MANAGEMENT DISCUSSION AND ANALYSIS

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

Three and Six Months ended June 30, 2013 and 2012

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 August 13, 2013. The discussion and analysis is a review of the financial results of the Corporation based upon accounting principles that are generally accepted in Canada (the issuer's "GAAP"), which includes International Financial Reporting Standards ("IFRS").

The MD&A's focus is primarily a comparison of the financial performance for the three and six months ended June 30, 2013 and 2012 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and accompanying notes prepared under IFRS for the year ended December 31, 2012 and the unaudited condensed consolidated financial statements for the period ending June 30, 2012. The Corporation's management is responsible for the information disclosed in this MD&A and the accompanying unaudited condensed consolidated interim financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Corporation's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Corporation. The MD&A has been prepared as of August 13, 2013. 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 focuses on providing specialized services 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 services provided by the Corporation assist these companies with the handling, processing and sale of crude oil, drilling fluids, recycling services and various complementary services associated with oil and natural gas development and production.

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

Operating under the trade name Secure Energy Services Inc., the PRD division provides 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 nineteen facilities throughout western Canada and three facilities in North Dakota, providing these services at its full service terminals ("FST"), landfills or 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 Fluids Systems Inc. ("XL Fluids") and the trade name Imperial Drilling Fluids Engineering ("IDF"), the DS division provides drilling fluid systems and solids control services. 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.

ON SITE DIVISION (“OS”)

The On Site division was established on April 1, 2013 as a result of the acquisition of Frontline Integrated Services Ltd. (“Frontline”). Operating under the name of Frontline, the OS division offers fully integrated services supporting the energy, resource, pipeline and civil construction industries in Western Canada. The division offers a full spectrum of services that include the full life cycle of pipeline and facility operations, waste management and environmental sciences, asset management and recovery, civil, remediation and reclamation earthworks as well as integrated water solution services. Environmental services was previously included in the DS division and integrated water services (frac pond rentals and water recycling) was 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 and DS divisions, please refer to the headings “Secure Energy Services Inc.”, “Description of Business” and “Industry Overview” in the Corporation’s annual information form (“AIF”) for the year ended December 31, 2012.

CORPORATE STRATEGY

Secure’s goal is to achieve profitable growth while providing cost effective solutions and delivering exceptional customer service. To achieve this goal, Secure’s 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;
- Conduct operations in a safe and environmentally responsible manner; and
- Enhance environmental stewardship for the Corporation’s customers.

SELECTED CONSOLIDATED FINANCIAL HIGHLIGHTS

Revenue (excluding oil purchase and resale) for the three and six months ended June 30, 2013 increased 24% and 26% compared to the respective prior year periods while earnings before interest, taxes, depreciation and amortization ("EBITDA") improved 3% and 16% for the three and six months ended June 30, 2013 compared to the same periods in 2012. Financial results were influenced by a later spring break-up and by a wet June throughout the WCSB and North Dakota. Canadian industry activity declined quarter over quarter; wells drilled, rig count and meters drilled decreased 15%, 10% and 1% respectively.

Seasonality impacted the DS division results as operations are tied to drilling activity whereas the PRD division services are more heavily weighted to production related services therefore alleviating some of the impact of spring break-up. Second quarter activity for the new OS division was also impacted by the extremely wet weather. In addition, results in this division are at a low point with added expenses incurred to mobilize equipment and staff for the expected higher activity as projects commence following spring break-up in the second half of the year.

Secure completed the acquisition of Frontline Integrated Services Ltd. ("Frontline") on April 1, 2013 and announced the acquisition of Target Rentals Ltd. ("Target") on July 2, 2013. These acquisitions expand the value chain of services the Corporation offers its customers. In addition to the acquisition of Frontline and Target, growth and expansion capital expenditures incurred during the three and six months ended June 30, 2013 totaled $36.2 million and $77.7 million respectively. The Corporation continues to seize market opportunities by executing organic growth initiatives. In order to capitalize on these opportunities, the Corporation has increased its capital expenditure program from $155.0 million to $195.0 million. The increased capital program is intended to add new PRD facilities, expand current facilities, develop new technologies for water and oil recycling, purchase long lead items for 2014 capital projects and expand business development activities.

The operating and financial highlights for the three and six months ended June 30, 2013 are summarized as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
($000's except share and per share data)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% change**
Revenue (excludes oil purchase and resale)	**85,530**	68,906	24	**232,652**	184,333	26
Oil purchase and resale	**252,323**	154,756	63	**428,179**	317,042	35
Total revenue	**337,853**	223,662	51	**660,831**	501,375	32
EBITDA (1)	**14,158**	13,789	3	**53,862**	46,348	16
Per share ($), basic	**0.13**	0.15	(13)	**0.51**	0.51	-
Per share ($), diluted	**0.13**	0.15	(13)	**0.50**	0.49	2
Net earnings (loss)	**(2,375)**	1,087	(318)	**15,382**	16,064	(4)
Per share ($), basic	**(0.02)**	0.01	(300)	**0.15**	0.18	(17)
Per share ($), diluted	**(0.02)**	0.01	(300)	**0.14**	0.17	(18)
Funds from operations (1)	**17,859**	12,584	42	**52,602**	41,131	28
Per share ($), basic	**0.17**	0.14	21	**0.50**	0.45	11
Per share ($), diluted	**0.17**	0.13	31	**0.48**	0.44	9
Cash dividends per common share	**0.03**	-	100	**0.03**	-	100
Capital expenditures (1)	**42,677**	48,631	(12)	**84,945**	84,464	1
Total assets	**824,413**	618,736	33	**824,413**	618,736	33
Long term borrowings	**144,420**	135,109	7	**144,420**	135,109	7
Common shares - end of period	**107,120,360**	91,805,351	17	**107,120,360**	91,805,351	17
Weighted average common shares						
basic	**106,824,753**	91,527,556	17	**105,785,632**	91,092,801	16
diluted	**106,824,753**	94,210,135	13	**108,539,612**	94,194,889	15

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

SECOND QUARTER AND YEAR-TO-DATE 2013 HIGHLIGHTS:

- ESTABLISHED ON SITE DIVISION
  - The Corporation completed the acquisition of Frontline in the beginning of the second quarter. Frontline's customer offerings align with the environmental services group, previously in the DS division, and the integrated water services group, previously in the PRD division. Therefore, effective April 1, 2013 the On Site division was created combining these three operations. The combined operation improves customer service by ensuring the combined business units offer environmental solutions that integrate project management, on site equipment, and treatment and disposal facilities. The division will offer customers fully integrated services to manage environmental liabilities, waste collection, pipeline protection and maintenance, emergency response support, environmental equipment and environmental consulting / project management.
- REVENUE INCREASES
  - Revenue for the three and six months ended June 30, 2013 (excluding oil purchase and resale) increased 24% to $85.5 million from $68.9 million and 26% to $232.7 million from $184.3 million as compared to the three and six months ended June 30, 2012 respectively.
    - PRD division revenue (excluding oil purchase/resale) for the three months and six months ended June 30, 2013 increased 48% and 40% over the prior year comparative periods. Second quarter revenue increased due to new facility additions and expansions subsequent to the second quarter of 2012 which include; the acquisition of DRD Saltwater Disposal LLC ("DRD"), the completion of the Crosby SWD in North Dakota, the completion of the Fox Creek landfill, the completion of the new Edson temporary water injection facility, the completion of the Rocky and Judy Creek FST's and due to increased demand for PRD services therefore increasing processing volumes quarter over quarter. Crude oil marketing revenue increased 64% and 240% for the three and six months ended June 30, 2013 as compared to the three and six months ended June 30, 2012 as a result of increased throughput at the Corporation's pipeline connected FST's in conjunction with the Corporation's ability to capitalize on market spread differential opportunities.
    - DS division revenue for the three and six months ended June 30, 2013 increased 1% and 15% over the comparative prior year periods. The second quarter of 2013 experienced a wet spring which limited field activity. Lower field activity was evident in the Canadian Association of Drilling Contractors ("CAODC") average rig count; the count decreased 10% quarter over quarter. DS Canadian market share in the second quarter of 2013 increased by seven percentage points to 34% over the second quarter of 2012, this was partially offset by a lower average revenue per operating day. Revenue per operating day for the second quarter of 2013 decreased 5% from the second quarter of 2012 where the number of meters drilled on rigs serviced by DS increased 8% year over year.
    - OS division revenue for the three and six months ended June 30, 2013 increased 114% and 87% over the comparative prior year periods, due to the Frontline acquisition.
  - Oil purchase and resale revenue in the PRD division for the three and six months ended June 30, 2013 increased 63% to $252.3 million from $154.8 million and 35% to $428.2 million from $317.0 million as compared to the three and six months ended June 30, 2012 respectively. The increase resulted from high crude oil marketing activity at existing facilities and from the Drayton Valley, Silverdale and Dawson FST's being fully operational the first quarter of 2013 whereas they were in start-up in the first quarter of 2012. Overall demand increased quarter over quarter.

