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MANAGEMENT DISCUSSION AND ANALYSIS

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

Three Months ended March 31, 2014 and 2013

The following management discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on May 8, 2014. The discussion and analysis is a review of the financial results of the Corporation based upon accounting principles that are generally accepted in Canada (the issuer's "GAAP"), which includes International Financial Reporting Standards ("IFRS").

The MD&A's focus is primarily a comparison of the financial performance for the three months ended March 31, 2014 and 2013 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto prepared under IFRS for the years ended December 31, 2013 and 2012 and the Corporation's condensed consolidated financial statements and notes thereto for the period ended March 31, 2014. The MD&A has been prepared as of May 8, 2014. Additional information regarding the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

CORPORATE OVERVIEW

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

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

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

DRILLING SERVICES DIVISION ("DS")

Operating under the name Marquis Alliance Energy Group Inc. (together with its wholly owned subsidiaries "Marquis Alliance"), the trade name XL Fluid Systems ("XL Fluids"), and the name Target Rentals Ltd. ("Target"), the DS division provides equipment and chemicals for building, maintaining, processing and recycling of drilling and completion fluids. The drilling fluids service line comprises the majority of the revenue for the division which includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen and natural gas. The DS division focuses on providing products and systems that are designed for more complex wells, such as medium to deep wells, horizontal wells and horizontal wells drilled into the oil sands.

ONSITE SERVICES DIVISION ("OS")

The OnSite Services division was established April 1, 2013 as a result of the Frontline Integrated Services Ltd. ("Frontline") acquisition. Operating under the name of Frontline, the operations of the OS division include environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation of former wellsites, facilities, commercial, and industrial properties, and laboratory services; integrated water solutions which include water management, recycling, pumping and storage solutions; "CleanSite" waste container services; pipeline integrity (inspection, excavation, repair, replacement and rehabilitation); demolition and decommissioning. These services are offered throughout the WCSB. Environmental services were previously included in the DS division and integrated water solutions (frac pond

rentals and water recycling) were previously included in the PRD division. As of April 1, 2013, these services are now included in the OS division.

For a complete description of services provided in the PRD, DS and OS divisions, please refer to the headings "Secure Energy Services Inc.", "Description of Business" in the Corporation's annual information form ("AIF") for the year ended December 31, 2013.

CORPORATE STRATEGY

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

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

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OPERATIONAL AND FINANCIAL HIGHLIGHTS

The first quarter of 2014 was the strongest quarter on record for Secure. Activity levels remained robust through the end of the first quarter due to a late spring break-up allowing all three divisions to deliver solid results. Revenue (excluding oil purchase and resale) and EBITDA increased 40% and 43% respectively, over the 2013 comparative period. In addition, Secure completed two strategic acquisitions in the quarter that positively contributed to overall results, and added complimentary services to the OS division. The operating and financial highlights for the first quarter ending March 31, 2014 can be summarized as follows:

	Three Months Ended March 31,		
($000's except share and per share data)	**2014**	**2013**	**% Change**
Revenue (excludes oil purchase and resale)	**205,632**	147,122	40
Oil purchase and resale	**320,580**	175,856	82
Total revenue	**526,212**	322,978	63
EBITDA [(1)]	**56,691**	39,705	43
Per share ($), basic	**0.48**	0.38	26
Per share ($), diluted	**0.47**	0.37	27
Net earnings for the period	**22,989**	17,758	29
Per share ($), basic	**0.20**	0.17	18
Per share ($), diluted	**0.19**	0.17	12
Funds from operations [(1)]	**56,357**	34,744	62
Per share ($), basic	**0.48**	0.33	45
Per share ($), diluted	**0.47**	0.32	47
Cash dividends per common share	**0.04**	nil	100
Capital expenditures [(1)]	**66,737**	42,268	58
Total assets	**1,171,891**	828,058	42
Long term borrowings	**219,486**	168,353	30
Total long term liabilities	**304,319**	229,822	32
Common shares - end of period	**118,020,638**	104,894,191	13
Weighted average common shares			
basic	**117,235,063**	104,734,964	12
diluted	**120,436,149**	107,363,836	12

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

- 40% INCREASE IN REVENUE (EXCLUDING OIL PURCHASE AND RESALE) OVER THE 2013 COMPARATIVE QUARTER
  - PRD division revenue (excluding oil purchase/resale) for the period ended March 31, 2014 increased 43% from the 2013 comparative period. Processing volumes increased 22% as increasing demand for services and the addition of six new facilities that were completed and commissioned after the first quarter of 2013 all contributed to the increase. Recovery revenues increased by 27% attributed to a 45% increase in throughput at the Corporation's facilities. Disposal volumes increased 56% as a direct result of increased activity and the addition of the 13 Mile Landfill in North Dakota in October 2013 and the Saddle Hills Landfill in November 2013.
  - DS division Canadian market share was 31% and revenue increased 27% from the 2013 comparative period. Drilling fluids revenue increased 22% as a result of an increase in meters drilled per well by the Corporation's customers and a 25% increase in revenue per operating day. Overall there was higher field activity as meters drilled per well in Canada increased by 9% for the period ended March 31, 2014 compared to the prior year comparative period as reported by the Canadian Association of Drilling Contractors ("CAODC"). Revenue from equipment rentals increased by 111% relating to higher utilization and an increase in the rental fleet mainly from the acquisition of Target completed in the second quarter of 2013.
  - OS division revenue increased 149% from the 2013 comparative period. The acquisition of Frontline on April 1, 2013 and two private oilfield service companies during the quarter accounted for the significant increase. Frontline was able to complete large projects that were delayed in the fourth quarter of 2013 due to unfavourable weather while overall equipment in Frontline and rental asset utilization from the current quarter asset acquisitions was strong throughout the quarter contributing to the solid results.
  - Oil purchase and resale revenue in the PRD division increased 82% from the 2013 comparative period. Increased pipeline capacity added at the Judy Creek FST in the third quarter of 2013, a 4% increase in crude oil prices, increased oil throughput at the Corporation's pipeline connected FSTs, and increasing crude oil volumes shipped via rail all contributed to the increase.
- EBITDA INCREASES 43% TO $56.7 MILLION
  - For the period ended March 31, 2014, EBITDA increased 43% from the 2013 comparative period. The increase in EBITDA is attributable to higher demand for services and the addition of new facilities in the PRD division, the increase in revenue per operating day and rentals revenue in the DS division, and the performance of the OS division with the newly acquired assets from two acquisitions executed in the quarter and the acquisition of Frontline in April of 2013.
- 2014 CAPITAL BUDGET AND STRATEGIC AQUISITIONS
  - In December 2013, the Corporation announced the 2014 capital expenditure budget of $225.0 million which includes $20.0 million of carry over capital from 2013 projects related to the Kindersley, Edson, and Keene FSTs. Total capital expenditures for the first quarter totaled $66.7 million for both growth and expansion capital and acquisitions. Growth and expansion capital expenditures totaled $49.8 million for the period ended March 31, 2014 and included the following:
    - Kindersley FST was completed and operational during the first quarter;
    - Edson and Keene FST's are expected to be commissioned and operational during the second quarter of 2014;
    - Rycroft Full Service Rail ("FSR") facility is the Corporation's first heavy oil rail facility. The FSR facility will offer treating, storage, disposal and transloading services. It is expected the facility will be commissioned and operational in the fourth quarter of 2014;
    - The Brazeau and Stanley SWDs are currently under construction to convert to FSTs with the expectation the waste portion of the facilities will be operational in the fourth quarter of 2014;

