

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, 2014 and 2013

The following management discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on August 12, 2014. The discussion and analysis is a review of the financial results of the Corporation based upon accounting principles that are generally accepted in Canada (the issuer's "GAAP"), which includes International Financial Reporting Standards ("IFRS").

The MD&A's focus is primarily a comparison of the financial performance for the three and six months ended June 30, 2014 and 2013 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto prepared under IFRS for the years ended December 31, 2013 and 2012 and the Corporation's condensed consolidated financial statements and notes thereto for the period ended June 30, 2014. The MD&A has been prepared as of August 12, 2014. Additional information regarding the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

CORPORATE OVERVIEW

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

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

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

DRILLING SERVICES DIVISION ("DS")

The DS division provides equipment and chemicals for building, maintaining, processing and recycling of drilling and completion fluids. The drilling fluids service line comprises the majority of the revenue for the division which includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen and natural gas. The DS division focuses on providing products and systems that are designed for more complex wells, such as medium to deep wells, horizontal wells and horizontal wells drilled into the oil sands.

ONSITE SERVICES DIVISION ("OS")

The operations of the OS division include environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation); demolition and decommissioning and reclamation and remediation of former wellsites, facilities, commercial and industrial properties.

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

CORPORATE STRATEGY

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

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

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Due to the late onset of spring break-up and the prolonged winter drilling season, activity levels were at record highs for the second quarter in all three divisions that allowed Secure to deliver exceptional results. EBITDA increased 185% and net earnings increased 376%, compared to the second quarter of 2013. Oil and gas industry activity levels through the second quarter were trending at eight year highs with the average rig count for the quarter up 35% from the prior year quarter in conjunction with a 36% increase in meters drilled per well. Oil and gas development remains very strong, with producers focused in the deep basin with longer, deeper and more technically challenging well bores that require specialized drilling fluids systems that result in increased drilling waste and completion fluids. Overall, the increased activity levels and strong demand for products and services resulted in exceptional results in all three of the Corporation's divisions.

The operating and financial highlights for the three and six month periods ending June 30, 2014 can be summarized as follows:

(\$000's except share and per share data)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% change	2014	2013	% change
Revenue (excludes oil purchase and resale)	155,690	85,530	82	361,322	232,652	55
Oil purchase and resale	412,249	252,323	63	732,829	428,179	71
Total revenue	567,939	337,853	68	1,094,151	660,831	66
EBITDA ⁽¹⁾	40,393	14,158	185	97,084	53,862	80
Per share (\$), basic	0.34	0.13	162	0.82	0.51	61
Per share (\$), diluted	0.33	0.13	154	0.80	0.50	60
Net earnings (loss)	6,564	(2,375)	376	29,553	15,382	92
Per share (\$), basic	0.06	(0.02)	400	0.25	0.15	67
Per share (\$), diluted	0.05	(0.02)	350	0.24	0.14	71
Funds from operations ⁽¹⁾	40,956	17,016	141	97,313	58,450	66
Per share (\$), basic	0.35	0.17	106	0.83	0.50	66
Per share (\$), diluted	0.34	0.17	100	0.80	0.48	67
Cash dividends per common share	0.05	0.03	67	0.09	0.03	200
Capital Expenditures ⁽¹⁾	82,338	42,677	93	149,075	84,945	75
Total assets	1,157,212	824,413	40	1,157,212	824,413	40
Long term borrowings	177,541	144,420	23	177,541	144,420	23
Total long term liabilities	270,768	210,396	29	270,768	210,396	29
Common Shares - end of period	118,890,654	107,120,360	11	118,890,654	107,120,360	11
Weighted average common shares						
basic	118,489,217	106,824,753	11	117,865,604	105,785,632	11
diluted	121,757,066	106,824,753	14	121,100,256	108,539,612	12

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

- REVENUE FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014 INCREASED 82% AND 55%
 - PRD division revenue (excluding oil purchase/resale) for the three and six months ended June 30, 2014 increased 86% and 62% respectively, from the 2013 comparative periods. Processing volumes increased 48% and 35% as higher activity resulted in increased demand for services and the addition of seven new facilities that were completed and commissioned after the first quarter of 2013 all contributed to the increase. Recovery revenues increased due to a 43% and 44% increase in throughput at the Corporation's facilities, increased crude oil marketing revenue and higher recovery of oil through waste processing. Disposal volumes increased 88% and 70% as a direct result of increased activity and the addition of the 13 Mile Landfill in North Dakota in October 2013 and the Saddle Hills Landfill in November 2013;
 - DS division Canadian revenue for the three and six months ended June 30, 2014 increased \$26.6 million and \$52.0 million respectively, from the 2013 comparative periods. Drilling fluids market share was 33% and 32% respectively, while revenue per operating day increased to \$8,430 and \$7,606 for the three and six months ended June 30, 2014. Drilling fluids revenue increased 50% and 30% as a result of an increase in

meters drilled per well by the Corporation's customers that results in complex and deeper wells drilled that require oil based muds that contribute higher revenues. Overall there was higher field activity as meters drilled in Canada increased by 36% and 12% for the three and six month periods ended June 30, 2014 compared to the prior year periods as reported by the Canadian Association of Drilling Contractors ("CAODC"). Revenue from equipment rentals increased by 141% and 121% relating to higher utilization of equipment driven by robust industry activity, and an increase in the rental fleet from the acquisition of Target Rentals Inc. ("Target") in July 2013, and organic growth of the centrifuge fleet;