- EBITDA OF $14.2 MILLION IN THE SECOND QUARTER AND $53.9 MILLION YEAR-TO-DATE
  - For the three and six months ended June 30, 2013 EBITDA increased 3% to $14.2 million from $13.8 million and 16% to $53.9 million from $46.3 million as compared to the three and six months ended June 30, 2012. EBITDA increases in the PRD division for the second quarter were offset by lower EBITDA in the DS and OS divisions. PRD EBITDA increased 19% quarter over quarter despite one time commissioning expenses incurred this quarter for the start-up of the Judy Creek and Rocky FST's. Second quarter 2013 DS division EBTIDA was impacted by lower drilling activity from a wet spring in the WCSB and North Dakota. Both the PRD and DS divisions continued to heavily invest in business development, including research and development activities, to prepare for 2014 projects. EBITDA from the OS division is typically the lowest in the second quarter due to spring break-up, as equipment is not able to move to site. The division also incurred costs in the second quarter of 2013 to mobilize equipment and hire staff to start projects in the second quarter and manage increases in activity expected in the third and fourth quarters of 2013. Therefore the EBITDA contribution was negative.
  - Net loss for the second quarter of 2013 was $2.4 million compared to net earnings of $1.1 million in the second quarter of 2012. Net earnings decreased quarter over quarter due to:
    - Loss incurred in the new OS division as results were impacted by wet weather that prevented projects from starting up in the second quarter, and additional expenses incurred to mobilize equipment and staff for the expected increases in activity for the second half of the year;
    - Increased general and administrative expenses in the second quarter of 2013 compared to the second quarter of 2012 due to establishment of the OS division, set up of an office in Denver, and higher business development expenses in order to support the increased capital expenditure programs related to organic and acquisition opportunities; and
    - Lower activity resulting from wet weather conditions experienced this quarter as compared to the second quarter of 2012. Wet weather decreases customer activity as projects are delayed until road access is restored.
- DIVERSIFICATION INTO NEW MARKETS AND NEW AREAS
  - Organic expansion and growth capital totaled $77.7 million for the six months ended June 30, 2013 and include 2012 carryover capital related to the Judy Creek and Rocky FST's. Total assets as of June 30, 2013 were $824.4 million compared to $618.7 million as of June 30, 2012. Major expenditures for the six months ended June 30, 2013 included:
    - Completion and commissioning of the Judy Creek and Rocky FST's;
    - Construction commenced on the following new facilities:
      - Kaybob SWD; the facility is expected to become operational in the third quarter;
      - Edson temporary SWD, which opened in the first quarter, to become an FST. The facility is expected to be operational early 2014;
      - Keene and Stanley SWD facilities in North Dakota; the facilities are expected to be operational by the end of the year
    - Preliminary construction commenced on the 13 Mile landfill in North Dakota, the majority of the capital spend will occur in the third quarter of 2013. The landfill is expected to be complete by the end of the year;
    - Pre-engineering commenced on the new Saddle Hills landfill. Construction is expected to begin in the third quarter of 2013;
    - Expansion at the Drayton Valley and Fox Creek FST's with second treaters being added; and

  - Various long lead purchases for 2013 and 2014 PRD capital projects and rental equipment for the DS division. Both the PRD and DS divisions continue to heavily invest in business development, including research and development activities, to prepare for 2014 projects.

- SOLID BALANCE SHEET
  - Secure's debt to EBITDA ratio was 1.57 as of June 30, 2013; well under the Corporation's credit facility covenant of 3.00; and
  - Positive working capital of $60.5 million and available borrowings of $133.0 million.
- BRAZEAU SWD
  - The Brazeau SWD facility was struck by lightning during the second quarter. The facility is currently closed until the repairs are completed which is expected to be sometime in the fourth quarter of this year. The estimated net book value of the damage to the facility is $2.7 million and is expected to be fully reimbursed by insurance coverage up to the replacement value of $4.4 million for all of the repair related costs.
- SUBSEQUENT EVENT
  - On July 2, 2013 the Corporation, through its wholly owned subsidiary Marquis Alliance Energy Group Inc., announced the closing of the agreement to acquire all the issued and outstanding shares of Target Energy Rentals Ltd. ("Target") for an aggregate purchase price, including assumed debt, of $39.8 million. The purchase price was paid with $21.0 million in cash and the issuance of 1,367,047 common shares of Secure.

    Target was a privately owned oilfield service company headquartered in Grande Prairie, Alberta and offers equipment rental and support services in both the drilling and completions sectors. Their core service is the supply of a patented dual containment fluid storage tank system for oil based drilling fluid applications.

    The addition of Target's market leading dual containment fluid storage tank system strengthens Secure's integrated service offering while supporting and expanding the existing drilling fluids and rental business of the Corporation's DS division. The "Target Tank" system provides customers with a safe, environmentally responsible, cost effective solution to storing oil based drilling fluids and other sensitive fluids at the drill site.

OUTLOOK

Oil and gas industry fundamentals during the second quarter have improved from the fourth quarter of 2012 and the first quarter of 2013. Commodity prices have increased, heavy oil differentials between world and North American pricing have narrowed and oil transportation bottlenecks have been partially relieved. Expectations are that oil and gas producer capital spending will slowly increase over the next few quarters which in turn will improve activity for oil and gas service providers. In addition, several projects that were delayed by the wet spring are expected to be completed in the second half of the year. Despite the less than optimal field conditions in the second quarter, meters drilled in Canada held relatively constant decreasing by only 1% in the second quarter of 2013 compared to the second quarter of 2012. The number of WCSB horizontal wells licensed in the first half of the year increased to 71% of the total wells licensed in 2013; this is a 5 percentage point increase over the first half of 2012. The relative steady number of meters drilled and continued emphasis on horizontal drilling are positive indicators for the Corporation as it is anticipated these factors create demand for the Corporation's products and services. Secure is well positioned to take advantage of the expected industry upswing through its expanded geographic and service offerings.

The acquisition of Frontline this quarter, and the recently announced purchase of Target, brings new growth platforms that complement the Corporation's existing PRD and DS divisions. The management teams of Frontline and Target are experienced with proven capabilities to manage growth. The financial strength of Secure will provide the capital necessary to grow the new operations. The Corporation is excited to apply the environmental and integrated water capabilities existing within Secure to the new groups to expand the value chain of services provided to our customers.

Capital expenditures for the six months ended June 30, 2013 of $84.9 million are reflective of the continued execution of the Corporation's strategy. Capital expenditures on new facilities such as the Kindersley FST, the conversion of the Edson SWD to an FST and construction of the Corporation's first landfill in the US are expected to enhance financial and operational performance going forward. The list of organic opportunities contains several other projects that reflect the ability of Secure to take advantage of market potential that exists today. The Corporation is increasing the 2013 capital expenditure budget from the previously announced total of $155.0 million to $195.0 to start these projects. The added capital will be deployed in Canada and the US primarily for new growth projects and long lead items for 2014 projects. The Corporation is well positioned to fund its expanded 2013 capital program with available debt capacity from its credit facilities and cash flow from operations.

Managing growth in a prudent manner ensures the Corporation's strong balance sheet is maintained. Secure has a focused strategy of constructing and expanding facilities and services in key under-serviced capacity constrained markets. A solid balance sheet provides the leverage and flexibility to execute this strategy. It also provides the strength to ensure the dividend program that began in May continues to generate returns to shareholders while continuing to provide Secure the ability to invest in growth and expansion opportunities.

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 for drilling services 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 where 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 June 30,			Six Months Ended June 30,		
($000's)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Net earnings (loss)	**(2,375)**	1,087	(318)	**15,382**	16,064	(4)
Add:						
Depreciation, depletion and amortization	**15,014**	9,347	61	**28,121**	18,787	50
Non-cash share-based payments	**2,026**	1,661	22	**3,705**	2,688	38
Current tax expense	**(1,692)**	191	(986)	**3,580**	3,025	18
Deferred income tax expense	**1,496**	495	202	**2,183**	3,263	(33)
Interest, accretion and finance costs	**1,364**	1,008	35	**2,566**	2,521	2
Other income	**(1,675)**	-	100	**(1,675)**	-	100
EBITDA	**14,158**	13,789	3	**53,862**	46,348	16

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 June 30,			Six Months Ended June 30,		
($000's)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Cash from operating activities	**65,723**	26,447	149	**52,267**	50,363	4
Add:						
Non-cash working capital changes	**(47,864)**	(13,863)	245	**335**	(9,232)	(104)
Funds from operations	**17,859**	12,584	42	**52,602**	41,131	28

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013

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 costs 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 services business have been combined with Frontline to form the OS division.