- Construction of a new oil based mud blending plant in Fox Creek, completion of the plant is anticipated in the third quarter of 2014; and
- Various rental and long lead equipment for 2014 capital projects.
- During the quarter, Secure executed two strategic acquisitions for a total of $29.2 million paid in cash and shares of the Corporation. These acquisitions fall into the OS division with assets that will grow the Corporation's integrated water solutions service line and establish an onsite market presence in the US. These two strategic acquisitions are a continuation of the Corporation's strategy to add complementary services along the energy services value chain. It will support and expand the existing water solutions and environmental management services of the Corporation's OS division, and allow the OS division to expand into the US market.

- SOLID BALANCE SHEET
  - Secure's debt to trailing twelve month EBITDA ratio was 1.55 as of March 31, 2014 compared to 1.38 as of December 31, 2013.
  - As at March 31, 2014, the Corporation had $162.8 million available under its credit facility.
  - Effective April 1, 2014, the Corporation's board of directors approved a dividend increase of $0.05 per share to $0.20 per share on an annualized basis.
- SUBSEQUENT EVENTS

  On April 1, 2014, Secure closed the acquisition of a mineral products plant located in Alberta and closed the acquisition of an environmental contracting business for total consideration of $15.7 million comprised of cash and shares. The mineral products plant mainly processes barite which is a product used in drilling fluids. The mineral products plant allows Secure to vertically integrate the operations in the DS division to improve supply logistics and quality. The environmental contracting business provides services relating to spill cleanup, pond construction, and contaminated soil excavation, stockpiling, treatment, transportation and disposal.

OUTLOOK

Activity levels in the oil and gas industry were very robust in the first quarter. Total meters drilled per well as reported by the CADOC was up 9% in the first quarter from the previous year comparative period. Longer and deeper well bores require specialized drilling fluids and result in increased drilling waste and completion fluid waste per well which creates demand for the Corporation's products and services and is a key driver that impacts the Corporation's results. Horizontal wells comprised 74% of all wells drilled in the quarter compared to 66% in the comparative year period, which is continuing to show a long term upward trend.

Horizontal well licenses in the deep basin for the first quarter were up 15% compared to the previous year period. The increase is another indicator that there is a continued focus on deeper drilling activity which bodes well for drilling fluids and waste disposal services and points to a strong second half of 2014 as licenses convert into drilling and completion activity. Additionally, spending levels by producers are anticipated to hold strong into the second half of 2014 with a higher backlog of work entering spring break-up than has been seen in the past few years.

The cold weather in March resulted in a later spring break-up providing producers extra time to finish up winter drilling projects therefore, results for the first quarter finished out stronger than anticipated. Spring break-up is not expected to deviate substantially in length than the historical average however, it is hard to predict with certainty given it is dependent on weather trends that can be highly volatile. Depending on the length of spring break-up, results in both the DS and OS divisions may be impacted if equipment cannot be moved to site.

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As heavy oil differentials continue to hold and pipeline projects are delayed, crude transport by rail has positively impacted activity levels and continues to provide an alternative method to transport production to maximize profits. Secure has commenced construction of its first full service rail terminal in Rycroft with commissioning anticipated in the fourth quarter of 2014. This is another example of how Secure is continuing to meet and exceed the needs and expectations of its customers and take advantage of these opportunities to maximize shareholder returns.

Secure's recently completed acquisitions in the quarter add complimentary components to the integrated water solutions service line. OS is now able to deliver complete in field water management including fluids storage, pumping and heating, providing source and engineered fluids and disposal at the Corporation's FSTs.

Secure is committed to developing water recycling initiatives at its FSTs and has commissioned its first pilot project to develop water recycling technology at the Grande Prairie FST. By being able to recycle water, this ultimately reduces the amount of disposal volumes which will increase the capacity of the disposal wells. Secure is excited about the potential that exists in this initiative, the ability to further recycle and reduce waste in the drilling process, provide innovative solutions for its customers, and continue to strengthen the value chain of services Secure is able to provide to its customers.

NON-GAAP MEASURES AND OPERATIONAL DEFINITIONS

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

Operating margin

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

Operating days

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

Canadian Market Share

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

EBITDA

EBITDA is calculated as net earnings excluding depreciation, depletion, amortization and accretion, share-based payments expense, interest, and taxes. EBITDA is not a recognized measure under IFRS. Management believes that in addition to net earnings, 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.