- OS division revenue for both the three and six months ended June 30, 2014 increased 148% from the 2013 comparative periods. The acquisition of a private oilfield service company during the quarter, and the two acquisitions completed in the first quarter of 2014, accounted for the significant increase. A prolonged winter drilling season and favourable weather resulted in an overall increase in industry activity that drove demand for the services provided by the OS division. Equipment utilization remained strong for integrated fluids solutions as customers continually seek out an integrated service for water handling. The projects service line added additional customers and expanded geographic presence in Northern Alberta and BC as a result of the acquisition completed in the second quarter, both of which contributed to the solid results; and
- Oil purchase and resale revenue in the PRD division for the three and six months ended June 30, 2014 increased 63% and 71% respectively, from the 2013 comparative periods. Increased pipeline capacity added at the Judy Creek FST in the third quarter of 2013, a 7% increase in crude oil prices year to date, increased oil throughput at the Corporation's pipeline connected FSTs, and increasing crude oil volumes shipped via rail all contributed to the increase.
- EBITDA INCREASES 185% AND 80% FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014 DRIVING INCREASES IN NET EARNINGS OF 376% AND 92%
 - For the three and six months ended June 30, 2014, the increase in EBITDA and net earnings is attributable to overall strong demand for the Corporation's services and products; the addition of new facilities in the PRD division combined with operational efficiencies achieved due to high volumes; the increase in revenue per operating day and rentals revenue in the DS division; and solid performance of the OS division with the newly acquired assets from three acquisitions executed in the first half of 2014 combined with favourable weather conditions which drove high equipment utilization through the second quarter.
- FUNDS FROM OPERATIONS INCREASES 141% AND 66% FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014
 - The 141% and 66% increase for the three and six month periods ended June 30, 2014 is directly attributable to the solid results achieved in all three of the Corporation's divisions driven by robust industry conditions experienced through the second quarter, which in turn drove EBITDA increases as discussed above and resulted in increased funds from operations;
- 2014 CAPITAL BUDGET AND STRATEGIC ACQUISITIONS
 - Secure has a focused strategy of constructing and expanding facilities in key under-served capacity constrained markets and to capitalize on market opportunities. The Corporation previously announced the 2014 capital expenditure budget of \$225.0 million which includes \$20.0 million of carry over capital from 2013 projects related to the Kindersley, Edson, and Keene FSTs. Total capital expenditures for the six months ended June 30, 2014 totaled \$148.0 million for both growth and expansion capital, and acquisitions. Growth capital expenditures included the following:
 - Kindersley FST was completed and operational during the first quarter;
 - Edson and Keene FSTs were completed, commissioned and operational during the second quarter of 2014;
 - Construction of the new oil based mud blending plant in Fox Creek was completed with operations commencing in July;

- The Stanley and Brazeau SWDs are currently under construction to convert to FSTs with the waste portion of Stanley anticipated to be operational in the third quarter of 2014 and Brazeau in the fourth quarter of 2014;
- Rycroft Full Service Rail ("FSR") facility is the Corporation's first heavy oil rail facility. The FSR facility will offer treating, storage, disposal and transloading services. It is expected the facility will be commissioned and operational in the fourth quarter of 2014; and
- Tulliby Lake FST and landfill is the Corporation's first heavy oil and production sand treating, and landfill facility. It is expected the FST and landfill will be commissioned and operational near the end of the fourth quarter of 2014.
- Expansion capital expenditures included the following:
 - Landfill cells at South Grande Prairie, and Saddle Hills, both of which were under construction in the quarter. The additional cell capacity will be available for the fourth quarter of 2014;
 - Additional disposal wells at both the Obed and Drayton Valley FSTs were under construction in the quarter and will be commissioned in the fourth quarter of 2014;
 - Purchase of an office in Grande Prairie to accommodate growth of the Corporation and consolidate all three divisions into one space; and
 - Completion of the DS division's new state of the art laboratory facility that opened in July 2014.
- Strategic Acquisitions:
 - During the quarter, Secure executed three strategic acquisitions. A mineral products plant located in Alberta, an environmental contracting business, and a drilling fluids business for total consideration of \$16.4 million paid in cash and shares of the Corporation. These three strategic acquisitions are a continuation of the Corporation's strategy to add complementary services along the energy services value chain. The mineral products plant mainly processes barite which is a product used in drilling fluids. The mineral products plant allows Secure to vertically integrate the operations in the DS division to improve supply logistics and quality. The environmental contracting business provides services relating to spill cleanup, pond construction, and contaminated soil excavation, stockpiling, treatment, transportation and disposal and will expand the service area of the OS division. The drilling fluids business provides additional drilling fluid systems for highly complex wells in the deep basin and key customer relationships.
- SOLID BALANCE SHEET
 - Secure's debt to trailing twelve month EBITDA ratio was 1.14 as of June 30, 2014 compared to 1.38 as of December 31, 2013.
 - As at June 30, 2014, the Corporation had \$198.2 million available under its credit facility.
- BRAND NAME CONSOLIDATION
 - During the second quarter, Secure announced that it consolidated all of its operating entities and services under the SECURE Energy Services brand name. With all of its services under one brand, Secure is better positioned to support its clients throughout the entire lifecycle of a well from drilling and completions to production, final abandonment and reclamation.
- SUBSEQUENT EVENTS
 - Secure increased its 2014 Capital program to \$275.0 million from the previously announced \$225.0 million. The \$50.0 million increase consists of the following:
 - PRD division growth and expansion capital of \$38.0 million consisting of one FSR, and one FST conversion from an SWD;

- DS division growth capital of \$6.0 million for various rental and site equipment; and
- OS division growth capital of \$6.0 million for addition heavy duty equipment and water handling assets.
- On August 12, 2014, Secure announced the acquisition of the assets of Predator Midstream Ltd. ("Predator") for total consideration of \$107.0 million comprised of cash and common shares. Predator is a private midstream company that owns and operates three rail transloading terminals in Alberta. Predator transloads crude oil from truck to rail, where rail cars are aggregated and subsequently sold to refineries. The acquisition will add three operational rail sites and combined with Secure's current construction of the Rycroft FSR, will provide an immediate rail terminal network from which to build on. Closing is expected to occur on or about August 15, 2014.
- PRESS RELEASE SECOND QUARTER OPERATIONAL UPDATE
 - The Corporation provided an operational update to the market on June 12, 2014 stating that EBITDA for the two months ended May 31, 2014 was estimated to be in the range of \$19.0 million - \$24.0 million. Actual results for the two months ended May 31, 2014 did fall in this range.

OUTLOOK

Industry fundamentals have remained strong through the first half of the year and are forecasted to continue on this upward trend through the back half of 2014. This has resulted in increased capital forecasts and spending by producers and sets up the third quarter for all three divisions of Secure to deliver results that continue to exceed previous periods assuming activity levels remain robust, and favourable weather conditions remain for continued drilling activity and movement of equipment to sites.

Secure has a focused strategy of constructing and expanding facilities in key under-serviced capacity constrained markets. The list of organic opportunities contains several other projects beyond the ones currently under construction, that reflect the ability of Secure to take advantage of market potential that exists today. Therefore, Secure has increased its 2014 capital budget to \$300 million from the previously announced \$225 million to capitalize on these opportunities including building out an additional FSR and an FST conversion of an SWD. The Corporation is well positioned to fund its expanded 2014 capital program with available debt capacity from its credit facility and cash flow from operations while still maintaining a strong balance sheet.

Transporting crude by rail continues to provide a strategic alternative to pipeline constraints. As the heavy oil differentials remain strong, this supports the maximization of profits. With construction of the Rycroft FSR, anticipated to be commissioned in the third quarter, and the additional FSR included as part of the increased 2014 capital budget, Secure will have access to the North American rail network providing its customers with further alternatives for moving crude. Secure is committed to continue to diversify its value chain of service offerings to exceed the expectations of its customers and maximize returns to shareholders.

