31 2012 - $14.5 million). The finance lease commitments over the next five years are disclosed in Note 10.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

($000's)	Land	Buildings	Plant, Infrastructure, Equipment, and Landfill Cells	Rental Equipment	Mobile Equipment	Disposal Wells	Furniture and Fixtures	Computer Equipment and Software	Total
Cost:									
December 31, 2012	3,817	29,966	256,240	30,070	6,433	55,932	2,738	5,935	**391,131**
Additions	-	1,832	27,606	1,647	580	5,127	320	390	**37,502**
Change in asset retirement obligation	-	-	3,259	-	-	608	-	-	**3,867**
Disposals	-	-	(459)	-	(81)	-	-	-	**(540)**
Foreign exchange effect	9	50	298	154	1	152	5	3	**672**
March 31, 2013	**3,826**	**31,848**	**286,944**	**31,871**	**6,933**	**61,819**	**3,063**	**6,328**	**432,632**
Accumulated depreciation and depletion:									
December 31, 2012	-	(3,595)	(56,731)	(3,897)	(2,348)	(8,621)	(550)	(1,963)	**(77,705)**
Depreciation and depletion	-	(513)	(7,345)	(1,006)	(351)	(990)	(87)	(282)	**(10,574)**
Disposals	-	-	263	-	56	-	-	-	**319**
Foreign exchange effect	-	(9)	(6)	28	-	(6)	1	(2)	**6**
March 31, 2013	**-**	**(4,117)**	**(63,819)**	**(4,875)**	**(2,643)**	**(9,617)**	**(636)**	**(2,247)**	**(87,954)**
Net book value:									
March 31, 2013	**3,826**	**27,731**	**223,125**	**26,996**	**4,290**	**52,202**	**2,427**	**4,081**	**344,678**
December 31, 2012	3,817	26,371	199,509	26,173	4,085	47,311	2,188	3,972	**313,426**

6. LONG TERM BORROWINGS

($000's)	Mar 31, 2013	Dec 31, 2012
Amount drawn on credit facility	169,000	123,500
Unamortized transaction costs	(647)	(690)
Total long term borrowings	168,353	122,810

On November 5, 2012, the Corporation entered into an amended and extended $300.0 million revolving credit facility (the "credit facility"). The credit facility consists of a $290.0 million extendible revolving term credit facility and a $10.0 million revolving operating facility. The Corporation can borrow by way of Canadian dollar advances through Canadian Prime Rate Loans or Bankers Acceptances or United States dollar advances through US Base Rate Loans or Libor or letters of credit denominated in Canadian or U.S. dollars. The credit facility provides that the Corporation may borrow, repay, draw on and convert between types of borrowings at any time.

The credit facility bears interest ranging from 0.75% to 2.25% above the prime rate or Bankers Acceptances ranging from 1.75% to 3.25% above the Bankers' Acceptance rate depending on the Corporation's prevailing funded debt to EBITDA ratio, with any unused amounts subject to standby fees ranging from 0.40% to 0.74%. Funded debt includes all outstanding debt, including finance leases, and any outstanding letters of credit. The credit facility is to be used for working capital, to refinance existing debt, for capital expenditures including permitted acquisitions, and for general corporate purposes.

The credit facility is due on July 31, 2015 (the "maturity date"), and includes an option for the Corporation to extend the maturity date (once per annum) to a maximum of three years from the extension request date, subject to the approval of the Corporation's lenders. Repayment of any amounts drawn on the facility would therefore be repayable on the maturity date if the credit facility was not extended.

In conjunction with obtaining the credit facility, the Corporation incurred transaction costs in the amount of $0.7 million, of which the unamortized amount has been offset against the outstanding principle balance of the debt. Amortization of the transaction costs recognized in interest, accretion and finance costs on the condensed consolidated statements of comprehensive income for the three months ended March 31, 2013 was $0.1 million (three months ended March 31, 2012 - $0.1 million).

The following covenants apply to the credit facility:

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

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

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

6. LONG TERM BORROWINGS (continued)

The available credit facility is reduced by any outstanding letters of credit. As at March 31, 2013, the Corporation has $19.6 million in letters of credit issued by the Corporation's lenders (December 31, 2012 - $19.6 million). The letters of credit are issued to various government authorities for potential reclamation obligations in accordance with applicable regulations (Note 7) and crude oil marketing contracts.