	Three Months Ended March 31,		
($000's)	**2014**	**2013**	**% Change**
Net Earnings	**22,989**	17,758	29
Add (deduct):			
Depreciation, depletion and amortization	**20,863**	13,107	59
Share-based payments	**2,598**	1,679	55
Current tax expense	**8,130**	5,272	54
Deferred income tax expense	**709**	687	3
Interest, accretion and finance costs	**1,916**	1,202	59
Other income	**(514)**	-	100
EBITDA	**56,691**	39,705	43

Capital Expenditures

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

ADDITIONAL GAAP MEASURES

Funds from operations

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

	Three Months Ended March 31,		
($000's)	**2014**	**2013**	**% Change**
Cash flows from (used in) operating activities	**5,781**	(13,455)	(143)
Add:			
Interest paid	**1,835**	1,219	51
Income taxes paid	**8,634**	5,283	63
Non-cash working capital changes	**40,107**	47,964	(16)
Funds from operations	**56,357**	41,011	37

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RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2014

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

Note: Due to the creation of the OS Division April 1, 2013, certain reclassifications of revenues and expenses between the divisions have occurred. Accordingly, any reclassification in 2013 was restated in the prior year to conform to current period presentation. More specifically, the DS division environmental services business and the PRD division integrated water solutions business have been combined with Frontline to form the OS division.

	Three Months Ended March 31,		
($000's except per share data)	**2014**	**2013**	**% Change**
Revenue	**526,212**	322,978	63
Operating expenses	**470,688**	282,127	67
General and administrative	**19,203**	14,139	36
Business development	**2,577**	1,793	44
Interest, accretion and finance costs	**1,916**	1,202	59
Total expenses	**494,384**	299,261	65
Earnings for the period before income taxes	**31,828**	23,717	34
Income taxes			
Current income tax expense	**8,130**	5,272	54
Deferred income tax expense	**709**	687	3
	8,839	5,959	48
Net earnings for the period	**22,989**	17,758	29
Other comprehensive income (expense)			
Foreign currency translation adjustment, net of tax	**3,827**	1,460	162
Total comprehensive income	**26,816**	19,218	40
Earnings per share			
Basic	**0.20**	0.17	18
Diluted	**0.19**	0.17	12

PRD DIVISION OPERATIONS – QUARTER ENDED MARCH 31, 2014

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

Processing, recovery and disposal services:

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

Oil purchase/resale service:

The purpose of providing this service is to enhance the service offering associated with Secure's business of produced water disposal, crude oil emulsion treating, terminalling and marketing. By offering this service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. At Secure FSTs, Secure will meter the crude oil volumes and purchase the crude oil directly from its customers. The Corporation will then process, transport to a pipeline connected FST if necessary and handle the shipment of crude oil down the pipeline.

	Three months ended Mar 31,		
($000's)	**2014**	**2013**	**% Change**
Revenue			
Processing, recovery and disposal services (a)	**63,302**	44,354	43
Oil purchase and resale service	**320,580**	175,856	82
Total PRD division revenue	**383,882**	220,210	74
Operating Expenses			
Processing, recovery and disposal services (b)	**23,735**	14,781	61
Oil purchase and resale service	**320,580**	175,856	82
Depreciation, depletion, and amortization	**13,739**	9,017	52
Total operating expenses	**358,054**	199,654	79
General and administrative	**6,767**	4,959	36
Total PRD division expenses	**364,821**	204,613	78
Operating Margin [1] (a-b)	**39,567**	29,573	34
Operating Margin [1] as a % of revenue (a)	**63%**	67%	

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

Revenue (PRD division)

Revenue from processing, recovery and disposal for the three months ended March 31, 2014 increased 43% to $63.3 million from $44.4 million in the comparative period of 2013.

Processing: For the three months ended March 31, 2014, processing volumes increased 22% from the comparative period in 2013. The increase in revenue is a result of an increase in overall demand for the PRD division's services and the addition of new facilities and expansions at current facilities subsequent to the first quarter of 2013 which include: completion of the Rocky and Judy Creek FSTs in May 2013; Kaybob SWD in August 2013; Stanley SWD in North Dakota in September 2013; Keene SWD in North Dakota in November 2013; and the Kindersley FST in December 2013.

Recovery: Revenue from recovery for the three months ended March 31, 2014 increased by 27% from the comparative period in 2013. The increase in recovery revenue for the three months ended March 31, 2014 is a result of a 45% increase in throughput at Secure facilities, an increase in the price of crude oil of 4% as compared to the first quarter of 2013.

Disposal: Secure's disposal volumes increased by 56% for the three months ended March 31, 2014 from the comparative period of 2013. The increase in volumes is related to increased demand and a portion of the increase is due to the addition of the 13 Mile Landfill in North Dakota in October 2013; and the Saddle Hills Landfill in November 2013.

Oil purchase/resale service: Revenue from oil purchase and resale services increased 82% to $320.6 million from $175.9 million in the comparative period of 2013. The increase in the period is due to increased pipeline capacity added at the Judy Creek FST in the third quarter of 2013, a 4% increase in crude oil prices, increased oil throughput at the Corporation's pipeline connected FSTs, and increased crude oil volumes shipped via rail. The revenue from this service line will fluctuate monthly based on the factors described above.

Operating Expenses (PRD division)

Operating expenses from PRD services for the three months ended March 31, 2014 increased 61% to $23.7 million from $14.8 million in the comparative period of 2013. The increase in operating expenses relate to the new facilities, expansions added organically, and the increase in processing, recovery and disposal volumes at the Corporation's existing facilities. This includes the upfront commissioning costs associated with the Kindersley, Edson and Keene FST's. New facilities accounted for 60% of the increase in operating expenses over the comparative period in 2013, trucking costs increased $0.9 million to move crude oil from FSTs that are not pipeline connected to move crude oil shipped by rail from the Silverdale FST, and as a result of increased disposal volumes with solids transferred from the Corporation's FSTs to Landfills. During the quarter, non-recurring maintenance costs were incurred for liner repairs at one of the Corporation's landfills which accounts for approximately $1.4 million in additional operating expenses for the quarter. Repair of the liner began in the fourth quarter of 2013 and continued into the first quarter.