Secure is committed to developing new technologies in order to continually strengthen the value chain of services Secure is able to provide to its customers and recycle and reduce waste in the drilling and completions process. The water recycling technology at the South Grande Prairie FST is in the pilot stage and it is expected to be commissioned and used to produce recycled fluids during the fourth quarter. Secure also continues the development and implementation of solids processing technologies for the recovery of hydrocarbons used in the drilling process. Secure is excited about the potential that exists in these initiatives and is looking forward to further developing these technologies throughout the second half of the year.

NON-GAAP MEASURES AND OPERATIONAL DEFINITIONS

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

Operating margin

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

Operating days

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

Canadian Market Share

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

EBITDA

EBITDA is calculated as net earnings excluding depreciation, depletion, amortization and accretion, share-based payments expense, interest, and taxes. EBITDA is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed or how the results are taxed.

(\$000's)	Three Months Ended June 30,			Six Months Ended Jun 30,		
	2014	2013	% Change	2014	2013	% Change
Net Earnings (loss)	6,564	(2,375)	376	29,553	15,382	92
Add (deduct):						
Depreciation, depletion and amortization	23,633	15,014	57	44,496	28,121	58
Share-based payments	3,993	2,026	97	6,591	3,705	78
Current tax expense	708	(1,692)	142	8,838	3,580	147
Deferred income tax expense	3,273	1,496	119	3,982	2,183	82
Interest, accretion and finance costs	2,222	1,364	63	4,138	2,566	61
Other income	-	(1,675)	100	(514)	(1,675)	100
EBITDA	40,393	14,158	185	97,084	53,862	80

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.

(\$000's)	Three Months Ended June 30,			Six Months Ended Jun 30,		
	2014	2013	% Change	2014	2013	% Change
Net cash flows from operating activities	129,654	65,723	97	135,435	52,267	159
Add:						
Interest paid	1,879	1,433	31	3,714	2,652	40
Income taxes paid	3,049	1,619	88	11,683	6,903	69
Non-cash working capital changes	(93,626)	(51,759)	81	(53,519)	(3,372)	1,487
Funds from operations	40,956	17,016	141	97,313	58,450	66

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014

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

(\$000's except per share data)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Revenue	567,939	337,853	68	1,094,151	660,831	66
Operating expenses	530,253	324,587	63	1,000,941	606,715	65
General and administrative	19,880	14,002	42	39,083	28,141	39
Business development	5,039	2,146	135	7,616	3,939	93
Interest, accretion and finance costs	2,222	1,364	63	4,138	2,566	61
Total expenses	557,394	342,099	63	1,051,778	641,361	64
Other income	-	1,675	(100)	-	1,675	(100)
Earnings (Loss) for the period before income taxes	10,545	(2,571)	510	42,373	21,145	100
Income taxes						
Current income tax expense	708	(1,692)	142	8,838	3,580	147
Deferred income tax expense	3,273	1,496	119	3,982	2,183	82
	3,981	(196)	2,131	12,820	5,763	122
Net earnings (loss) for the period	6,564	(2,375)	376	29,553	15,382	92
Other comprehensive income (expense)						
Foreign currency translation adjustment, net of tax	(4,811)	3,054	(258)	(984)	4,145	(124)
Total comprehensive income	1,753	679	158	28,569	19,527	46
Earnings per share						
Basic	0.06	(0.02)	400	0.25	0.15	67
Diluted	0.05	(0.02)	350	0.24	0.14	71

PRD DIVISION OPERATIONS – THREE AND SIX MONTHS ENDED JUNE 30, 2014

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

Processing, recovery and disposal services:

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

Oil purchase/resale service:

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

(\$000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Revenue						
Processing, recovery and disposal services (a)	66,843	35,967	86	130,146	80,318	62
Oil purchase and resale service	412,249	252,323	63	732,829	428,179	71
Total PRD division revenue	479,092	288,290	66	862,975	508,497	70
Operating Expenses						
Processing, recovery and disposal services (b)	26,488	15,413	72	50,223	30,314	66
Oil purchase and resale service	412,249	252,323	63	732,829	428,179	71
Depreciation, depletion, and amortization	15,244	9,838	55	28,983	18,855	54
Total operating expenses	453,981	277,574	64	812,035	477,348	70
General and administrative	7,761	5,746	35	14,528	10,705	36
Total PRD division expenses	461,742	283,320	63	826,563	488,053	69
Operating Margin ⁽¹⁾ (a-b)	40,355	20,554	96	79,923	50,004	60
Operating Margin ⁽¹⁾ as a % of revenue (a)	60%	57%		61%	62%	

⁽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 and six months ended June 30, 2014 increased 86% and 62% to \$66.8 million and \$130.1 million from \$36.0 million and \$80.3 million in the comparative periods of 2013.

Processing: For the three and six months ended June 30, 2014, processing volumes increased 48% and 35% respectively, from the comparative periods in 2013. The increase in volumes and revenue is a result of an increase in overall demand for the PRD division's services and the addition of new facilities and expansions at current facilities subsequent to the second quarter of 2013 which include: completion of the Rocky and Judy Creek FSTs in May 2013; Kindersley FST in December 2013; Edson FST and Keene FST in North Dakota, in April 2014.

Recovery: Revenue from recovery for the three and six months ended June 30, 2014 increased by 88% and 57% respectively, from the comparative periods in 2013. The increase in recovery revenue for the three and six months ended June 30, 2014 is a result of the Corporation's ability to capitalize on crude oil marketing opportunities at its pipeline connected FSTs resulting in a 33% and 21% increase in crude oil marketing revenues over the 2013 comparative periods, increased throughput at Secure facilities, and an increase in the price of crude oil of 9% and 7% as compared to the three and six months ended June 30, 2013.

Disposal: Secure's disposal volumes for the three and six months ended June 30, 2014 increased by 88% and 70% respectively, from the comparative periods of 2013. The increase in volumes is related to increased demand and the addition of new facilities subsequent to the second quarter of 2013 which include: completion of the Kaybob SWD in August 2013; Stanley SWD in North Dakota in September 2013; 13 Mile Landfill in North Dakota in October 2013; Saddle Hills Landfill in November 2013; and the Keene SWD in North Dakota in November 2013.

Oil purchase/resale service: Revenue from oil purchase and resale services for the three and six months ended June 30, 2014 increased 63% and 71% to \$412.2 million and \$732.8 million from \$252.3 million and \$428.2 million in the comparative periods of 2013. The increase in the period is due to increased pipeline capacity added at the Judy Creek FST in the third quarter of 2013, a 9% and 7% increase in crude oil prices for the three and six months ended June 30, 2014 over the prior year comparative periods, increased oil throughput at the Corporation's pipeline connected FSTs, and increased crude oil volumes shipped via rail. The revenue from this service line will fluctuate monthly based on the factors described above.