($000's)	Mar 31, 2013	Dec 31, 2012
Credit facility	300,000	300,000
Amount drawn on credit facility	(169,000)	(123,500)
Letters of credit	(19,552)	(19,552)
Available amount	111,448	156,948

7. ASSET RETIREMENT OBLIGATIONS

($000's)	
December 31, 2012	**24,274**
Arising during the period through development activities	1,255
Revisions during the period	2,990
Accretion	139
Change in discount rate	(378)
Foreign exchange effect	65
March 31, 2013	**28,345**

The Corporation's asset retirement obligations were estimated by a third party or management based on the Corporation's estimated costs to remediate, reclaim and abandon the Corporation's facilities and estimated timing of the costs to be incurred in future periods. The Corporation has estimated the net present value of its asset retirement obligations at March 31, 2013 to be $28.3 million (December 31, 2012 - $24.3 million) based on a total future liability of $39.0 million as at March 31, 2013 (December 31, 2012 - $32.3 million). These costs are expected to be incurred over the next twenty-five years. The Corporation used its risk-free interest rates of 1.00% to 2.50% (December 31, 2012 – 1.14% to 2.36%) and an inflation rate of 3.00% to calculate the net present value of its asset retirement obligations at March 31, 2013 (December 31, 2012 - 3.00%).

The Corporation has letters of credit issued by the Corporation's banker in relation to the Corporation's asset retirement obligations (Note 6).

8. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common voting shares of no par value
Unlimited number of preferred shares of no par value

	Number of Shares	Amount ($000's)
Balance, December 31, 2012	104,627,002	415,288
Options exercised	287,442	965
Transfer from reserves in equity	-	318
Adjustment to shares issued as consideration for business combination	(20,253)	-
Balance, March 31, 2013	**104,894,191**	**416,571**

As at March 31, 2013, there were 10,655,025 (December 31, 2012 – 10,764,197) common shares of the Corporation held in escrow in conjunction with the Corporation's business combinations.

In March 2013, the Corporation's Board of Directors approved a monthly dividend to be paid to holders of common shares of the Corporation. The Board of Directors declared the Corporation's first monthly dividend of $0.0125 per common share, to be paid on May 15, 2013 to shareholders of record at the close of business on May 1, 2013. The ex-dividend date is April 29, 2013.

In conjunction with the approval of a monthly dividend, the Corporation's Board of Director's approved the adoption of a Dividend Reinvestment Plan ("DRIP") that provides eligible shareholders with the opportunity to reinvest their cash dividends, on each dividend payment date, in additional Common Shares ("Plan Shares"), which will be issued from treasury. Eligible shareholders may elect to participate in the DRIP commencing with the May 2013 Dividend.

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

The basic and diluted number of common shares used to calculate earnings per share amounts are as follows:

	March 31, 2013	March 31, 2012
Weighted average number of shares for basic earnings per share	**104,734,964**	90,658,046
Effect of dilution:		
Options and warrants	**2,628,872**	3,521,598
Weighted average number of shares for diluted earnings per share	**107,363,836**	**94,179,644**

The above table excludes 1,425,936 options (March 31, 2012 – 2,136,018 options) that are considered to be anti-dilutive.

9. SHARE-BASED PAYMENT PLANS

The Corporation has a share-based payment plan (the "Plan") under which the Corporation may grant share options to its employees, and employee directors. The exercise price of options granted under the Plan is calculated as the five-day weighted average trading price of the common shares for the five trading days immediately preceding the date the options are granted. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant.

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

A summary of the status of the Corporation's share-based payment plan is as follows:

	March 31, 2013		Dec 31, 2012	
	Outstanding options	Weighted average exercise price ($)	Outstanding options	Weighted average exercise price ($)
Balance - beginning of period	7,230,522	6.04	6,788,685	4.25
Granted	742,920	11.55	2,560,142	8.35
Exercised	(287,442)	3.41	(1,683,536)	1.92
Forfeited	(124,802)	5.85	(434,769)	7.64
Balance - end of period	**7,561,198**	**6.69**	**7,230,522**	**6.04**
Exercisable - end of period	**3,365,143**	**4.00**	**2,991,579**	**3.90**

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

	Options outstanding			Options exercisable	
Exercise price ($)	Outstanding options	Weighted average exercise price ($)	Weighted average remaining term (years)	Outstanding options	Weighted average exercise price ($)
2.00 - 3.00	2,468,859	2.79	1.43	2,468,859	2.79
3.01 - 4.00	201,566	3.73	2.25	114,999	3.73
4.01 - 5.00	56,000	4.57	2.63	33,000	4.57
5.01 - 6.00	115,610	5.32	2.69	75,843	5.32
6.01 - 7.00	112,415	6.11	2.94	74,493	6.10
7.01 - 8.00	1,610,509	7.75	3.92	115,350	7.75
8.01 - 9.00	1,820,067	8.79	3.59	470,924	8.79
9.01 - 10.00	219,053	9.75	4.40	11,675	9.35
10.01 - 11.00	214,199	10.09	4.69	-	-
11.01 - 12.00	742,920	11.55	4.95	-	-
	7,561,198	**6.69**	**3.07**	**3,365,143**	**4.00**