Operating margin as a percentage of revenue for the three months ended March 31, 2014 was 63% compared to 67% in the comparative period of 2013. 2% of the decrease to operating margin for the three months ended March 31, 2014 is a direct result of the non-recurring maintenance expenses incurred in the quarter of approximately $1.4 million, as described above. The remainder of the 2% decrease is attributable to the increase in trucking and commissioning costs associated with facilities coming on-line.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the three months ended March 31, 2014 increased 52% to $13.7 million from $9.0 million in the comparative period of 2013. The increase is due to the addition of new facilities, expansions at existing facilities and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

General and administrative ("G&A") expenses increased 36% for the three months ended March 31, 2014 to $6.8 million from $5.0 million in the comparative period of 2013. Major drivers are an increase of 59% in wages & salaries to support the opening of new facilities, organic growth at existing facilities both in Canada and the US; and a 123% increase in building and lease costs to accommodate growth of staff in Canada and the US.

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DS DIVISION OPERATIONS – QUARTER ENDED MARCH 31, 2014

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

Drilling services:

The DS division has two main service lines: drilling fluids and equipment rentals. The environmental service line (which was previously included within the DS division) now forms part of the OnSite Services division created in the second quarter of 2013. The drilling fluids service line is the core service of the DS division and operates in the WCSB as well as the U.S. (primarily in Colorado and North Dakota). Drilling fluid products are designed to optimize the efficiency of customer drilling operations through engineered solutions that improve drilling performance and penetration, while reducing non-productive time. Increasingly complex horizontal and directional drilling programs require experienced drilling fluid technical personal who design adaptable drilling programs to meet the needs of drilling fluid customers.

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

	Three months ended Mar 31,		
($000's)	**2014**	**2013**	**% Change**
Revenue			
Drilling services (a)	**118,683**	93,254	27
Operating expenses			
Drilling services (b)	**88,381**	70,872	25
Depreciation and amortization	**4,996**	3,671	36
Total DS division operating expenses	**93,377**	74,543	25
General and administrative	**7,854**	6,150	28
Total DS division expenses	**101,231**	80,693	25
Operating Margin [1] (a-b)	**30,302**	22,382	35
Operating Margin % [1]	**26%**	24%	

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

Revenue (DS division)

Revenue from the DS division for the three months ended March 31, 2014 increased 27% to $118.7 million from $93.3 million in the comparative period of 2013. The increase in revenue for the three months ended March 31, 2014 is the result of a combined 22% increase in the drilling fluids service line revenue and a 111% increase in revenue for the equipment rentals service line from the comparative period in 2013.

The drilling fluids service line revenue will fluctuate each quarter based on market share, meters drilled and the type of wells drilled which in turn drives revenue per operating day. The DS division market share in Canada was 31% for the quarter ended March 31, 2014 which was unchanged from the 2013 comparative period. While the market share remained unchanged, meters drilled per well by the DS division's customers increased by 10% over the prior year comparative period. As meters drilled per well increases, there are higher product usages, increased probability of lost circulation events and a higher usage of specialty chemicals. Additionally, the number of SAGD wells increased by 9% over the prior year comparative period. SAGD wells are more complex and require more costly drilling fluids which contribute to the increase in revenue per operating day. As a result of the increase in meters drilled and SAGD wells, the revenue per operating day increased to $7,253 for the three months ended March 31, 2014 from $5,815 in the comparative period of 2013.

The equipment rentals service line revenue is driven by the size of the available rental fleet, utilization, and rental rates in any given quarter. The increase in the equipment rentals service line revenue for the three months ended March 31, 2014 over the comparative period of 2013 is a direct result of the acquisition of Target on July 2, 2013 which significantly increased the rental asset base and contributed 48% of the rentals revenue for the quarter. Additionally, overall rental asset utilization increased over the comparative period of 2013.

Operating Expenses (DS division)

Operating expenses for the DS Division for the three months ended March 31, 2014 increased 25% to $88.4 million from $70.9 million in the comparative period of 2013. DS division operating margins vary each quarter due to changes in product mix, well type, geographic area, nature of activity, and contribution from the equipment rentals service line. As wells become longer in reach, more specialized products are used which tend to have higher product margin. Inherent in the equipment rentals business, operating margins achieved are higher given the initial capital investment for the equipment. Overall, the increase in operating expenses over the comparative period is a direct result of an increase in revenues.

For the three months ended March 31, 2014, operating margins increased to 26% from 24% in the 2013 comparative period. As described above, equipment rentals contribute higher operating margins. As equipment rentals contributed significantly to the growth in revenues from the comparative period due to the acquisition of Target and an increase in equipment utilization, this has driven the 2% increase in operating margin.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the three months ended March 31, 2014 increased 36% to $5.0 million from $3.7 million in the comparative period of 2013. Depreciation and amortization expense increased compared to the prior period as a result of a larger fixed asset base driven by capital additions to the rental fleet combined with the acquisition of Target in the second quarter of 2013.

General and Administrative (DS division)

G&A expense for the three months ended March 31, 2014 increased 28% to $7.9 million from $6.2 million in the comparative period of 2013. As a percentage of revenue for the three months ended March 31, 2014, G&A expenses were 7% which remained consistent from the comparative period of 2013.

OS DIVISION OPERATIONS – QUARTER ENDED MARCH 31, 2014

The OS division was established April 1, 2013 as a result of the Frontline acquisition. Services offered by Frontline are combined with the Corporation's existing environmental services and integrated water solutions to offer customers a fully integrated suite of products and services. OS division operations include environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation of former wellsites, facilities, commercial, and industrial properties, and laboratory services; integrated water solutions which include water management, recycling, pumping and storage solutions; "CleanSite" waste container services; pipeline integrity (inspection, excavation, repair, replacement and rehabilitation); demolition and decommissioning. These services are offered throughout the WCSB.