Operating Expenses (PRD division)

Operating expenses from PRD services for the three and six months ended June 30, 2014 increased 72% and 66% to \$26.5 million and \$50.2 million from \$15.4 million and \$30.3 million in the comparative periods of 2013. The increase in operating expenses relate to the new facilities, expansions added organically, and the increase in processing, recovery and disposal volumes at the Corporation's existing facilities. This includes the upfront commissioning costs associated with the Kindersley, Edson and Keene FST's. New facilities accounted for 46% and 41% of the increase in operating expenses over the comparative periods in 2013; trucking costs increased \$1.2 million and \$2.2 million over the prior year comparative periods as a result of moving crude oil from FSTs that are not pipeline connected to pipeline connected facilities, move crude oil from the Silverdale FST to rail terminals, higher disposal volumes that result in increased solids transferred from the Corporation's FSTs to Landfills, and a disposal well at one of the Corporation's FSTs was temporarily shut down in the second quarter resulting in trucking costs incurred to move volumes received to a nearby facility. Additionally, during the three and six months ended June 30, 2014, non-recurring maintenance costs were incurred for liner repairs at one of the Corporation's landfills which accounts for approximately \$1.4 million and \$2.8 million respectively, in additional operating expenses for the three and six months ended June 30, 2014. Repair of the liner began in the fourth quarter of 2013 and continued through the second quarter.

Operating margin as a percentage of revenue for the three and six months ended June 30, 2014 was 60% and 61% compared to 57% and 62% in the comparative periods of 2013. The 3% increase for the three months ended June 30, 2014 is a direct result of higher activity levels and increased revenue associated with the prolonged winter drilling season and shorter than normal break-up period, an increase in crude oil marketing activities at the Corporation's pipeline connected facilities and increased volumes shipped by rail. The 1% decrease for the six months ended June 30, 2014 is a result of the ongoing liner repairs at the Corporation's landfill as described above.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the three and six months ended June 30, 2014 increased 55% and 54% to \$15.2 million and \$29.0 million from \$9.8 million and \$18.9 million in the comparative periods of 2013. The increase is due to the addition of new facilities, expansions at existing facilities and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

General and administrative ("G&A") expenses for the three and six months ended increased 35% and 36% to \$7.8 million and \$14.5 million from \$5.7 million and \$10.7 million in the comparative periods of 2013. Major drivers for the three and six months ended June 30, 2014 over the prior year comparative periods are an increase relating to additional employees to support the opening of new facilities and organic growth at existing facilities both in Canada and the US, additional office space and an increase in costs related to Secure's rebranding initiative.

DS DIVISION OPERATIONS – THREE AND SIX MONTHS ENDED JUNE 30, 2014

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

Drilling services:

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

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

(\$000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Revenue						
Drilling services (a)	67,574	40,998	65	186,256	134,251	39
Operating expenses						
Drilling services (b)	51,444	33,412	54	139,825	104,165	34
Depreciation and amortization	5,386	3,803	42	10,382	7,474	39
Total DS division operating expenses	56,830	37,215	53	150,207	111,639	35
General and administrative	6,972	4,812	45	14,826	10,962	35
Total DS division expenses	63,802	42,027	52	165,033	122,601	35
Operating Margin ⁽¹⁾ (a-b)	16,130	7,586	113	46,431	30,086	54
Operating Margin % ⁽¹⁾	24%	19%		25%	22%	

⁽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 and six months ended June 30, 2014 increased 65% and 39% to \$67.6 million and \$186.3 million from \$41.0 million and \$134.3 million in the comparative periods of 2013. The increase in revenue for the three months ended June 30, 2014 is the result of a shorter than normal spring break-up resulting in higher drilling activity from a prolonged winter drilling season allowing customers to stay in the field longer and return earlier than usual, and an increase in pad drilling which occurs throughout spring break-up. The average rig count for the second quarter increased 35% from the prior year quarter in conjunction with a 36% increase in meters drilled per well. This led to a combined 50% increase in the drilling fluids service line and a 141% increase for the equipment rentals service line from the comparative period in 2013.

The increase in revenue for the six months ended June 30, 2014 is the result of a combined 30% increase in the drilling fluids service line revenue and 121% increase in revenue for the equipment rentals service line from the comparative period in 2013. The drilling fluids service line revenue will fluctuate each quarter based on market share, meters drilled per well, and the type of wells drilled which in turn drives revenue per operating day. The DS division market share in Canada for the three and six months ended June 30, 2014 was 33% and 32%, a decrease of 1% for the three month comparative period and consistent for the six month comparative period. Meters drilled per well by the DS division's customers increased by 43% and 33% respectively, over the comparative periods of 2013. As meters drilled per well increases, wells become more technically challenging requiring more costly drilling fluids, resulting in higher product usages, increased probability of lost circulation events and a higher usage of specialty chemicals. Additionally, the number of wells drilled that used oil based mud increased by 31% and 25% respectively, over comparative periods of 2013 as a result of an increase in horizontal and directional drilling in which these muds are utilized. Oil based muds contribute higher revenue that drives increases in revenue per operating day. As a result of the factors discussed above, the revenue per operating day increased to \$8,430 and \$7,606 for the three and six months ended June 30, 2014 from \$6,690 and \$6,036 in the comparative periods of 2013.

The equipment rentals service line revenue is driven by the size of the available rental fleet, utilization, and rental rates in any given quarter. The increase in the equipment rentals service line revenue for the three and six months ended June 30, 2014 over the comparative periods of 2013, is a direct result of the acquisition of Target Rentals Ltd. ("Target") in July 2013 which significantly increased the rental asset base, and organic growth in the centrifuge fleet. Additionally, overall rental asset utilization increased 14% and 6% respectively over the comparative periods of 2013 due to the overall higher industry activity levels experienced.

Operating Expenses (DS division)

Operating expenses for the DS Division for the three and six months ended June 30, 2014 increased 54% and 34% to \$51.4 million and \$139.8 million from \$33.4 million and \$104.2 million in the comparative periods of 2013. DS division operating margins vary each quarter due to changes in product mix, well type, geographic area, nature of activity, and contribution from the equipment rentals service line. As wells become longer in reach, more specialized products are used which tend to have higher product margin. Inherent in the equipment rentals business, operating margins achieved are higher given the initial capital investment for the equipment. Overall, the increase in operating expenses over the comparative periods is a direct result of an increase in revenues.