	Three Months Ended June 30,			Six Months Ended June 30,		
($000's except share data)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Revenue	**337,853**	223,662	51	**660,831**	501,375	32
Operating expenses	**324,587**	209,820	55	**606,715**	454,072	34
General and administrative	**14,002**	10,124	38	**28,141**	20,641	36
Business development	**2,146**	937	129	**3,939**	1,789	120
Interest, accretion and finance costs	**1,364**	1,008	35	**2,566**	2,521	2
Other income	**(1,675)**	-	100	**(1,675)**	-	100
Earnings before income taxes	**(2,571)**	1,773	(245)	**21,145**	22,352	(5)
Current income tax expense	**(1,692)**	191	(986)	**3,580**	3,025	18
Deferred income tax expense	**1,496**	495	202	**2,183**	3,263	(33)
	(196)	686	(129)	**5,763**	6,288	(8)
Net earnings	**(2,375)**	1,087	(318)	**15,382**	16,064	(4)
Other comprehensive income						
Foreign currency translation adjustment	**3,054**	10	-	**4,145**	(219)	(1,993)
Total comprehensive income	**679**	1,097	(38)	**19,527**	15,845	23
Earnings per share						
Basic	**(0.02)**	0.01	(300)	**0.15**	0.18	(17)
Diluted	**(0.02)**	0.01	(300)	**0.14**	0.17	(18)

PRD DIVISION OPERATIONS

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

Processing, recovery and disposal services:

Processing services are primarily performed at FST's and include waste processing and crude oil emulsion treating. Secure's FST's 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 class 1B 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 FST's, 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 June 30,			Six Months Ended June 30,		
($000's)	2013	2012	% Change	2013	2012	% Change
Revenue						
Processing, recovery and disposal services (a)	**35,967**	24,247	48	**80,318**	57,480	40
Oil purchase and resale service	**252,323**	154,756	63	**428,179**	317,042	35
Total PRD division revenue	**288,290**	179,003	61	**508,497**	374,522	36
Operating Expenses						
Processing, recovery and disposal services (b)	**15,413**	11,006	40	**30,314**	22,428	35
Oil purchase and resale service	**252,323**	154,756	63	**428,179**	317,042	35
Depreciation, depletion, and amortization	**9,838**	6,287	56	**18,855**	12,816	47
Total operating expenses	**277,574**	172,049	61	**477,348**	352,286	36
General and administrative	**5,746**	2,342	145	**10,705**	4,961	116
Total PRD division expenses	**283,320**	174,391	62	**488,053**	357,247	37
Operating Margin [(1) (a-b)]	**20,554**	13,241	55	**50,004**	35,052	43
Operating Margin [(1)] as a % of revenue (a)	**57%**	55%	4	**62%**	61%	2

[(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 June 30, 2013 increased 48% to $36.0 million from $24.2 million for the three months ended June 30, 2012. Revenue from processing, recovery and disposal for the six months ended June 30, 2013 increased 40% to $80.3 million from $57.5 million for the six months ended June 30, 2012. The 48% increase for the three months ended June 30, 2013 and the 40% increase for the six months ended June 30, 2013 relate to the following:

- New facility additions and expansions subsequent to the second quarter of 2012 which include: the acquisition of DRD in July 2012; the completion of the Crosby SWD in North Dakota in December 2012; the completion of Fox Creek landfill in December 2012; the completion of the new Edson temporary water injection facility in January 2013; the commissioning of the Rocky and Judy Creek FST's in the second quarter of 2013 ("new facilities and expansions"); and
- Increased demand for the Corporation's products and services.

Revenue from processing activity was higher for both the three and six months ended June 30, 2013 as processing volumes increased by 57% and 42%, respectively, over the comparable periods in 2012. In addition, disposal volumes increased by 48% and 42%, respectively. The majority of the increase in disposal volumes resulted from the addition of the three PRD facilities in the US subsequent to the second quarter of 2012. The remainder of the increases in revenue from both processing and disposal for the three and six months ended June 30, 2013 relate to higher volumes received at the Corporation's existing facilities (excluding volumes from new facilities added after the second quarter of 2012).

Revenue from the sale of oil recovered through waste processing, crude oil handling, marketing and terminalling increased by 70% and 48% for the three and six months ended June 30, 2013 compared to the same periods of 2012. The amount of recovery revenue increased as a result of increased processing volumes from the addition of the new facilities and expansions subsequent to the second quarter of 2012. A significant portion of the 70% increase in recovery revenue for the three months ended June 30, 2013 is a result of the Corporation's ability to capitalize on crude oil marketing opportunities at its FST's. Crude oil marketing revenue increased by 64% and 240% for the three and six months ended June 30, 2013 as compared to the same periods of 2012. Increased oil throughput at the Corporation's pipeline connected FST's, in conjunction with the Corporation's ability to capitalize on market spread differential opportunities (including maximizing crude oil marketing opportunities available by shipping crude oil via rail) throughout the quarter and year to date, has led to the significant increases in revenue from this service line as compared to the same periods of 2012. In addition, the Corporation's Dawson FST was fully operational in 2013, whereas it was in the startup phase in the 2012 comparable periods.

Operating Expenses (PRD division)

Operating expenses from PRD services for the three and six months ended June 30, 2013 increased 40% and 35%, respectively, as compared to the same periods of 2012. The increase in operating expenses both quarter over quarter and year over year relate to the new facilities and expansions added organically, the acquisition of DRD in July 2012, and the increases in both processing and disposal volumes at the Corporation's existing facilities. When the Rocky and Judy Creek FST's were added in the second quarter of 2013, there were additional commissioning expenses related to staffing and training. Expenses are typically higher in the first few months of operations after construction of a facility is completed. Revenue for the three and six months ended June 30, 2013 increased 48% and 40%, respectively, which is consistent with the 40% and 35% increases in operating expenses over the comparable periods of 2012, with the exception of startup costs for the Rocky and Judy Creek FST's, and the increase in trucking costs for oil shipped by rail from the Silverdale FST.

Operating margins are typically lower in the second quarter as a result of spring break-up conditions present in the areas that the Corporation's Canadian facilities are located. Operating margin as a percentage of revenue was 57% for the three months ended June 30, 2013 compared to 55% for the same period of 2012. Operating margin as a percentage of revenue was 62% for the six months ended June 30, 2013 compared to 61% for the same period of 2012. The 2% impact to operating margin for the three months ended June 30, 2013 and the 1% impact to operating margin for the six months ended June 30, 2013 is a result of improvements in operating efficiencies at the facilities, increases in crude oil marketing activities at the Corporation's pipeline connected FST's and from volumes managed by rail at the Silverdale FST.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the three months ended June 30, 2013 increased to $9.8 million from $6.3 million in the comparable period of 2012. Depreciation, depletion and amortization expense for the six months ended June 30, 2013 increased to $18.9 million from $12.8 million in the same period of 2012. The increases are due to the addition of new facilities, expansions at existing facilities and the increase in disposal volumes at PRD division landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

General and administrative ("G&A") expenses for the three months ended June 30, 2013 increased 145% to $5.7 million from $2.3 million in the comparative period of 2012. G&A expenses for the six months ended June 30, 2013 increased 116% to $10.7 million from $5.0 million in the comparative period of 2012. Wages and salaries increased 158% and 143% for the three and six months ended June 30, 2013, respectively. As a result of the growth from the PRD division's new and existing facilities, additional employees were hired to support this growth in both Canada and the United States. Other employee related expenses such as travel, office supplies, and employee benefits expenses also increased for both the three and six months ended June 30, 2013 due to hiring these additional employees. Building and office rent expense also increased 162% and 93% for the three and six months ended June 30, 2013, respectively. Contributing to the increases in building and office rent expenses was the establishment of a US PRD divisional office in Denver, Colorado in July of 2012 and additional office space acquired in the Calgary, Alberta head office to support growth in the Canadian PRD division. Information technology expenses also increased for both the three and six months ended June 30, 2013 to support the higher processing and disposal volumes from both new and existing facilities, and to support the growth in the Denver and Calgary offices. Non-cash share based payments are also included in G&A. During the second quarter of 2013, the Corporation approved a restricted share unit ("RSU") plan. Share based payment expense results from the granting of RSU's and options to new employees and to existing employees as part of the Corporation's annual grant. Share based payment expense increased 41% and 39% for the three and six months ended June 30, 2013, respectively. The overall increase in G&A is in line with management expectations.

DS DIVISION OPERATIONS

The DS division's main geographic area of operations is the WCSB, however activity levels continue to increase in the United States with the acquisition of IDF providing a presence in the Niobrara play in Colorado, and through additions to the solid controls fleet of rental equipment in Colorado and North Dakota. 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 now 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 newly created On Site division. 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. This results in higher drilling penetration rates with less wasted fluid, and an overall reduction in drilling costs. 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 solids control package.