	Three months ended Mar 31,		
($000's)	**2014**	**2013**	**% Change**
Revenue			
Onsite services (a)	**23,647**	9,514	149
Operating expenses			
Onsite services (b)	**17,129**	7,511	128
Depreciation and amortization	**1,885**	205	820
Total OS division operating expenses	**19,014**	7,716	146
General and administrative	**1,763**	1,105	60
Total OS division expenses	**20,777**	8,821	136
Operating Margin [1] (a-b)	**6,518**	2,003	225
Operating Margin % [1]	**28%**	21%	

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

Revenue (OS division)

Revenue for the three months ended March 31, 2014 increased 149% to $23.6 million from $9.5 million in the comparative period of 2013. The increase is a result of the acquisition of Frontline on April 1, 2013 and the two acquisitions executed in the quarter. Frontline, along with the two acquisitions executed in the quarter, contributed 97% of the increase in revenue over the 2013 comparative period. The prior year comparative figures include environmental services revenue and integrated water solutions revenue. The environmental services and integrated water solutions groups were previously included in other divisions but were allocated into the OS division in conjunction with the Frontline acquisition.

Frontline utilization for the three months ended March 31, 2014 was higher than the fourth quarter of 2013 due to a few large projects that began in the first quarter of 2014 that were previously delayed due to unfavourable weather relating to pipeline integrity, a spill clean-up, and reclamation work.

Integrated water solutions equipment utilization was strong for the two months post acquisition with projects focused in the Northern WCSB. As the drilling season was extended due to a late spring break-up, this positively contributed to results for the quarter.

Operating Expenses (OS division)

Operating expenses for the three months ended March 31, 2014 increased 128% to $17.1 million from $7.5 million for the comparative period of 2013. The quarter over quarter increase is a direct result of the acquisition of Frontline in the second quarter of 2013 and the two acquisitions executed in the current quarter.

For the three months ended March 31, 2014, operating margins increased to 28% from 21% in the 2013 comparative period. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. The majority of the 7% increase in the quarter is a result of the acquisitions executed in the quarter. The more significant acquisition is a rentals based business which achieves higher margins than the other service lines in the OS division.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the three months ended March 31, 2014 increased to $1.9 million from $0.2 million in the comparative period of 2013. The increase in depreciation over the 2013 comparative period is due to the acquisition of Frontline in April, 2013, and the two acquisitions executed in the quarter. Depreciation and amortization in the prior year comparative period related to the environmental and integrated water solutions business lines.

General and Administrative (OS division)

G&A expenses for the three months ended March 31, 2014 increased to $1.8 million from $1.1 million in the comparative period of 2013. G&A expenses increased due to the Frontline in 2013 and the two acquisitions executed in the quarter. G&A is expected to fluctuate based on the growth of the division.

OTHER INCOME AND EXPENSES

Corporate expenses

	Three Months Ended March 31,		
($000's)	2014	2013	% Change
General and administrative	2,819	1,925	46

Corporate expenses for the three months ended March 31, 2014 increased to $2.8 million from $1.9 million in the comparative period of 2013. Included in corporate expenses are all public company costs, salaries, share based payments and office costs relating to corporate employees. The increase in the quarter is attributed to increased headcount and lease costs due to growth of the Corporation, higher salaries, bonus, and share based compensation.

Business Development Expenses

	Three Months Ended March 31,		
($000's)	2014	2013	% Change
Business development	2,577	1,793	44

Business development expenses for the three months ended March 31, 2014 increased to $2.6 million from $1.8 million in the comparative period of 2013. Business development expenses include prospect costs associated with organic and acquisition opportunities in Canada and the United States, and research and development costs. Business development expenses increased in the quarter due to acquisition costs, increased salaries resulting from a higher headcount required to support the increased capital expenditure program related to organic and acquisition opportunities, and continued investment in research and development activities. The Corporation continues to expand and evaluate a number of potential projects and prospects.

Interest and Financing costs

	Three Months Ended March 31,		
($000's)	2014	2013	% Change
Interest and finance costs	1,638	1,063	54

Interest and financing costs for the three months ended March 31, 2014 increased to $1.6 million from $1.1 million in the 2013 comparative period. The average debt balance in the first quarter of 2014 increased 30% from the comparative period in 2013. Interest associated with higher debt balances was partially offset by lower interest rates charged under the credit facility which was amended in October, 2013.

Interest is capitalized on capital projects with a substantial time to completion. Typically, interest is only capitalized on the construction of the Corporation's FSTs. For the three months ended March 31, 2014, capitalized interest was $0.3 million versus $0.5 million for the 2013 comparative period. The balance on the credit facility as at March 31, 2014 was $219.5 million compared to $168.4 million as at March 31, 2013.

Foreign Currency Translation Adjustment

	Three Months Ended March 31,		
($000's)	2014	2013	% Change
Foreign currency translation adjustment, net of tax	3,827	1,460	162

Included in Other Comprehensive Income ("OCI") is $3.8 million for the three months ended March 31, 2014 of foreign currency translation adjustments relating to the conversion of the financial results of the US operations as at March 31, 2014. The US dollar increased 4% in value relative to the Canadian dollar during the three months ended March 31, 2014. The foreign currency translation adjustment included in the consolidated statements of comprehensive income does not impact net earnings for the period.

SECURE energy services

Income Taxes

($000's)	Three Months Ended March 31, 2014	2013	% Change
Income taxes			
Current income tax expense	**8,130**	5,272	54
Deferred income tax expense	**709**	687	3
	8,839	5,959	48

Income tax expense for the three months ended March 31, 2014 increased to $8.8 million from $6.0 million in the 2013 comparative period. The increase in current income tax expense for the three months ended March 31, 2014 is attributable to the overall increase in the Corporation's net earnings before income taxes as compared to the prior period. The increase in deferred income tax expense relates to a combination of changes in the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes compared to the amounts used for taxation purposes.