For the three and six months ended June 30, 2014, operating margins increased to 24% and 25% from 19% and 22% in the 2013 comparative periods. As described above, higher activity levels and increased revenue associated with the prolonged winter drilling season as well as equipment rentals both contributed to higher operating margins. Equipment rentals make up a significant portion of the growth in revenues from the 2013 comparative periods due to the acquisition and organic growth of the rental fleet and increased equipment utilization which have inherently higher margins. This, combined with the increased drilling fluids revenue, has driven the 5% and 3% increase in operating margin over the comparative periods of 2013.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the three and six months ended June 30, 2014 increased 42% and 39% to \$5.4 million and \$10.4 million from \$3.8 million and \$7.5 million in the comparative periods of 2013. Depreciation and amortization expense increased compared to the prior period as a result of a larger fixed asset base driven by capital additions to the rental fleet combined with the acquisition of Target in July 2013.

General and Administrative (DS division)

G&A expense for the three and six months ended June 30, 2014 increased 45% and 35% to \$7.0 million and \$14.8 million from \$4.8 million and \$11.0 million in the comparative periods of 2013. Major drivers for the three and six months ended June 30, 2014 over the prior year comparative periods are an increase of 37% and 26% in staffing costs to support the four strategic acquisitions executed in Canada since the second quarter of 2013 and to support the organic growth in both drilling fluids and rentals in Canada and US; and increased costs related to Secure's rebranding initiative.

OS DIVISION OPERATIONS – THREE AND SIX MONTHS ENDED JUNE 30, 2014

The OS division has three main service lines: environmental services, integrated fluids solutions, and projects. Environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and projects which provide pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and remediation and reclamation of former wellsites, facilities, commercial and industrial properties.

(\$000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Revenue						
Onsite services (a)	21,273	8,565	148	44,920	18,083	148
Operating expenses						
Onsite services (b)	16,439	8,425	95	33,568	15,936	111
Depreciation and amortization	2,641	1,149	130	4,526	1,354	234
Total OS division operating expenses	19,080	9,574	99	38,094	17,290	120
General and administrative	1,732	1,548	12	3,495	2,653	32
Total OS division expenses	20,812	11,122	87	41,589	19,943	109
Operating Margin ⁽¹⁾ (a-b)	4,834	140	3,353	11,352	2,147	429
Operating Margin % ⁽¹⁾	23%	2%		25%	12%	

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

Revenue (OS division)

Revenue for both the three and six months ended June 30, 2014 increased 148% to \$21.3 million and \$44.9 million from \$8.6 million and \$18.1 million in the comparative periods of 2013.

The overall increase for the three and six months ended June 30, 2014 is a direct result of the Frontline Integrated Services Ltd. ("Frontline") acquisition in April 2013, the three additional acquisitions completed since the second quarter of 2013, and a shortened spring break-up compared to the prior year as work continued through the second quarter and equipment remained on site.

Projects revenue for the three and six months ended June 30, 2014 increased due to the acquisition completed in April 2014 which added a new geographic area and increased customer base. Additionally, there was an increase in remediation and reclamation projects completed that contributed to increased revenues combined with higher utilization of equipment as a result of favourable weather conditions and robust industry activity from the comparative periods of 2013.

Integrated fluid solutions revenue increased for the three and six months ended June 30, 2014 as a direct result of the acquisition completed in the first quarter of 2014. High equipment utilization, addition of new customers, and the increased offering of complimentary and in demand services, has positively impacted integrated fluid solutions. As the drilling season was extended due to a late spring break-up, demand for an integrated fluids solutions package was at record highs for the second quarter.

Operating Expenses (OS division)

Operating expenses for the three and six months ended June 30, 2014 increased 95% and 111% to \$16.4 million and \$33.6 million from \$8.4 million and \$15.9 million for the comparative periods of 2013. The increase is a direct result of the acquisition of Frontline in April 2013, the three acquisitions completed since the second quarter of 2013, and an overall increase in activity and revenues from the comparative periods of 2013.

For the three and six months ended June 30, 2014, operating margins increased to 23% and 25% from 2% and 12% in the 2013 comparative periods. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. In the 2013 comparative periods, the margins were negatively impacted by unfavourable weather as projects were delayed into the third quarter and upfront costs were incurred to prepare for the higher activity levels in the second half of the year therefore reducing margins to break-even levels. The acquisition of a rentals based business in the first quarter of 2014, which inherently achieves higher margins given the initial capital investment for the equipment, has also significantly contributed to the increase in margins achieved for both the three and six months ended June 30, 2014.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the three and six months ended June 30, 2014 increased to \$2.6 million and \$4.5 million from \$1.1 million and \$1.4 million in the comparative periods of 2013. The increase in depreciation over the 2013 comparative periods is due to the acquisition of Frontline in April 2013, three acquisitions completed since the second quarter of 2013, and organic additions of various types of equipment to meet customer demand.

General and Administrative (OS division)

G&A expenses for the three and six months ended June 30, 2014 increased to \$1.7 million and \$3.5 million from \$1.5 million and \$2.7 million in the comparative periods of 2013. G&A expenses increased due to the acquisition of Frontline in the April 2013, the three acquisitions completed since the second quarter of 2013, an overall increase in activity and operations in the division, increased costs related to Secure's rebranding initiative, and costs associated with moving to a new OS division office. G&A is expected to fluctuate based on the growth of the division.

OTHER INCOME AND EXPENSES

Corporate expenses

(\$000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
General and administrative	3,415	1,896	80	6,234	3,821	63

Corporate expenses for the three and six months ended June 30, 2014 increased to \$3.4 million and \$6.2 million from \$1.9 million and \$3.8 million in the comparative periods of 2013. Included in corporate expenses are all public company costs, salaries, share based payments and office costs relating to corporate employees and officers. The increase for the three and six months ended June 30, 2014 is attributed to increased headcount and lease costs due to growth of the Corporation, higher salaries, bonus, and share based compensation.

Business Development Expenses

(\$000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Business development	5,039	2,146	135	7,616	3,939	93

Business development expenses for the three and six months ended June 30, 2014 increased to \$5.0 million and \$7.6 million from \$2.1 million and \$3.9 million in the comparative periods of 2013. Business development expenses include prospect costs associated with organic and acquisition opportunities in Canada and the United States, and research and development costs. Business development expenses increased for the three and six months ended June 30, 2014 due to costs related to the five acquisitions completed, prospect costs for potential new facility locations, increased salaries resulting from a higher headcount required to support the increased capital expenditure program related to organic and acquisition opportunities, and continued investment in research and development activities. The Corporation continues to expand and evaluate a number of potential projects and prospects.

Interest and Financing costs

(\$000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Interest and finance costs	1,942	1,364	42	3,580	2,566	40

Interest and financing costs for the three and six months ended June 30, 2014 increased to \$1.9 million and \$3.6 million from \$1.4 million and \$2.6 million in the 2013 comparative periods. The average debt balance for the three and six months ended June 30, 2014 increased 27% and 26% respectively, from the comparative periods in 2013. Interest associated with higher debt balances was partially offset by lower interest rates charged under the credit facility which was amended in October, 2013.