($000's)	Three Months Ended June 30, 2013	2012	% Change	Six Months Ended June 30, 2013	2012	% Change
Revenue						
Drilling services (a)	40,998	40,663	1	134,251	117,180	15
Operating expenses						
Drilling services (b)	33,412	32,003	4	104,165	89,740	16
Depreciation and amortization	3,803	2,898	31	7,474	5,656	32
Total DS division operating expenses	37,215	34,901	7	111,639	95,396	17
General and administrative	4,812	5,169	(7)	10,962	10,930	-
Total DS division expenses	42,027	40,070	5	122,601	106,326	15
Operating Margin (1) (a-b)	7,586	8,660	(12)	30,086	27,440	10
Operating Margin % (1)	19%	21%	(10)	22%	23%	(4)

(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 June 30, 2013 increased 1% to $41.0 million from $40.7 million for the three months ended June 30, 2012. Revenue for the six months ended June 30, 2013 increased 15% to $134.3 million from $117.2 million for the six months ended June 30, 2012. The relatively level revenue from the second quarter of 2012 to the second quarter of 2013 is the result of a combined 5% increase in drilling fluids service line revenue quarter over quarter and a 41% decrease in revenue for the equipment rentals service line on a quarter over quarter comparative basis a result of a decrease in activity from a longer spring break-up. Major drivers for the drilling fluids service line revenue increase of 5% are due to a higher proportion of SAGD activity, increased US based revenue, the addition of IDF in the third quarter of 2012 and increased volumes of oil based drilling muds. For the six months ended June 30, 2013, drilling fluids service revenue increased 17% from the six months ended June 30, 2012. The same factors increasing revenue in the second quarter comparative periods apply to the six month period increase.

Revenue per operating day for the three and six months ended June 30, 2013 decreased 5% to $6,690 from $7,073 and increased 11% to $6,036 from $5,437 as compared to the three and six months ended June 30, 2012. Revenue per operating day can fluctuate significantly due to changes in the product mix, the type of well that is being drilled, and the timing of specific drilling events such as the loss of well bore control either due to pressure or lost circulation. The drop in revenue per day for the second quarter of 2013 compared to the second quarter of 2012 was due to a reduction in the number of lost circulation events in 2013 versus 2012. Mitigating the reduction in lost circulation events were increases in SAGD activity (more complex wells requiring more costly drilling fluids). The increase in revenue per operating day for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 was due to an increase in the proportion of SAGD wells relative to the six month period in 2012. Increased use of higher priced oil based fluids for the six months ended June 30, 2013 compared to the six month period in 2012 also improved revenue per operating day.

WCSB market share for the three and six months ended June 30, 2013 increased by seven percentage points to 34% from 27% and increased four percentage points to 32% from 28% as compared to the three and six months ended June 30, 2012. The CAODC average monthly rig count for Western Canada provides the basis for market share calculations. Operating rig days for the second quarter of 2013 were 4,697 compared to 4,396 for the second quarter of 2012. Operating days for the six months ended June 30, 2013 were 18,615 compared to 18,271 for the six months ended June 30, 2012. Market share has increased as a result of the successful integration of the XL and New West Drilling Fluids Inc. ("New West") acquisitions. As a result of the New West acquisition, the Corporation is able to offer a broader product line including new formulations for the drilling of horizontal wells in the oil sands, completion fluids, and new technology such as well bore strengthening and lost circulation additives for oil based mud drilling.

Operating Expenses (DS division)

Operating expenses for the DS Division for the three months ended June 30, 2013 increased 4% to $33.4 million from $32.0 million for the three months ended June 30, 2012. Operating expenses for the six months ended June 30, 2013 increased 16% to $104.2 million from $89.7 million for the six months ended June 30, 2012. As a percentage of revenue, operating expenses for the second quarter of 2012 increased from 79% to 81% for the second quarter of 2013. Solids control service line expenses were the major driver of the increase. Equipment rentals expenses increased from 65% of revenue in the second quarter of 2012 to 75% of revenue in the second quarter of 2013 as a result of fixed costs being spread over a smaller revenue base and due to higher third party expenses in the second quarter of 2013 compared to the second quarter of 2012. As a percentage of revenue, operating expenses for the six months ended June 30, 2012 increased from 77% to 78% of revenue for the six months ending 2013. Variations in product mix, well type, geographic area and nature of activity (drilling fluids or solid control) drives changes in the DS division operating margin.

For the three months ended June 30, 2013 operating margins were $7.6 million or 19% of revenue compared to $8.7 million or 21% of revenue for the three months ended June 30, 2012. For the six months ended June 30, 2013 operating margins were $30.1 million or 22% of revenue compared to $27.4 million or 23% of revenue for the six months ended June 30, 2012. Equipment rentals margins were impacted by lower utilization rates while drilling fluids service line operating margins remained consistent on a quarter over quarter basis.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the three months ended June 30, 2013 increased to $3.8 million from $2.9 million in the comparable period of 2012. Depreciation and amortization expense for the six months ended June 30, 2013 increased to $7.5 million from $5.7 million in the same period of 2012. Depreciation and amortization expense increased compared to the prior periods as a result of a larger fixed asset base driven by capital additions to the solids control rental fleet combined with the acquisition of IDF.

General and Administrative (DS division)

G&A expense for the three months ended June 30, 2013 decreased 7% to $4.8 million from $5.2 million in the comparable period of 2012. As a percentage of revenue, G&A expenses were 12% for the second quarter of 2013 compared to 13% for the second quarter of 2012. G&A expenses for the six months ended June 30, 2013 of $11.0 million were consistent to the same period of 2012. As a percentage of revenue, G&A expenses were 8% for the six months ended June 30, 2013 compared to 9% for the second quarter of 2012 and are in line with management expectations.

OS DIVISION OPERATIONS

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

	Three Months Ended June,			Six Months Ended June,		
($000's)	2013	2012	% Change	2013	2012	% Change
Revenue						
Onsite services (a)	8,565	3,996	114	18,083	9,673	87
Operating expenses						
Onsite services (b)	8,425	2,708	211	15,936	6,075	162
Depreciation and amortization	1,149	79	1,354	1,354	127	966
Total OS division operating expenses	9,574	2,787	243	17,290	6,202	179
General and administrative	1,548	941	65	2,653	1,908	39
Total OS division expenses	11,122	3,728	198	19,943	8,110	146
Operating Margin (1) (a-b)	140	1,288	(89)	2,147	3,598	(40)
Operating Margin % (1)	2%	32%	(94)	12%	37%	(68)

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

Revenue (OS division)

Revenue for the three and six months ended June 30, 2013 increased 114% to $8.6 million from $4.0 million and 87% to $18.1 million from $9.7 million compared to the three and six months ended June 30, 2012 respectively. Increases in the quarter and year-to-date are due to the acquisition of Frontline effective April 1, 2013 and from increases in environmental services. Environmental services revenue increased in part due to third party pass through revenue generated from remediation projects. An extremely wet spring lowered field activity in the WCSB resulting in lower activity levels in all service lines in the division.

Operating Expenses (OS division)

Operating expenses for the three and six months ended June 30, 2013 increased 211% to $8.4 million from $2.7 million and 162% to $15.9 million from $6.1 million compared to the three and six months ended June 30, 2012 respectively. Operating expense increases in the quarter and year-to- date are due to the acquisition of Frontline effective April 1, 2013. Second quarter 2013 operating expenses in Frontline include certain costs to prepare for higher activity levels in the third and fourth quarter therefore reducing margins to breakeven levels. A number of projects expected to start in the second quarter were delayed due to the wet weather conditions experienced in June. A certain amount of overhead is fixed and therefore during low revenue periods management expectations are to cover these fixed expenses and maintain break even operating margins.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the three and six months ended June 30, 2013 of $1.1 million and $1.4 million increased compared to $0.1 million and $0.1 million for the three and six months ended June 30, 2012. The majority of the increase in depreciation over the prior year periods is due to the acquisition of Frontline. Depreciation and amortization of tangible and intangible assets added from the acquisition began on April 1, 2013. Depreciation and amortization in the prior year are related to the environmental and integrated water service business lines.

General and Administrative (OS division)

G&A expenses for the three and six months ended June 30, 2013 of $1.5 million and $2.7 million increased compared to $0.9 million and $1.9 million for the three and six month periods ending June 30, 2012. G&A expenses increased due to the Frontline acquisition, increases in environmental services through the startup of the "CleanSite" business in the third quarter of 2012, and expenses incurred to mobilize equipment and hire staff to start projects in the second quarter and manage increases in activity expected in the third and fourth quarters of 2013.

OTHER INCOME AND EXPENSES

CORPORATE EXPENSES

	Three Months Ended June 30,			Six Months Ended June 30,		
($000's)	2013	2012	% Change	2013	2012	% Change
General and administrative	1,896	1,672	13	3,821	2,842	34

Corporate expenses for the three and six months ended June 30, 2013 increased 13% to $1.9 million from $1.7 million and 34% to $3.8 million from $2.8 million compared to the three and six months ended June 30, 2012. Included in Corporate expenses are all public company costs, salaries, share based payments and office costs relating to corporate employees. The increases in the quarter and year to date are due to higher stock based compensation and higher bonus due to improved performance of the Corporation.

BUSINESS DEVELOPMENT EXPENSES

	Three Months Ended June 30,			Six Months Ended June 30,		
($000's)	2013	2012	% Change	2013	2012	% Change
Business development	2,146	937	129	3,939	1,789	120

Business development expenses for the three and six months ended June 30, 2013 increased 129% to $2.1 million from $0.9 million and 120% to $3.9 million from $1.8 million compared to the three and six months ended June 30, 2012. Business development expenses include prospect costs associated with organic and acquisition opportunities in Canada and the United States and drilling fluids research and development costs. Business development expenses increased in the second quarter of 2013 due to increased salaries resulting from a higher headcount. Headcount was higher in order to support the increased capital expenditure programs related to organic and acquisition opportunities. Both the PRD and DS divisions continue to heavily invest in business development, including research and development activities, to prepare for 2014 projects. Expenses related to the Frontline and Target acquisitions are included in second quarter of 2013 expenses. The Corporation continues to expand and evaluate a number of potential projects and prospects.