SIGNIFICANT PROJECTS

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

GEOGRAPHICAL FINANCIAL INFORMATION

	Canada		USA		Total	
($000's)	2014	2013	2014	2013	2014	2013
Three months ended March 31						
Revenue	**510,453**	310,575	**15,759**	12,403	**526,212**	322,978
As at March 31, 2014 and December 31, 2013						
Total non-current assets	**749,929**	686,536	**130,904**	116,880	**880,833**	803,416

Revenue from assets in the United States for the three months ended March 31, 2014 increased 27% from the comparative period of 2013. For the three months ended March 31, 2014, the increase in revenue relates to the completion of the Stanley SWD in the third quarter of 2013, the addition of the Keene SWD and 13 Mile Landfill late in the fourth quarter of 2013, and the acquisition of an onsite services company. United States based non-current assets as at March 31, 2014 of $130.9 million have increased 12% from $116.9 million as at December 31, 2013. The increase is a direct result of the conversion of the Keene SWD into an FST which was commissioned in April, 2014, preliminary design and engineering for 2014 organic projects in North Dakota, and the acquisition. The Corporation now operates five water disposal facilities in North Dakota, one landfill, offers drilling fluid and drilling equipment rental services and onsite services throughout the US Rocky Mountain region. As noted above, the Corporation opened its first FST in the US after quarter end. This will further increase the service offerings in the US market and increase Secure's brand recognition.

SUMMARY OF QUARTERLY RESULTS

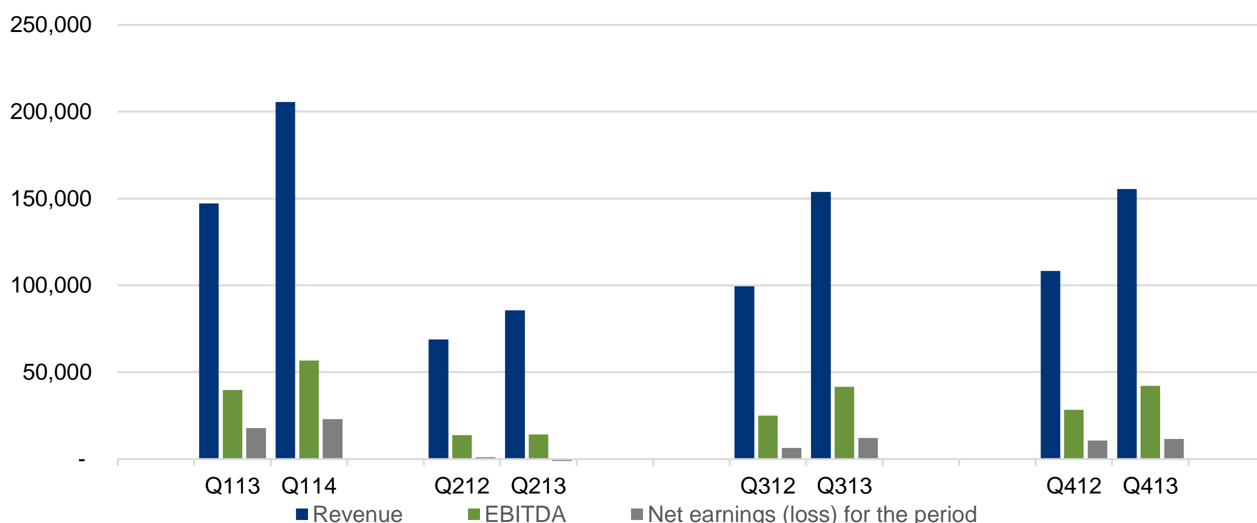
Seasonality

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

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

($000s except share and per share data)	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue (excluding oil purchase and resale)	205,632	155,427	153,868	85,530	147,122	108,356	99,503	68,906
Oil purchase and resale	320,580	232,522	289,892	252,323	175,856	170,501	149,705	154,756
Total Revenue	526,212	387,949	443,760	337,853	322,978	278,857	249,208	223,662
Net earnings (loss) for the period	22,989	11,545	12,036	(2,375)	17,758	10,634	6,354	1,087
Earnings (loss) per share - basic	0.20	0.10	0.11	(0.02)	0.17	0.10	0.06	0.01
Earnings (loss) per share - diluted	0.19	0.10	0.11	(0.02)	0.17	0.10	0.06	0.01
Weighted average shares - basic	117,235,063	110,706,772	108,648,873	106,824,753	104,734,964	104,530,375	98,724,604	91,527,556
Weighted average shares - diluted	120,436,149	113,700,987	111,500,617	106,824,753	107,363,836	107,456,318	101,492,349	94,210,135
EBITDA [1]	56,691	42,108	41,542	14,158	39,705	28,360	24,915	13,789

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



Quarterly Review Summary

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

Each quarter was impacted by the date at which any one of the constructed or acquired FSTs, SWDs or landfills commenced operations. For a complete description of Secure's PRD, DS, and OS division business assets and operations, please refer to the headings "Secure Energy Services Inc.", and "Description of Business" in the Corporation's AIF for the year ended December 31, 2013 which includes a description of the date on which each of Secure's facilities commenced operations. In addition to when the facility commenced operating activities or was acquired, the quarters were also impacted by the length of time required for several oil and natural gas producers to conduct their own individual audits of the facilities to ensure Secure meets all required internal specifications for disposal of oilfield wastes. This process is conducted at all landfills, FSTs and SWDs before the producer will begin sending waste. Depending on the producer, this process can take several months.