9. SHARE-BASED PAYMENT PLANS (continued)

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

	March 31, 2013	Dec 31, 2012
Volatility factor of expected market price (%)	40.00	42.57
Weighted average risk-free interest rate (%)	1.29	1.44
Weighted average expected life in years	4.1	4.1
Weighted average expected annual dividends per share	Nil	Nil
Weighted average fair value per option ($)	3.84	2.95
Weighted average forfeiture rate (%)	5.21	3.57

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

Share-based payment reserves

For the three months ended March 31, 2013, share-based payment expense of $1.4 million (three months ended March 31, 2012 - $1.0 million) has been recognized for stock options granted, and is included in general and administrative expenses on the condensed consolidated statements of comprehensive income. These costs are recorded as share-based payment expense with the offsetting amount being credited to share based payment reserve as shown in the following table:

($000's)	March 31, 2013	Dec 31, 2012
Balance - beginning of period	9,400	5,558
Share-based payments	1,377	5,097
Transfer to issued capital	(318)	(1,255)
Balance - end of period	**10,459**	**9,400**

Deferred Share Unit Plan

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

9. SHARE-BASED PAYMENT PLANS (continued)

	March 31, 2013	Dec 31, 2012
Balance - beginning of period	28,864	-
Granted	19,308	28,864
Settled in cash	-	-
Forfeited	-	-
Balance - end of period	48,172	28,864
Exercisable - end of period	48,172	28,864

Share-based payment expense for DSU's is included in general and administrative expenses in the condensed consolidated statements of comprehensive income and credited to accounts payable and accrued liabilities on the condensed consolidated statement of financial position. As at March 31, 2013, $0.6 million (December 31, 2012 – $0.3 million) was included in accounts payable and accrued liabilities for outstanding DSU's and share based payment expense was $0.3 million for the three months ended March 31, 2013 ($Nil for the three months ended March 31, 2012).

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Operating lease commitments

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

($000's)	Mar 31, 2013	Dec 31, 2012
Within one year	2,689	2,693
After one year but not more than five years	7,093	6,926
More than five years	554	888
	10,336	10,507

Finance lease commitments

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

($000's)	Mar 31, 2013	Dec 31, 2012
Within one year	4,177	4,114
After one year but not more than five years	4,676	4,158
More than five years	-	-
	8,853	8,272

The average lease term is three years (December 31, 2012 – three years). The Corporation's obligations under finance leases are secured by the related assets. Interest rates underlying finance lease obligations are fixed at respective contract dates ranging from 0.0% to 6.5% (December 31, 2012 – 0.0% to 16.7%) per annum.

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

Earn out commitment

Pursuant to the Imperial Drilling Fluids Engineering Inc. ("IDF") acquisition, the Corporation is obligated to pay additional consideration consisting of a series of three annual earn out payments beginning in September 2013 to certain selling shareholders or employees, based on the achievement of a certain gross margin percentage. The potential annual earn out payments range from US$0.9 million to US$2.7 million for total earn out payments over the three year period ranging from US$2.7 million to US$8.0 million. The estimated future payments are as follows:

($000's)	Mar 31, 2013	Dec 31, 2012
Within one year	2,348	2,210
After one year but not more than five years	3,784	4,371
More than five years	-	-
	6,132	6,581

Capital commitments

As at March 31, 2013, the Corporation had committed $15.0 million (December 31, 2012 – $25.6 million) relating to various capital purchases for use in the Corporation's current and future capital projects. All amounts are current and due within one year.

Commodity contract purchase commitments

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

Litigation

On December 21, 2007, Tervita Corporation (formerly known as CCS Inc.) ("Tervita") filed a statement of claim commencing Action No. 0701-13328 (the "Tervita Action") in the Judicial District of Calgary of the Court of Queen's Bench of Alberta (the "Court") against the Corporation, certain of the Corporation's employees who were previously employed by Tervita (collectively, the "Secure Defendants") and others in which Tervita alleges that the defendants misappropriated business opportunities, misused confidential information, breached fiduciary duties owed to Tervita, and conspired with one another. Tervita seeks damages in the amount of $110.0 million, an accounting and disgorgement of all profits earned by the Corporation since its incorporation and other associated relief.

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

A statement of defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, the Corporation claims damages in the amount of $37.9 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the *Competition Act* (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. The Corporation is currently seeking permission to amend the amount of the Counterclaim to $97.8 million. The matters raised in the lawsuit are considered by the Corporation to be unfounded and unproven allegations that will be vigorously defended, although no assurances can be given with respect to the outcome of such proceedings. The Corporation believes it has valid defences to this claim and accordingly has not recorded any related liability.