INTEREST, ACCRETION AND FINANCING COSTS

($000's)	Three Months Ended June 30, 2013	2012	% Change	Six Months Ended June 30, 2013	2012	% Change
Interest, accretion and finance costs	1,364	1,008	35	2,566	2,521	2

Interest, accretion and financing costs for the three and six months ended June 30, 2013 were $1.4 million and $2.6 million compared to $1.0 million and $2.5 million for the three and six months ended June 30, 2012. The Corporation amended its credit agreement November 1, 2012. The amendment reduced margins on Canadian prime rate and issuance fees for Bankers Acceptance by 25 basis points. The average debt balance in the second quarter of 2013 increased 19% over the prior year quarter whereas the average debt balance for the six months ended June 30, 2013 increased 24% from the same period in 2012. Interest associated with higher debt balances was partially offset by lower interest rates charged under the amended credit facility.

Interest associated with building new facilities is capitalized if the facility is greater than six months to construct. The second quarter of 2013 incurred $0.5 million of interest capitalized whereas in the second quarter of 2012 incurred $0.2 million of interest capitalized. For the six months ended June 30, 2013 $1.0 million of interest was capitalized compared to $0.2 million for the same period in 2012. For the first six months of 2013 the Corporation funded the majority of its capital program and increases in working capital through its available cash flow from operations. The balance of the revolving credit facility at the end of the second quarter of 2013 was $145.0 million compared to $136.0 million for the six months ended June 30, 2012.

FOREIGN CURRENCY TRANSLATION ADJUSTMENT

($000's)	Three Months Ended June 30, 2013	2012	% Change	Six Months Ended June 30, 2013	2012	% Change
Foreign currency translation adjustment	3,054	10	nm	4,145	(219)	nm

nm Calculation not meaningful

Included in Other Comprehensive Income ("OCI") is $3.1 million and $4.1 million for the three and six months ended June 30, 2013 of foreign currency translation adjustments relating to the conversion of the financial results as at June 30, 2013. The amount is a function of converting the PRD and DS divisions US business operations functional US dollar currency to the Corporations reporting currency in Canadian dollars. The Canadian dollar decreased 3% in value during the second quarter of 2013.

OTHER INCOME (EXPENSE)

($000's)	Three Months Ended June 30, 2013	2012	% Change	Six Months Ended June 30, 2013	2012	% Change
Other income (expense)						
Impairment	(2,713)	-	nm	(2,713)	-	nm
Insurance recovery on impairment	4,388	-	nm	4,388	-	nm
Total other income	1,675	-	nm	1,675	-	nm

nm Calculation not meaningful

Other income (expense) in the second quarter of 2013 is an asset impairment charge related to the Brazeau SWD facility that has been damaged by a strike of lightening. During the second quarter of 2013 an impairment charge of $2.7 million, the estimated net book value of the damaged assets, was recorded against the Brazeau SWD. The facility is currently closed until repairs are completed sometime in the fourth quarter of this year. Expenses associated with the repair are expected to be fully reimbursable through insurance coverage up to the replacement value of $4.4 million therefore, an accrual for the insurance proceeds was recorded in the period.

INCOME TAXES

($000's)	Three Months Ended June 30, 2013	2012	% Change	Six Months Ended June 30, 2013	2012	% Change
Income taxes						
Current income tax expense (recovery)	(1,692)	191	(986)	3,580	3,025	18
Deferred income tax expense	1,496	495	202	2,183	3,263	(33)
	(196)	686	(129)	5,763	6,288	(8)

Income taxes for the three months ended June 30, 2013 decreased to a recovery of $0.2 million from an expense of $0.7 million in for the three months ended June 30, 2012. Income taxes for the six months ended June 30, 2013 decreased to $5.8 million from $6.3 million for the comparable period of 2012. The decrease in income tax expense for both the three and six months ended June 30, 2013 is primarily attributable to the overall decrease in the Corporation's net earnings (loss) before income taxes during the periods as compared to the prior periods.

SIGNIFICANT PROJECTS

Secure's 2013 capital expenditure program included a number of significant projects. For a discussion of the Corporation's 2013 capital expenditure program, see "***Liquidity and Capital Resources***" in this MD&A.

GEOGRAPHICAL FINANCIAL INFORMATION

($000's)	Canada 2013	Canada 2012	United States 2013	United States 2012	Total 2013	Total 2012
Three months ended June 30						
Revenue	**325,716**	214,535	**12,137**	9,127	**337,853**	223,662
Six months ended June 30						
Revenue	**636,291**	485,588	**24,540**	15,787	**660,831**	501,375
As at June 30, 2013 and Dec 31, 2012						
Total non-current assets	**576,147**	517,892	**90,376**	70,892	**666,523**	588,784

United States revenue for the three and six months ended June 30, 2013 increased 33% and 55% from the respective periods of 2012. All of the US revenue for the three and six months ended June 30, 2012 was generated from the DS division as there were no PRD operations in the US until the third quarter of 2012. United States based non-current assets for the six months ended June 30, 2013 of $90.4 million have increased 27% from $70.9 million as at December 31, 2012. The Corporation currently operates three water disposal facilities in North Dakota and offers Drilling Fluid services throughout the US Rocky and Bakken regions.

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)	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
Revenue (excluding oil purchase and resale)	**85,530**	147,122	**108,356**	99,503	68,906	115,426	101,999	84,088
Oil purchase and resale	**252,323**	175,856	**170,501**	149,705	154,756	162,286	129,262	74,108
Total Revenue	**337,853**	322,978	**278,857**	249,208	223,662	277,712	231,261	158,196
Net earnings for the period	**(2,375)**	17,758	**10,634**	6,354	1,087	14,977	10,290	7,853
Earnings (loss) per share - basic	**(0.02)**	0.17	**0.10**	0.06	0.01	0.17	0.12	0.09
Earnings (loss) per share - diluted	**(0.02)**	0.17	**0.10**	0.06	0.01	0.16	0.11	0.08
Weighted average shares - basic	**106,824,753**	104,734,964	**104,530,375**	98,724,604	91,527,556	90,658,046	89,481,219	89,242,506
Weighted average shares - diluted	**106,824,753**	107,363,836	**107,456,318**	101,492,349	94,210,135	94,179,644	93,718,121	93,949,868
EBITDA (1)	**14,158**	39,705	**28,360**	24,915	13,789	32,559	24,785	20,653

(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 during 2013 and 2012, 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. PRD facility additions and expansions becoming operational in 2011 included the Drayton Valley FST (operational in the fourth quarter of 2011), and the Silverdale FST (acquired in the fourth quarter of 2011). In 2012 the Wild River SWD (second quarter) Fox Creek landfill (fourth quarter) and the Crosby SWD (fourth quarter) in North Dakota were added. In 2012, expansions occurred at Obed, Fox Creek and Dawson FST's. In the first quarter of 2013, both the Fox Creek landfill and the Crosby SWD provided a full quarter of revenue (both opened late December 2012) and the new Edson temporary SWD began accepting water for disposal. The Judy Creek and Rocky FST's became operational in the second quarter of 2013 although generated minimal revenue as they were in startup.

Acquisitions also increased revenue and earnings per share; in the first quarter of 2012, the Corporation acquired New West; a Canadian based drilling fluids company specializing in providing drilling fluid systems and products for heavy oil drilling. New West was integrated into the DS division in the first quarter of 2012. In July of 2012, DRD was acquired expanding PRD operations into the United States, namely North Dakota, by adding two recently constructed SWD's. In August of 2012, IDF, a Colorado based drilling fluids company was acquired adding drilling fluids services into the Niobrara and Cordell shale plays. In April of 2013, the Corporation completed the acquisition of Frontline thereby expanding its service capability into pipeline integrity, reclamation and remediation and demolition and decommissioning services.

In addition, the Corporation's oil purchase/resale service revenue has also increased significantly quarter over quarter. By offering this service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. The significant increase in the first quarter of 2012 and the fourth quarter of 2011 are a result of Secure becoming a single shipper at Drayton Valley FST and La Glace FST, respectively. Further increases will occur in the third and fourth quarters of 2013 when Judy Creek FST is connected.

See the "**Business Risks**" section in this MD&A for further discussion on this service. Finally, each quarter was impacted by the date at which any one of the constructed or acquired FST's, SWD's or landfills commenced operations. For a complete description of Secure's PRD and DS division business assets and operations, please refer to the headings "Secure Energy Services Inc.", "Description of Business" and "Industry Overview" in the Corporation's AIF for the year ended December 31, 2012 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, FST's and SWD's before the producer will begin sending waste. Depending on the producer, this process can take several months.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of 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.