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

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Provided by Operations

	Three Months Ended March 31,		
($000's)	**2014**	**2013**	**% Change**
Funds from operations [(1)]	56,357	41,011	37

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

Funds from operations for the period ended March 31, 2014 increased to $56.4 million from $41.0 million in the comparative period of 2013. The 37% increase for the period ended March 31, 2014 was a result of new PRD facility additions and expansions, increase in the revenue per operating day for drilling fluids, increased rental revenues from the acquisition of Target in the second quarter of 2013, the acquisition of Frontline in the second quarter of 2013, and the two acquisitions in the first quarter of 2014.

Investing Activities

	Three months ended March 31,		
($000's)	**2014**	**2013**	**% Change**
Capital expenditures [(1)]			
Expansion and grow th capital expenditures	49,834	41,496	20
Acquisitions	16,421	-	100
Sustaining capital expenditures	482	772	(38)
Total capital expenditures	66,737	42,268	58

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

The Corporation's growth and expansion capital expenditures for the three months ended March 31, 2014 increased to $49.8 million from $41.5 million in the comparative period of 2013. Capital expenditures for the quarter ended March 31, 2014 are allocated as follows:

- $40.7 million in PRD growth capital:
  - Kindersley FST was completed and operational during the first quarter;
  - Edson and Keene FST's are expected to be commissioned and operational during the second quarter of 2014;
  - Rycroft Full Service Rail ("FSR") facility is the Corporation's first heavy oil rail facility. The FSR facility will offer treating, storage, disposal and transloading services. It is expected the facility will be commissioned and operational in the fourth quarter of 2014; and
  - The Brazeau and Stanley SWDs are currently under construction to convert to FSTs with the expectation the waste portion of the facilities will be operational in the fourth quarter of 2014;
- $2.9 million for expansion capital:
  - Second disposal well at the Obed FST and various other expansion projects at existing facilities;
- $2.6 million for long lead equipment for 2014 capital projects; and
- $3.6 million for construction of the oil based mud blending plant in Fox Creek, rental equipment such as centrifuges, target tanks, hydraulic stands and invert tanks and other miscellaneous capital expenditures.

For the period ended March 31, 2014 acquisitions were $16.4 million compared to $nil for the 2013 comparative period. The acquisitions fall into the OS division with assets that will grow the Corporation's integrated water solutions service line and establish an onsite market presence in the US. These two strategic acquisitions are a continuation of the Corporation's strategy to add complementary services along the energy services value chain. It will support and expand the existing water solutions and environmental management services of the Corporation's OS division, and allow the OS division to expand into the US market.

Sustaining capital or maintenance capital refers to capital expenditures in respect of capital asset additions, or replacements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion and growth capital involves judgment by management. During the period ended March 31, 2014, sustaining capital was $0.5 million compared to $0.8 million for the 2013 comparative period. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new equipment or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades. As a facility matures, the amount of sustaining capital required will increase.

Financing Activities

	Three Months Ended March 31,		
($000's)	**2014**	**2013**	**% Change**
Issue of common shares, net of issue costs	**3,786**	965	292
Net draws on revolving credit facility	**59,500**	45,500	31
Financing costs	**-**	(25)	(100)
Dividends paid	**(4,392)**	-	100
Net cash flow from financing activities	**58,894**	46,440	27

For the period ended March 31 2014, the Corporation issued 738,070 common shares for the acquisitions. In addition, the increase relates to the exercising of options in accordance with the Corporation's share-based payment plan (the "Plan"). Under the Plan, the Corporation may grant share options to its employees and directors for up to 10% of the issued and outstanding common shares of the Corporation calculated on a non-diluted basis at the time of grant. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant.

As at March 31, 2014, the Corporation has drawn $220.0 million on its credit facility compared to $160.5 million in the 2013 comparative period. The amount drawn on the credit facility relates to capital expenditures and working capital requirements. Working capital in the DS division, specifically inventory, requires certain minimum levels to be held in order to meet the needs of customers for the active winter drilling season. The Corporation had $162.8 million available under its credit facility as at March 31, 2014. The Corporation is well positioned, based on the available amount of its credit facility and expected funds from operations, to execute on the 2014 capital program. At March 31, 2014 the Corporation was in compliance with all covenants.

At March 31, 2014, the Corporation had issued approximately $17.2 million in letters of credit and approximately $7.4 million of performance bonds to various environmental regulatory authorities in Alberta and British Columbia and letters of credit related to certain crude oil marketing contracts. The Alberta Energy Regulator ("AER") is implementing the Oilfield Waste Liability ("OWL") program. The OWL program is expected to replace the current fully funded liability management program for oilfield waste facilities with a facility specific asset to liability risk based assessment that is backed by the existing upstream oil and natural gas industry liability management program. The amount of letters of credit issued will fluctuate based on the growth of the Corporation, requirements for crude oil contracts and future refunds under the OWL program, which are undeterminable at this time.

During the three months ended March 31, 2014, the Corporation declared dividends totaling $4.4 million to holders of common shares. Of the dividends declared, $0.6 million was reinvested in additional common shares through the DRIP.

Subsequent to March 31, 2014, the Corporation declared dividends to holders of common shares in the amount of $0.0167 per common share payable on April 15, 2014, and May 15, 2014, for shareholders of record on April 1, 2014, and May 1, 2014, respectively.

Contractual Obligations

The Corporation has a total of $47.2 million in commitments, excluding the above commitment relating to the credit facility. The $47.2 million includes commitments for finance and operating lease agreements primarily for heavy equipment, vehicles, land leases and office space, and capital commitments relating to purchases for use in the Corporation's current and future capital projects. Overall, the Corporation has sufficient funds from operations and availability though the credit facility to meet upcoming commitments.

($000's)	1 year or less	1-5 years	5 years and thereafter	Total
Finance leases	7,114	9,062	-	**16,176**
Operating leases	6,141	7,928	2,209	**16,278**
Capital purchases	14,731	-	-	**14,731**
Total Commitments	27,986	16,990	2,209	**47,185**

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, 2014 to be $41.5 million (December 31, 2013 - $38.8 million) based on a total future liability of $62.0 million as at March 31, 2014 (December 31, 2013 - $60.9 million). These costs are expected to be incurred over the next 25 years. The Corporation used its risk-free interest rates of 1.07% to 3.24% and an inflation rate of 3.00% to calculate the net present value of its asset retirement obligations.