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

Guarantees

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

Letters of Credit

As at March 31, 2013, the Corporation has approximately $19.6 million in letters of credit issued by the Corporation's banker (December 31, 2012 - $19.6 million). All letters of credit are not cash secured and have been deducted from the Corporation's available long term borrowings (Note 6). The letters of credit relate to security for the Corporation's facilities and are held with provincial regulatory bodies (Note 7) and under certain crude oil marketing contracts.

11. OPERATING SEGMENTS

For management purposes, the Corporation is organized into divisions based on their products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment.

The Corporation has two reportable operating segments as follows:

- PRD division provides services relating to clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal and oil purchase/resale service;
- DS division provides services relating to drilling fluid systems, solids control, equipment rental service, drilling waste management and environmental sciences;
- The Corporate division does not represent an operating segment and is included for informational purposes only. Corporate division expenses consist of public company costs, as well as salaries, share-based compensation, interest and finance costs and office and administrative costs relating to corporate employees.

($000's)	PRD division	DS division	Corporate	Total
	Three months ended Mar 31, 2013			
Revenue	221,300	101,678	-	322,978
Operating expenses	(200,463)	(81,450)	(214)	(282,127)
General and administrative	(4,959)	(7,255)	(1,925)	(14,139)
Business development	-	-	(1,793)	(1,793)
Depreciation, depletion and amortization	(9,189)	(3,704)	(214)	(13,107)
Interest, accretion and finance costs	(139)	-	(1,063)	(1,202)
Earnings before income taxes	15,743	12,973	(4,999)	23,717
	As at March 31, 2013			
Current assets	69,597	135,618	-	205,215
Total assets	490,837	333,472	3,749	828,058
Goodwill	12,231	80,548	-	92,779
Intangible assets	10,013	67,305	-	77,318
Property, plant and equipment and assets under construction	398,995	50,002	3,749	452,746
Current liabilities	66,973	31,304	-	98,277
Total liabilities	110,680	49,066	168,353	328,099

11. OPERATING SEGMENTS (continued)

($000's)	PRD division	DS division	Corporate	Total
	Three months ended March 31, 2012			
Revenue	196,352	81,360	-	277,712
Operating expenses	(180,699)	(63,448)	(104)	(244,251)
General and administrative	(2,648)	(6,728)	(1,172)	(10,548)
Business development	-	-	(821)	(821)
Depreciation, depletion and amortization	(6,551)	(2,785)	(104)	(9,440)
Interest, accretion and finance costs	(84)	-	(1,429)	(1,513)
Earnings before income taxes	12,505	11,184	(3,110)	20,579
	As at December 31, 2012			
Current assets	61,222	117,905	-	179,127
Total assets	450,937	313,240	3,734	767,911
Goodwill	11,984	80,532	-	92,516
Intangible assets	10,484	69,179	-	79,663
Property, plant and equipment and assets under construction	367,247	45,624	3,734	416,605
Current liabilities	75,699	34,911	-	110,610
Total liabilities	114,222	52,479	122,811	289,512

Geographical Financial Information

($000's)	Canada 2013	Canada 2012	United States 2013	United States 2012	Total 2013	Total 2012
Three months ended March 31						
Revenue	310,575	271,052	12,403	6,660	322,978	277,712
As at Mar 31, 2013 and Dec 31, 2012						
Total non-current assets	545,159	517,892	77,684	70,892	622,843	588,784

12. SUBSEQUENT EVENT

On April 1, 2013, the Corporation acquired 100% of the issued and outstanding shares of Frontline Integrated Services Ltd. ("Frontline") for an aggregate purchase price, after deduction of accrued and contingent liabilities, of approximately $23.1 million including the issuance of 1,394,616 common shares of the Corporation. Frontline is an integrated service provider servicing the energy, resource, and civil construction industries. Frontline core services include pipeline (integrity/repair/replacement/rehabilitation), remediation & reclamation, demolition & decommissioning. The Frontline acquisition is a continuation of the Corporation's strategy to add complementary services along the energy services value chain; it will support and expand the existing environmental and project management services of the Corporation's DS division.

Corporate Information

DIRECTORS

Rene Amirault - Chairman
Brad Munro [(1) (2) (3)]
David Johnson [(2) (3)]
George Wadsworth
Kevin Nugent [(1) (3)]
Murray Cobbe [(1) (2)]

OFFICERS

Rene Amirault
President and Chief Executive Officer

George Wadsworth
Executive Vice President, Drilling Services & USA Operations

Allen Gransch
Executive Vice President & Chief Financial Officer

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

Dan Steinke
Executive Vice President, Operations, PRD

Brian McGurk
Executive Vice President, Human Resources & Strategy

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

MNP LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

BANKERS

Alberta Treasury Branches

TRANSFER AGENT AND REGISTRAR

Olympia Trust Company
Calgary, Alberta

[1] Audit Committee
[2] Compensation Committee
[3] Corporate Governance Committee