Sources of Cash

a) Funds from operations

($000's)	Three Months Ended June 30, 2013	2012	% Change	Six Months Ended June 30, 2013	2012	% Change
Cash from operating activities	65,723	26,447	149	52,267	50,363	4
Add:						
Non-cash working capital changes	(47,864)	(13,863)	245	335	(9,232)	(104)
Funds from operations	17,859	12,584	42	52,602	41,131	28

Funds from operations for the three and six months ended June 30, 2013 increased 42% to $17.9 million from $12.6 million and 28% to $52.6 million from $41.1 million for the three and six months ended June 30, 2012. The 42% increase was a result of new PRD facility additions and expansions, DS division market share and revenue per day growth, increased demand for the Corporation's products and services and through the acquisition of DRD and IDF in the third quarter of 2012 and the acquisition of Frontline in the second quarter of 2013. Funds from operations for the six months ended increased over the same period of 2012 for the same reasons as cited for the quarter over quarter increase.

Contributing to the change in non-cash working capital for the three and six months ended June 30, 2013, is a balance of $32.2 million as at June 30, 2013, an increase of $11.4 million from December 2012 and an increase of $1.2 million from March 2013, in accounts receivable, outstanding under 30 days, which relates to crude oil contracts settled as part of the trading activities for June 2013. The entire amount due from counterparties relate to crude oil payments, which as part of industry practice, are settled within 30 days of the production month and can therefore create large variances in non-cash working capital from month to month depending on crude oil marketing activities.

b) Issue of common shares

($000's)	Three Months Ended June 30, 2013	2012	% Change	Six Months Ended June 30, 2013	2012	% Change
Issue of common shares, net of issue costs	3,173	1,099	189	4,138	2,729	52

For the three and six months ended June 30, 2013, issue of common shares increased to $3.2 million from $1.1 million and to $4.1 million from $2.7 million common shares from the respective periods in 2012. The Corporation issued 1,394,616 common shares as part of the consideration to acquire Frontline. Also, changes in the issue of common shares are due to the exercising of options in accordance with the Corporation's share-based payment plan (the "Plan") and the issuance of shares under the Dividend Reinvestment Plan ("DRIP"). 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 June 30, 2013, Secure had a total of 107,120,360 common shares and 8,009,419 employee stock options outstanding.

In the first quarter of 2013, the Corporation implemented a performance share unit plan ("PSU") and a restricted share unit ("RSU") plan (the "PSU/RSU Plan"). Under the terms of the PSU/RSU Plan, eligible officers and employees of the Corporation may be awarded RSU's that 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. Also, under the terms of the PSU/RSU Plan, the Board of Directors shall designate, at the time of the grant, the dates which all or a portion of the PSU shall vest and any performance conditions to such vesting for senior officers of the Corporation. PSUs/RSUs will be settled in equity or cash at the discretion of the Corporation, in the amount equal to the fair value of the PSU/RSU on that date. The Corporation does not intend to make cash payments under the PSU/RSU plan.

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.

Uses of Cash

- ***Capital Expenditures***

	Three Months Ended June 30,			Six Months Ended June 30,		
($000's)	2013	2012	% Change	2013	2012	% Change
Capital expenditures (1)						
Expansion and growth capital expenditures	36,222	26,848	35	77,718	58,718	32
Acquisitions	5,348	21,227	(75)	5,348	24,632	(78)
Sustaining capital expenditures	1,107	556	99	1,879	1,114	69
Total capital expenditures	42,677	48,631	(12)	84,945	84,464	1

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

The Corporation's expansion and growth capital expenditures for the three months ended June 30, 2013 increased to $36.2 million from $26.8 million compared to the same period in 2012. Capital expenditures for the second quarter of 2013 are allocated as follows;

- $25.2 million in PRD growth capital;
- $3.5 million in expansion capital;
- $3.9 million for long lead items;
- and $3.6 million for rental equipment such as centrifuges, hydraulic stands and invert tanks and other miscellaneous capital expenditures.

Growth capital expenditures include completion of the Judy Creek and Rocky FST's, the Edson and Kindersley FST's and the Kaybob SWD in Canada; and the Keene and Stanley water disposal facilities in North Dakota and the waste expansion of the South Grande Prairie facility. Expansion capital includes treaters added at the Drayton Valley and Fox Creek FST's, tanks added at the 13 Mile, Crosby and Watford water disposal facilities in North Dakota and recompletion of the disposal well at South Grande Prairie FST.

For the six months ended June 30, 2013, capital expenditures increased to $77.7 million from $58.7 million compared to the same period in 2012. Capital expenditures for the six months ended June 30, 2013 are allocated as follows;

- $59.3 million in PRD growth capital;
- $5.7 million for expansion capital;
- $3.5 million for long lead items (allocations to projects occur when a long lead item is transferred); and
- $9.2 million for rental equipment expenditures and other miscellaneous capital expenditures.

Specific growth and expansion projects are listed above.

For the three months ended June 30, 2013 acquisitions were $5.3 million compared to $21.2 million for the three months ended June 30, 2012. For the six months ended June 30, 2013 acquisitions were $5.3 million compared to $24.6 million for the same period of 2012. Frontline was acquired April 1, 2013. In the prior year the Corporation acquired New West Drilling Fluids Inc., in the first quarter of 2012 and made a deposit of $21.2 million for the acquisition of DRD Saltwater Disposal LLC.

Sustaining capital or maintenance capital refers to capital expenditures in respect of capital asset additions, replacements or improvements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion and growth capital involves judgment by management. During the three and six months ended June 30, 2013, sustaining capital was $1.1 million and $1.9 million compared to $0.6 million and $1.1 million for the three and six months ended June 30, 2012. 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.

- ***Credit Facility***

	Three Months Ended June 30,			Six Months Ended June 30,		
($000's)	2013	2012	% Change	2013	2012	% Change
Net draws (repayments) on revolving credit facility	(24,000)	16,000	(250)	21,500	16,000	34
Financing costs	(3)	-	(100)	(28)	(175)	(84)
Total draws (repayments)	(24,003)	16,000	(250)	21,472	15,825	36

On November 5, 2012 the Corporation and its lenders 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 letter 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 borrowing at any time. As at June 30, 2013, the Corporation has drawn $145.0 million on its credit facility compared to $136.0 million in the same period of 2012.

The amount drawn on the credit facility of $145.0 million 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.

($000's)	Three Months Ended June 30, 2013
Credit facility	300,000
Amount Drawn on credit facility	(145,000)
Letters of Credit	(22,023)
Available amount	132,977

As at June 30, 2013, the Corporation had $133.0 million available under its credit facility. The Corporation is well positioned based on the available amount on its credit facility and expected funds from operations, to execute on the 2013 capital program.

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.

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 June 30, 2013, and December 31, 2012, Secure 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.

At June 30, 2013, the Corporation had issued approximately $22.0 million in letters of credit to various environmental regulatory authorities in Alberta and British Columbia, including letters of credit relating to certain crude oil marketing contracts. The Energy Resource and Conservation Board ("ERCB") 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.

Contractual Obligations

The Corporation has a total of $53.1 million in commitments, excluding the above commitment relating to the credit facility. The $53.1 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.

		Payments due by period			
($000's)	**Total**	**1 year or less**	**1-3 years**	**4-5 years**	**5 years and thereafter**
Total Commitments	**53,105**	29,472	18,396	3,548	1,689

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 June 30, 2013 to be $28.0 million (December 31, 2012 - $24.3 million) based on a total future liability of $40.5 million as at June 30, 2013 (December 31, 2012 - $32.3 million). These costs are expected to be incurred over the next 25 years. The Corporation used its risk-free interest rates of 0.94% to 2.89% 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 volumes of commodities for use in the Corporation's crude oil marketing activities.

SUBSEQUENT EVENT

On July 2, 2013, the Corporation, through its wholly owned subsidiary Marquis Alliance Energy Group Inc., announced that they had entered into an agreement to acquire all the issued and outstanding shares of Target Energy Rentals Ltd. ("Target") for an aggregate purchase price, including assumed debt, of $39.8 million. The purchase price was paid with $21.0 million in cash and the issuance of 1,367,047 common shares of Secure.

BUSINESS RISKS

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

Oil and Natural Gas prices

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

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

Governmental regulation

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

Merger and acquisition activity

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

In addition, the Corporation may discover that it has acquired substantial undisclosed liabilities in connection with an acquisition. The existence of undisclosed liabilities or the Corporation's inability to retain existing customers or employees of the acquired entity could have a material adverse impact on the Corporation's business, financial condition, results of operations and cash flows.

Performance of obligations

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

Competitive conditions

The Corporation competes with a number of companies, some of which have greater technical and financial resources. The western Canadian market for the PRD division is dominated by two large market participants, Tervita Corporation with approximately 55 facilities, and Newalta Corporation with 35 facilities. There can be no assurance that competitors will not substantially increase the resources devoted to the development and marketing of services that compete with those of the Corporation, or that new or existing competitors will not enter the various markets in which the Corporation is active. In addition, reduced levels of activity in the oil and natural gas industry could intensify competition and the pressure on competitive pricing and may result in lower revenues or margins to the Corporation in both divisions. The Corporation's customers may elect not to purchase its services if they view the Corporation's financial viability as unacceptable, which would cause the Corporation to lose customers.