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

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

BUSINESS RISKS

A comprehensive listing of the Corporation's business risks are set out in the Corporation's Annual Information Form for the year ended December 31, 2013 under the heading "Business Risks". This section does not describe all risks applicable to the Corporation, its industry or its business, and is intended only as a summary of certain material risks. If any of such risks or uncertainties actually occurs, the Corporation's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements discussed in this MD&A.

OUTSTANDING SHARE CAPITAL

As at May 8, 2014, there were 118,325,950 Common Shares issued and outstanding. In addition as at May 8, 2014, there were 7,102,400 share options outstanding, of which 2,922,608 were exercisable, 207,154 RSUs outstanding, of which nil were redeemable, and 19,904 PSUs outstanding, of which nil were redeemable.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

For the three months ended March 31, 2014, the Corporation earned $11.9 million of revenue and incurred $0.3 million of expenses with related parties. Related parties include companies that have common directors, officers, employees and shareholders. The nature of the expenses relate to operating and general and administrative expenses for use in the Corporation's PRD, DS and OS divisions. Amounts are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the three months ended March 31, 2014, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2013 - Nil). This assessment is undertaken each financial reporting period through examining the financial position of the related party and the market in which the related party operates.

ACCOUNTING POLICIES

Secure's significant accounting policies are set out in Note 2 of the Corporation's annual audited financial statements for the year ended December 31, 2013.

FINANCIAL AND OTHER INSTRUMENTS

As at March 31, 2014, the Corporation's financial instrument assets include cash, accounts receivables and accrued receivables. The Corporation's financial instrument liabilities include accounts payable and accrued liabilities, and long term borrowings. The fair values of these financial instruments approximate their carrying amount due to the short term maturity of these instruments except long term borrowings. The use of financial instruments exposes the Corporation to credit, liquidity and market risk. A discussion of how these and other risks are managed can be found in the "Business Risk" section of this MD&A. Further information on how the fair value of financial instruments is determined is included in the "Critical accounting estimates and judgements" section of this MD&A.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of the Corporation's condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgements used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the condensed consolidated financial statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgements used in the preparation of the Corporation's condensed consolidated financial statements have been set out in the Corporation's MD&A for the year ended December 31, 2013 and its audited annual consolidated financial statements and notes thereto for the year ended December 31, 2013.

FUTURE ACCOUNTING PRONOUNCEMENTS

For the three months ended March 31, 2014, there were no revised standards or amendments to IFRS issued.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

Management has evaluated 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. 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.

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. While management of the Corporation has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Corporation's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated. Management has reviewed internal controls over financial reporting and no changes were made during the three months ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting other than the acquisitions completed during the quarter. Management is currently reviewing the ICFR systems and processes and has not identified any significant design or operating deficiencies to date.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

A statement of defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, more recently amended on October 17, 2013, the Corporation claims damages in the amount of $97.9 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the Competition Act (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. In addition, the amended counterclaim now includes damages related to Tervita's acquisition of Complete Environmental Inc., the previous owner of the Babkirk landfill in northeast British Columbia. The Corporation contends that Tervita purchased the landfill with the intention of maintaining its geographic monopoly and conspiring to cause injury to the Corporation. A decision to that effect by the Competition Tribunal of Canada is now under review by the Supreme Court of Canada.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains forward-looking statements pertaining to: corporate strategy; goals; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including market fundamentals, drilling levels, commodity prices for oil, natural gas liquids ("NGLs") and natural gas; the increase in meters drilled for the first quarter of 2014; demand for the Corporation's services; expansion strategy; the amounts of the PRD, DS and OS divisions' proposed 2014 capital budgets and the intended use thereof; debt service; capital expenditures; completion of facilities; the impact of new facilities on the Corporation's financial and operational performance; use of proceeds from the 2013 offering; future capital needs; access to capital; acquisition strategy; capital spending on the new Kindersley, Edson, and Keene FSTs, Rycroft FSR, conversion of Brazeau to an FST, and construction of the oil based mud blending plant in Fox Creek; oil purchase and resale revenue; and the impact of the OWL program.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as the assumption that increases in market activity and growth will be consistent with industry activity in Canada, United States, and internationally and growth levels in similar phases of previous economic cycles. Forward-looking statements concerning the availability of funding for future operations are based upon the assumption that the sources of funding which the Corporation has relied upon in the past will continue to be available to the Corporation on terms favorable to the Corporation and that future economic and operating conditions will not limit the Corporation's access to debt and equity markets. Forward-looking statements concerning the relative future competitive position of the Corporation are based upon the assumption that economic and operating conditions, including commodity prices, crude oil and natural gas storage levels, interest rates, the regulatory framework regarding oil and natural gas royalties, environmental regulatory matters, the ability of the Corporation and its subsidiaries' to successfully market their services and drilling and production activity in North America will lead to sufficient demand for the Corporation's services and its subsidiaries' services including demand for oilfield services for drilling and completion of oil and natural gas wells, that the current business environment will remain substantially unchanged, and that present and anticipated programs and expansion plans of other organizations operating in the energy service industry will result in increased demand for the Corporation's services and its subsidiary's services. Forward-looking statements concerning the nature and timing of growth are based on past factors affecting the growth of the Corporation, past sources of growth and expectations relating to future economic and operating conditions. Forward-looking statements in respect of the costs anticipated to be associated with the acquisition and maintenance of equipment and property are based upon assumptions that future acquisition and maintenance costs will not significantly increase from past acquisition and maintenance costs.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to and under the heading "Business Risks" and under the heading "Risk Factors" in the Corporation's annual information form ("AIF") for the year ended December 31, 2013. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

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