Interest is capitalized on capital projects with a substantial time to completion. Typically, interest is only capitalized on the construction of the Corporation's FSTs. For the three and six months ended June 30, 2014, capitalized interest was \$0.2 million and \$0.5 million versus \$0.5 million and \$1.0 million respectively, for the 2013 comparative periods. The balance on the credit facility as at June 30, 2014 was \$177.5 million compared to \$144.4 million as at June 30, 2013.

Foreign Currency Translation Adjustment

(\$000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Foreign currency translation adjustment, net of tax	(4,811)	3,054	(258)	(984)	4,145	(124)

Included in Other Comprehensive Income ("OCI") is \$(4.8) million and \$(1.0) million for the three and six months ended June 30, 2014 of foreign currency translation adjustments relating to the conversion of the financial results of the US operations as at June 30, 2014. The US dollar decreased 3% and nil% in value relative to the Canadian dollar during the three and six months ended June 30, 2014. The foreign currency translation adjustment included in the consolidated statements of comprehensive income does not impact net earnings for the period.

Income Taxes

(\$000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Income taxes						
Current income tax expense (recovery)	708	(1,692)	142	8,838	3,580	147
Deferred income tax expense	3,273	1,496	119	3,982	2,183	82
	3,981	(196)	2,131	12,820	5,763	122

Income tax expense for the three and six months ended June 30, 2014 increased to \$4.0 million and \$12.8 million from a recovery of \$0.2 million and an expense of \$5.8 million in the 2013 comparative periods. The increase in current income tax expense for the three and six months ended June 30, 2014 is attributable to the overall increase in the Corporation's net earnings before income taxes as compared to the prior periods. The increase in deferred income tax expense relates to a combination of changes in the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes compared to the amounts used for taxation purposes.

SIGNIFICANT PROJECTS

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

GEOGRAPHICAL FINANCIAL INFORMATION

(\$000's)	Canada		USA		Total	
	2014	2013	2014	2013	2014	2013
Three Months Ended June 30						
Revenue	547,887	325,716	20,052	12,137	567,939	337,853
Six Months Ended Jun 30						
Revenue	1,058,340	636,291	35,811	24,540	1,094,151	660,831
As at June 30, 2014 and Dec 31, 2013						
Total non-current assets	792,627	686,536	135,737	116,880	928,364	803,416

Revenue from assets in the United States for the three and six months ended June 30, 2014 increased 65% and 46% from the comparative periods of 2013. For the three and six months ended June 30, 2014, the increase in revenue relates to an increase in overall demand for the PRD division's services in the US and the addition of new facilities and expansions at current facilities subsequent to the second quarter of 2013 which include: completion of the Stanley SWD in the third quarter of 2013, addition of the Keene SWD and 13 Mile Landfill late in the fourth quarter of 2013, and commissioning of the Keene FST in April 2014. United States based non-current assets as at June 30, 2014 of \$135.7 million have increased 16% from \$116.9 million as at December 31, 2013. The increase is a direct result of the conversion of the Keene SWD into an FST which was commissioned in April 2014, conversion of the Stanley SWD into an FST which will be commissioned during the third quarter, and preliminary design and engineering for 2014 organic projects in North Dakota including the conversion of the 13 Mile SWD into an FST and expansion of the 13 Mile Landfill. The Corporation now operates five water disposal facilities in North Dakota, one landfill, one FST, offers drilling fluid and drilling equipment rental services and onsite services throughout the US Rocky Mountain region. As noted above, the Corporation opened its first FST in the US in the first quarter of 2014 and will open its second FST in the third quarter of 2014. This will further increase the service offerings in the US market and combined with the rebranding initiative, will increase Secure's brand recognition in the US.

SUMMARY OF QUARTERLY RESULTS

Seasonality

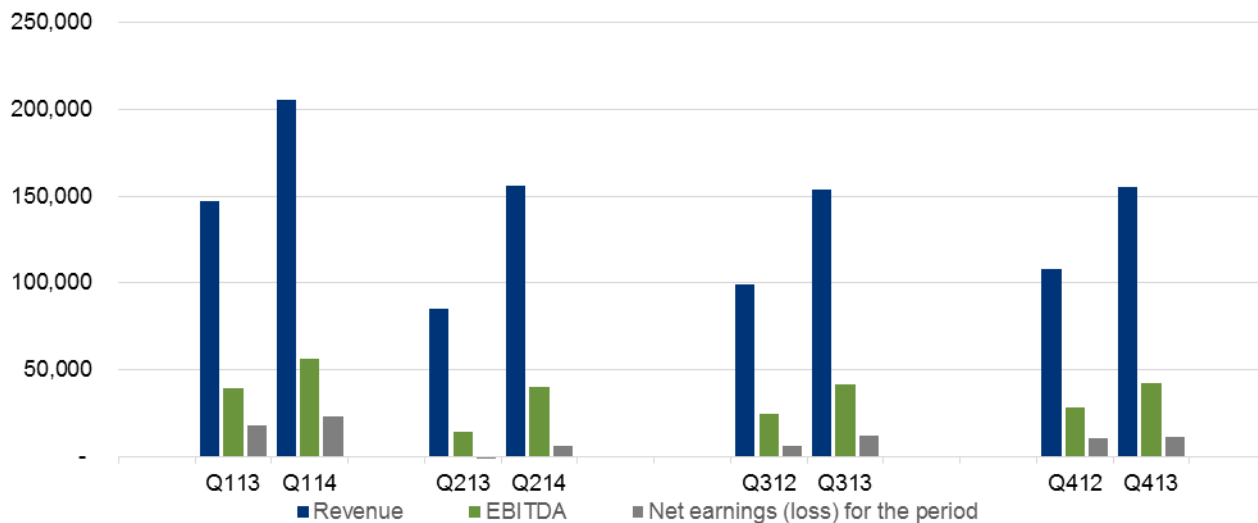
Seasonality impacts the Corporation's operations. In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many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

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

(\$000s except share and per share data)	2014			2013			2012	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue (excluding oil purchase and resale)	155,690	205,632	155,427	153,868	85,530	147,122	108,356	99,503
Oil purchase and resale	412,249	320,580	232,522	289,892	252,323	175,856	170,501	149,705
Total Revenue	567,939	526,212	387,949	443,760	337,853	322,978	278,857	249,208
Net earnings (loss) for the period	6,564	22,989	11,545	12,036	(2,375)	17,758	10,634	6,354
Earnings (loss) per share - basic	0.06	0.20	0.10	0.11	(0.02)	0.17	0.10	0.06
Earnings (loss) per share - diluted	0.05	0.19	0.10	0.11	(0.02)	0.17	0.10	0.06
Weighted average shares - basic	118,489,217	117,235,063	110,706,772	108,648,873	106,824,753	104,734,964	104,530,375	98,724,604
Weighted average shares - diluted	121,757,066	120,436,149	113,700,987	111,500,617	106,824,753	107,363,836	107,456,318	101,492,349
EBITDA ⁽¹⁾	40,393	56,691	42,108	41,542	14,158	39,705	28,360	24,915

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

Quarterly Financial Highlights (\$000s)



Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure’s significant growth and acquisitions completed in the six months ended June 30, 2014 and during 2013, variations in quarterly results extend beyond seasonal factors. While Secure has experienced increased demand for its services over the last eight quarters, the most significant impact relates to new facilities, expansions of existing facilities and acquisitions.