Provincial royalty rate changes

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

Regulation and taxation of energy industry

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

Environmental Activism

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

Terrorist activities

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

Landfill closure costs

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

Key personnel

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

Development of new technology and equipment

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

Availability of qualified employees

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

Global financial conditions

Global financial conditions include the commodity and equity markets that have recently been volatile as investors react to the sovereign-debt crisis in Europe. Investors fear global economies are heading into another recession and central banks and the government will be required to increase debt loads in an effort to avoid it. As a result of these global conditions, the Corporation is subject to increased counterparty risk and liquidity risk. The Corporation is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the cash of the Corporation or provide available funding on the Revolving Facility; and (ii) the insurance providers of the Corporation. As a result, the cash of the Corporation may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Corporation would bear the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty.

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

Market conditions

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

Financing future growth or expansion

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

Legal proceedings

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

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

Raising additional capital

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

Access to capital

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

The credit agreement governing the revolving credit facility contains covenants that restrict the Corporation's ability to take various actions. In addition, the credit agreement governing the revolving credit facility requires the Corporation to comply with specified financial ratios. The Corporation's ability to comply with these covenants will likely be affected by events beyond its control, and the Corporation cannot assure that it will satisfy those requirements. The restrictions contained in the credit agreement could also limit the Corporation's ability to plan for or react to market conditions, meet capital needs or otherwise restrict the Corporation's activities or business plans and adversely affect its ability to finance its operations, enter into acquisitions or to engage in other business activities that would be in the Corporation's interest.

Volatility of market price of Common Shares

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

Proprietary technology

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

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

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

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

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

Economic dependence

The top ten customers of the Corporation accounted for approximately 31% of revenue for the first six months of 2013, of which no single customer accounting for more than approximately 10%. The Corporation does not generally enter into long term contracts with its customers and there can be no assurance that the current customers will continue their relationships with the Corporation. The loss of one or more major customers, any significant decrease in services provided to a customer, or prices paid or any other changes to the terms of service with customers, could have a material adverse affect on the financial results, cash flows, and the overall financial condition of the Corporation. In addition, treatment and waste disposal services are largely dependent on the willingness of customers to outsource their waste management activities. As such, the demand for Secure's services could be curtailed by a trend towards internal waste management. A concentrated portion of Secure's PRD division current and future revenue is generated from pipeline connected FST facilities. As significant revenue is generated from each pipeline connect FST facility, any single event that interrupts one of these operations could result in the loss of revenues.

Commodity price risk – non-trading

Crude oil prices are primarily based on West Texas Intermediate ("WTI"), plus or minus a differential to WTI based on the crude type and market conditions (the "commodity price"). The value of the Corporation's crude oil inventory is impacted by the commodity price of crude oil. Crude oil prices have historically fluctuated widely and are affected by numerous factors outside of the Corporation's control. As part of normal operating activities, the Corporation is required to hold a certain amount of inventory in any given month. The Corporation is therefore exposed to commodity price fluctuations. The Corporation has elected not to actively manage commodity price risk associated with crude oil inventory at this time as the exposure to these fluctuations is not considered significant, however as the Corporation's exposure to this fluctuation increases, the Corporation may choose to mitigate this risk.

Crude oil marketing and Commodity price risk – trading

The Corporation is exposed to operating and commodity price risk at its FST's that purchase and sell crude oil. Operating risk relates to factors that include but are not limited to pipeline apportionment, pipeline specifications regarding the quality of crude that is shipped down the pipeline, pipeline breaks at the Corporation's facility, and crude oil volumes actually received verses forecast. In addition, the Corporation's ability to generate crude oil marketing profits is also based on the type of crude oil type entering the facility and the associated commodity price of that crude oil. Any change to differentials can have a positive or negative impact to the Corporation's ability to generate crude oil marketing profits in the future. In order to maximize on crude oil marketing opportunities, the Corporation enters into crude oil contracts. The physical trading activities related to crude oil marketing contracts exposes the Corporation to the risk of profit or loss depending on a variety of factors including: changes in the commodity price; foreign exchange rates; changes in value of different qualities of a commodity; changes in the relationships between commodity prices and the contracts; physical loss of product through operational activities; and counterparty performance as a result of disagreements over terms of deals and/or contracts. These risks are mitigated by the fact that the Corporation only trades physical volumes and the Corporation does not currently participate in the long term storage of the commodities. The oil and gas producer forecasts or nominates crude oil volumes expected to be delivered to the Corporation's facilities in advance of the production month as part of normal oil and gas operations. As part of the Corporation's processing, and facility operations, Secure will use net buy and net sell crude oil contracts for marketing and trading of crude oil. The volume purchased or sold relates to physical volumes only. Through this process, the Corporation may hold open positions. The Corporation defines an "open position" as the difference between physical deliveries of all net buy crude oil contracts offset against physical delivery of all net sell crude oil contracts. The open position is subject to commodity price risk. The Corporation may choose to do this based on energy commodity pricing relationships, time periods or qualities.

Foreign currency risk

A significant portion of the Corporation's activities relate to the purchase and sale of crude oil or drilling fluids products which are transacted in or referenced to US dollars. The risk is mitigated as the majority of the activities occur in the same period; therefore foreign currency risk exposure is limited to crude oil or drilling fluids products held in inventory. The Corporation does not maintain an active hedge program to mitigate this risk as the exposure is limited at this time. The Corporation is exposed to foreign currency fluctuations as revenues, expenses and working capital derived from its foreign operations are denominated in U.S. dollars. In addition, the Corporation's US subsidiary is subject to translation gains and losses on consolidation. Realized foreign exchange gains and losses are included in net earnings while foreign exchange gains and losses arising on the translation of the assets, liabilities, revenues and expenses of the Corporation's foreign operations are included in the foreign currency translation reserve.

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

Equipment risks

The Corporation's ability to meet customer demands in respect of performance and cost will depend upon continuous improvements in the Corporation's operating equipment. There can be no assurance that the Corporation will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. The Corporation's failure to do so could have a material adverse effect on it. No assurances can be given that competitors will not achieve technological advantages over the Corporation.

Credit risk

Credit risk affects both our non-trading and trading activities. The Corporation provides credit to its customers in the normal course of operations and assumes credit risk with counterparties through its trading activities. In addition, the Corporation is at risk for potential losses if counterparties in its trading activities do not fulfill their contractual obligations. A substantial portion of the Corporation’s accounts receivable are with customers or counterparties involved in the oil and natural gas industry, whose revenues may be affected by fluctuations in oil and natural gas prices, economic conditions, environmental regulations, government policy, royalty rates and geopolitical factors. Collection of these receivables could be influenced by economic factors affecting this industry. The carrying value of trade accounts receivable reflects management’s assessment of the associated risks. In order to mitigate collection risk, the Corporation assesses the credit worthiness of customers or counterparties by assessing the financial strength of the customers or counterparties through a formal credit process and by routinely monitoring credit risk exposures. In addition, the Corporation uses standard agreements that allow for the netting of exposures associated with a single counterparty. Where the Corporation has a legally enforceable right to offset, the amounts are recorded on a net basis.

Leverage and restrictive covenants

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

Environmental protection & health and safety

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

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

The Corporation may incur substantial costs, including fines, damages, criminal or civil sanctions, and remediation costs, or experience interruptions in the Corporation's operations for violations or liabilities arising under these laws and regulations. The Corporation may have the benefit of insurance maintained by the Corporation, its customers or others. However, the Corporation may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons, such as fires, blowouts, freeze-ups, equipment failures, pipeline breaks, unplanned and extended pipeline shutdowns, leakage of landfill cell liners, and other similar events affecting the Corporation or other parties whose operations or assets directly or indirectly affect the Corporation;

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

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

Operating risks and insurance

The Corporation has an insurance and risk management program in place to protect its assets, operations and employees. The Corporation also has programs in place to address compliance with current safety and regulatory standards. However, the Corporation's operations are subject to risks inherent in the oilfield services industry, such as equipment defects, malfunctions, failures, accidents, and natural disasters. These risks and hazards could expose the Corporation to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution, and other environmental damages.

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

Risk of third party claims for infringement

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

Conflict of interest

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

Sources, Pricing and Availability of Products and Third Party Services

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

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

Oil and Natural Gas market

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

Potential replacement or reduced use of products and services

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

Contract bidding success and renewal of existing contracts

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

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

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

Interest rates

The Corporation's banking facilities have interest rates which float with the lender's prime rate ranging from 0.75% to 2.25% above the prime rate or Bankers' Acceptance rate ranging from 1.75% to 3.25% above the Bankers' Acceptance rate depending on the Corporation's prevailing funded debt to EBITDA ratio and as such, as these banking facilities are drawn, the Corporation will be exposed to higher interest costs if the Canadian prime rate and Bankers' Acceptance rate should increase.