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Provided by Operations

(\$000's)	Three Months Ended June 30,			Six Months ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Funds from operations ⁽¹⁾	40,956	17,016	141	97,313	58,450	66

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

Funds from operations for the three and six months ended June 30, 2014 increased to \$41.0 million and \$97.3 million from \$17.0 million and \$58.5 million in the comparative periods of 2013. The 141% and 66% increase for the three and six month periods ended June 30, 2014 is a result of overall increased demand for the Corporation’s products and services; new PRD facility additions and expansions; increased revenue per operating day for drilling fluids, increased rental revenues from the acquisition of Target in July 2013, organic growth of the rental fleet, and the two acquisitions completed in the first quarter of 2014; and the three acquisitions completed in the six months ended June 30, 2014, combined with favourable weather and robust industry activity which drove high equipment utilization.

Investing Activities

(\$000's)	Three months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Capital expenditures ⁽¹⁾						
Expansion and growth capital expenditures	68,506	36,222	89	118,340	77,718	52
Acquisitions	13,209	5,348	147	29,630	5,348	454
Sustaining capital expenditures	623	1,107	(44)	1,105	1,879	(41)
Total capital expenditures	82,338	42,677	93	149,075	84,945	75

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

The Corporation's growth and expansion capital expenditures for the three months ended June 30, 2014 increased to \$68.5 million from \$36.2 million in the comparative period of 2013. Capital expenditures for the quarter ended June 30, 2014 are allocated as follows:

- \$36.2 million in PRD growth capital relating to the Brazeau, and Stanley SWDs conversions to FSTs, Rycroft FSR, and Tulliby Lake FST and Landfill. In addition, the Edson and Keene FST's were commissioned and operational during the second quarter of 2014;
- \$15.0 million for expansion capital for landfill cells under construction in the quarter at South Grande Prairie, and Saddle Hills; additional disposal well at the Drayton Valley FST; purchase of a new office in Grande Prairie to accommodate the growing headcount and to consolidate all three divisions in one office space;
- \$3.3 million for long lead equipment for 2014 and 2015 capital projects; and
- \$14.0 million for rental equipment such as centrifuges, Target Tanks, hydraulic stands, invert tanks and other miscellaneous capital expenditures, the oil based mud blending plant in Fox Creek that was completed and commissioned in July 2014, and the new DS state of the art laboratory facility which opened in July 2014.

The Corporation's growth and expansion capital expenditures for the six months ended June 30, 2014 increased to \$118.3 million from \$77.7 million in the comparative period of 2013. Capital expenditures for the six months ended June 30, 2014 are allocated as follows:

- \$76.9 million in PRD growth capital:
 - Kindersley FST was completed and operational during the first quarter;
 - Edson and Keene FST's were completed, commissioned and operational during the second quarter of 2014;
 - The Stanley and Brazeau SWDs are currently under construction to convert to FSTs with the waste portion of Stanley anticipated to be operational in the third quarter of 2014 and Brazeau in the fourth quarter of 2014;
 - Rycroft FSR facility is the Corporation's first heavy oil rail facility. The FSR facility will offer treating, storage, disposal and transloading services. It is expected the facility will be commissioned and operational in the fourth quarter of 2014; and
 - Tulliby Lake FST and landfill is the Corporation's first heavy oil and production sand treating, and landfill facility. It is expected the facility and landfill will be commissioned and operational near the end of the fourth quarter of 2014.
- \$17.9 million for expansion capital:
 - Landfill cells at South Grande Prairie, and Saddle Hills, all which were under construction in the quarter. The additional cell capacity will be available for the fourth quarter and subsequent years; and
 - Additional disposal wells at both the Obed and Drayton Valley FSTs were under construction in the quarter and will be commissioned in the fourth quarter;

- Purchase of an office in Grande Prairie to accommodate growth of the Corporation and consolidate all three divisions into one space;
- \$5.9 million for long lead equipment for 2014 and 2015 capital projects; and
- \$17.6 million for rental equipment such as centrifuges, Target Tanks, hydraulic stands, invert tanks and other miscellaneous capital expenditures, the oil based mud blending plant in Fox Creek was completed and commissioned in July 2014, and completion of the new DS state of the art laboratory facility opened in July 2014.

For the three and six months ended June 30, 2014 acquisitions were \$13.2 million and \$29.6 million compared to \$5.3 million and \$5.3 million in the 2013 comparative periods. In the first quarter of 2014, the Corporation completed two acquisitions that fall into the OS division with assets that will grow the Corporation's integrated fluid solutions service line and establish an onsite market presence in the US. In the second quarter of 2014, the Corporation completed three acquisitions. A mineral products plant which mainly processes barite that will allow the Corporation to vertically integrate the operations in the DS division to improve logistics and quality of product, a drilling fluids business that will provide additional drilling fluids systems for highly complex wells in the deep basin and key customer relationships, and an environmental contracting business that provides services relating to spill cleanup, pond construction, and contaminated soil excavation, stockpiling, treatment, transportation and disposal and will expand the service area of the OS division. These five strategic acquisitions are a continuation of the Corporation's strategy to add complementary services along the energy services value chain. In the 2013 comparative periods, the Corporation completed the acquisition of Frontline.

Sustaining capital or maintenance capital refers to capital expenditures in respect of capital asset additions, or replacements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion and growth capital involves judgment by management. During the three and six month periods ended June 30, 2014, sustaining capital was \$0.6 million and \$1.1 million compared to \$1.1 million and \$1.9 million respectively, for the 2013 comparative periods. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new equipment or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades. As a facility matures, the amount of sustaining capital required will increase.