Disclosure controls & procedures

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

Internal controls over financial reporting

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

Expansion of the Corporation's business into new jurisdictions

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

Forward Looking Statements may prove inaccurate

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

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

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

Seasonal nature of the industry

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

OUTSTANDING SHARE CAPITAL

As at August 13, 2013, there were 108,579,310 Common Shares issued and outstanding. In addition as at August 13, 2013, there were 7,901,436 share options outstanding, of which 3,349,215 were exercisable, and 159,762 RSUs outstanding, of which nil were exercisable.

OFF-BALANCE SHEET ARRANGEMENTS

At June 30, 2013, the Corporation had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the three and six months ended June 30, 2013, the Corporation incurred approximately $0.3 million and $0.6 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 and DS divisions. Amounts are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the three and six months ended June 30, 2013, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (June 30, 2012 - 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.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at June 30, 2013, 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. 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 policies and estimates" section of this MD&A.

There are no off-balance sheet arrangements. Of the Corporation's financial instruments, only accounts receivable and notes 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 and cash equivalents. However, the risk is minimized as all cash is held at a major Canadian financial institution.

CRITICAL ACCOUNTING POLICES, ESTIMATES AND JUDGEMENTS

In the preparation of the Corporation's 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 consolidated financial statements are prepared. Actual results could differ from these estimates. Please refer to the Corporation's consolidated financial statements for the year ended December 31, 2012 for a complete description of the accounting policies of the Corporation. The Corporation considers the following to be its critical accounting policies, estimates and judgements:

Policies

Inventories

Inventories are comprised of crude oil, natural gas liquids, drilling fluids and spare parts and are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The volume of oil held in inventory and the value of the oil in inventory will fluctuate based on the normal capacity of the facility and the market price of crude oil and natural gas liquids in any given month. Drilling fluids inventories are measured at the lower of cost and net realizable value with cost being determined on a weighted-average basis. The cost of drilling fluids inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The amount of drilling fluids inventory held will fluctuate depending on activity levels during a given period. The reversal of previous net realizable value write-downs to inventories is permitted when there is a subsequent increase to the value of inventories.

Goodwill

The Corporation measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and the liabilities assumed, all measured as of the acquisition date. Since goodwill results from the application of the acquisition method of accounting for a business combination, it is inherently imprecise and requires judgement in the determination of the fair value of assets and liabilities. Goodwill is allocated as of the date of the business combination to the Corporation's cash generating units. Goodwill is not amortized, but is tested for impairment at least annually. An impairment loss in respect of goodwill is not reversed. On the disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the gain or loss on disposal. Any goodwill balances in subsidiaries whose functional currency is not the Canadian dollar are translated at period end exchange rates.

Intangible assets

Intangible assets acquired outside business combinations are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized and the expenditure is reflected in the consolidated statement of comprehensive income in the period in which the expenditure is incurred. Intangible assets resulting from a business combination are recorded at fair value. Fair value is estimated by management based on the expected discounted future cash flows associated with the intangible asset. Intangible assets with a finite life are amortized over the estimated useful life and intangible assets with an indefinite life are not subject to amortization and are tested for impairment annually. Any impairment is identified by comparing the fair value of the indefinite life intangible asset to its carrying value. Any excess of the carrying value of the intangible asset over the implied fair value is the impairment amount and will be charged to profit in the period of the impairment. The reversal of a previous impairment is permitted when there is an indication that the judgement loss may no longer exist and a new implied fair value is calculated.

Current and deferred tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities in the various jurisdictions in which the Corporation operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the various jurisdictions where the Corporation operates and generates taxable income. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all of part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Financial instruments – initial recognition and subsequent measurement

Financial assets

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value. Investments not recognized at fair value through profit or loss are recognized at fair value plus directly attributable transaction costs. The Corporation's financial assets include cash and short term deposits, accounts receivable and accrued receivables, other receivables and notes receivable. The subsequent measurement of financial assets depends on their classification.

Financial liabilities

Financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. Other financial liabilities are recognized at fair value plus directly attributable transaction costs. The Corporation's financial liabilities include, accounts payable and accrued liabilities, and long term borrowings. The subsequent measurement of financial liabilities depends on their classification.

Fair value of financial instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models. The Corporation has classified its financial instrument fair values based on the required three- level hierarchy:

a) Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;

b) Level 2: Valuations based on observable inputs other than quoted active market prices; and,

c) Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

Cash is recorded at fair value under level 1. The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

ADOPTION OF NEW AND AMENDED IFRS STANDARDS

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 on the accounting for joint arrangements.

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 June 30, 2013 was $145.0 million (as at December 31, 2012 – $123.5 million).

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.

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.

The Corporation does not intend to make cash payments under the PSU and RSU plans ("PSU/RSU plans") and, as such, the RSUs are accounted for within shareholders' equity.

There were 165,661 RSUs granted under the PSU/RSU Plan as at June 30, 2013.

ESTIMATES

Depreciation, depletion and amortization

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

Recoverability of assets

The Corporation assesses impairment on its assets that are subject to amortization when it has determined that a potential indicator of impairment exists. Goodwill that is not subject to amortization is tested annually for impairment. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Corporation used the calculation of fair value less costs to sell to determine the fair value of its CGU's. In determining the fair value less costs to sell, the amount is most sensitive to the selection and use of recent transactions and comparable data in the market to determine an implied fair value of the CGU being tested.

Asset retirement obligations and accretion

Secure is required to provide for the cost of restoring its facility sites to an acceptable condition, as determined by regulatory authorities. The Corporation estimates the cost to remediate, reclaim and abandon the Corporation's facilities based upon current regulations, costs, technology, and industry standards. Asset retirement obligation costs associated with well sites and facilities are recognized as a liability at fair value and are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted using a risk free rate. Accretion is expensed as incurred and recognized in the consolidated statement of comprehensive income as interest, accretion and finance costs. The estimated future costs of the asset retirement obligations are reviewed at each reporting period and adjusted as appropriate.

Share-based payment transactions

The Corporation provides share-based awards to certain employees in the form of stock options. The Corporation follows the fair-value method to record share-based payment expense with respect to stock options granted. The fair value of each option granted is estimated based on the date of grant and a provision for the costs is provided for with a corresponding credit to reserves in shareholders' equity over the vesting period of the option agreement. Share-based payment expense associated with options issued to employees, consultants, officers and directors of the Corporation are expensed. The consideration received by the Corporation on the exercise of share options is recorded as an increase to issued capital together with corresponding amounts previously recognized in reserves in shareholders' equity. Forfeitures are estimated for each tranche, and adjusted as required to reflect actual forfeitures that have occurred in the period. In order to record share-based payment expense, the Corporation estimates the fair value of share options granted using assumptions related to interest rates, expected lives of the options, volatility of the underlying security, forfeitures and expected dividend yields.

Deferred Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Corporation establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

Provision for doubtful accounts

The provision for doubtful accounts is reviewed by management on a monthly basis. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. Management makes these assessments after taking into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Corporation's historical bad debt expenses have not been significant and are usually limited to specific customer circumstances. However, given the cyclical nature of the oil and natural gas industry along with the current economic operating environment, a customer's ability to fulfill its payment obligations can change suddenly and without notice.

Purchase price allocations

The acquired assets and assumed liabilities are recognized at fair value on the date the Corporation effectively obtains control. The measurement of each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets (including goodwill), property, plant and equipment, other assets and the liabilities assumed are based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition.

JUDGEMENTS

Determining cash generating units ("CGU's)

For the purpose of assessing impairment of tangible and intangible assets, assets are grouped at the lowest level of separately identified cash flows which make up the CGU. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of tangible and intangible assets, each CGU's carrying value is compared to the greater of its fair value less costs to sell and value in use.

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. No changes were made to the Corporation's internal control over financial reporting during the six months ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On December 21, 2007, 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.

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.

Examinations for discovery began in 2010 and will continue through 2014. The Corporation intends to continue to defend against the Tervita Claim and to prosecute the Counterclaim.

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 MD&A 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 MD&A. In particular, this MD&A contains forward-looking statements pertaining to: general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including drilling levels; commodity prices for oil, natural gas liquids ("NGLs") and natural gas; the increase in the first six months of 2013 operating days; demand for the Corporation's services; expansion strategy; the amounts of the PRD, DS and OS divisions' expanded 2013 capital budgets and the intended use thereof; debt service; capital expenditures; completion of facilities; future capital needs; access to capital; acquisition strategy; the Corporation's capital spending on the new Rocky Mountain House and Judy Creek, Alberta full service terminals; capital spending on the Kindersley, Saskatchewan FST; capital spending on the Kaybob, Alberta SWD; expansion of the new Edson, Alberta SWD to a FST; the construction of landfills at Saddle Hills and Fox Creek, Alberta; the construction of the landfill at 13 Mile in North Dakota; and capital spending on the Keene and Stanley water disposal facilities in North Dakota; oil purchase and resale revenue; and the closing of the acquisition of Target Rentals Ltd.

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 subsidiary 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 subsidiary's 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, 2012. Although forward-looking statements contained in this MD&A are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A 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