Financing Activities

(\$000's)	Three Months Ended June 30,			Six Months ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Issue of common shares, net of issue costs	5,314	3,173	67	9,100	4,138	120
Net draw s (repayments) on revolving credit facility	(42,000)	(24,000)	75	17,500	21,500	(19)
Financing costs	-	(3)	(100)	-	(28)	(100)
Dividends paid	(5,926)	(2,671)	122	(10,318)	(2,671)	286
Net cash flow (used in) from financing activities	(42,612)	(23,501)	81	16,282	22,939	(29)

For the six months ended June 30, 2014, the Corporation issued 935,686 common shares for the five acquisitions completed. In addition, the increase relates to the exercising of options in accordance with the Corporation's share-based payment plan (the "Plan"). Under the Plan, the Corporation may grant share options to its employees and directors for up to 10% of the issued and outstanding common shares of the Corporation calculated on a non-diluted basis at the time of grant. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant. Lastly, the increase relates to the vesting of the first tranche of Restricted Share Units ("RSUs") in accordance with the Corporation's RSU plan in which common shares were issued. RSUs issued vest in three equal portions on the first, second and third anniversary of the grant date and are settled in common shares of the Corporation.

As at June 30, 2014, the Corporation had drawn \$177.5 million on its credit facility compared to \$145.0 million in the 2013 comparative period. The amount drawn on the credit facility relates to capital expenditures and working capital requirements. Working capital in the DS division, specifically inventory, requires certain minimum levels to be held in order to meet the needs of customers for the active winter drilling season. The Corporation had \$198.2 million available under its

credit facility as at June 30, 2014. The Corporation is well positioned, based on the available amount of its credit facility and expected funds from operations, to execute on the 2014 capital program. At June 30, 2014 the Corporation was in compliance with all covenants.

At June 30, 2014, the Corporation had issued approximately \$23.8 million in letters of credit and approximately \$10.2 million of performance bonds to various environmental regulatory authorities in Alberta and British Columbia and letters of credit related to certain crude oil marketing contracts. The Alberta Energy Regulator ("AER") has implemented the Oilfield Waste Liability ("OWL") program. The OWL program is expected to replace the current fully funded liability management program for oilfield waste facilities with a facility specific asset to liability risk based assessment that is backed by the existing upstream oil and natural gas industry liability management program. The amount of letters of credit issued will fluctuate based on the growth of the Corporation, requirements for crude oil contracts and future refunds under the OWL program, which are undeterminable at this time.

During the three and six months ended June 30, 2014, the Corporation declared dividends totaling \$5.9 million and \$10.3 million to holders of common shares. Of the dividends declared for the three and six months ended June 30, 2014, \$0.8 million and \$1.4 million was reinvested in additional common shares through the DRIP.

Subsequent to June 30, 2014, the Corporation declared dividends to holders of common shares in the amount of \$0.0167 per common share payable on July 15, 2014, and August 15, 2014, for shareholders of record on July 1, 2014, and August 1, 2014, respectively.

Contractual Obligations

The Corporation has a total of \$124.5 million in commitments, excluding the above commitment relating to the credit facility. The \$124.5 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 through the credit facility to meet upcoming commitments.

(\$000's)	Payments due by period			Total
	1 year or less	1-5 years	5 years and thereafter	
Finance leases	7,996	9,521	-	17,517
Operating leases	9,348	18,320	9,088	36,756
Capital purchases	26,371	-	-	26,371
Inventory purchases	8,775	35,100	-	43,875
Total Commitments	52,490	62,941	9,088	124,519

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, 2014 to be \$45.2 million (December 31, 2013 - \$38.8 million) based on a total future liability of \$63.8 million as at June 30, 2014 (December 31, 2013 - \$60.9 million). These costs are expected to be incurred over the next 25 years. The Corporation used its risk-free interest rates of 1.10% to 2.78% and an inflation rate of 3.00% to calculate the net present value of its asset retirement obligations.

In the normal course of operations, the Corporation is committed to the purchase and sale of volumes of commodities for use in the Corporation's crude oil marketing activities. In addition, the Corporation is committed over the next 12 months to purchasing oil and non-oil commodities for use in the normal course of operations of the DS and PRD divisions.

BUSINESS RISKS

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

OUTSTANDING SHARE CAPITAL

As at August 12, 2014, there were 118,982,056 Common Shares issued and outstanding. In addition as at August 12, 2014, there were 7,822,748 share options outstanding, of which 3,181,967 were exercisable, 635,167 RSUs outstanding, of which nil were redeemable, and 21,515 PSUs outstanding, of which nil were redeemable.

OFF-BALANCE SHEET ARRANGEMENTS

At June 30, 2014 and December 31, 2013, the Corporation did not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the three and six months ended June 30, 2014, the Corporation earned \$6.3 million and \$18.2 million of revenue and incurred \$0.5 million and \$0.8 million of expenses with related parties. Related parties include companies that have common directors, officers, employees and shareholders. The nature of the expenses relate to operating and general and administrative expenses for use in the Corporation's PRD, DS and OS divisions. Amounts are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the three and six months ended June 30, 2014, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (June 30, 2013 - Nil). This assessment is undertaken each financial reporting period through examining the financial position of the related party and the market in which the related party operates.

ACCOUNTING POLICIES

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

FINANCIAL AND OTHER INSTRUMENTS

As at June 30, 2014, the Corporation's financial instrument assets include cash, accounts receivables and accrued receivables. The Corporation's financial instrument liabilities include accounts payable and accrued liabilities, and long term borrowings. The fair values of these financial instruments approximate their carrying amount due to the short term maturity of these instruments except long term borrowings. Long term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. The use of financial instruments exposes the Corporation to credit, liquidity and market risk. A discussion of how these and other risks are managed can be found in the "Business Risk" section of this MD&A. Further information on how the fair value of financial instruments is determined is included in the "Critical accounting estimates and judgements" section of this MD&A.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

FUTURE ACCOUNTING PRONOUNCEMENTS

For the three and six months ended June 30, 2014, there were no revised standards or amendments to IFRS issued.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

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

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. While management of the Corporation has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Corporation's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated. Management has reviewed internal controls over financial reporting and no changes were made during the six months ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting other than the acquisitions completed during the quarter. Management is currently reviewing the ICFR systems and processes and has not identified any significant design or operating deficiencies to date.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On 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. The matters raised in the lawsuit are considered by the Corporation to be unfounded and unproven allegations that will be vigorously defended, although no assurances can be given with respect to the outcome of such proceedings. The Corporation believes it has valid defences to this claim and accordingly has not recorded any related liability.

A Statement of Defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, more recently amended on October 17, 2013, the Corporation claims damages in the amount of \$97.9 million against Tervita, alleging that Tervita has engaged in conduct

constituting a breach of the Competition Act (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. In addition, the amended counterclaim now includes damages related to Tervita's acquisition of Complete Environmental Inc., the previous owner of the Babbirk landfill in northeast British Columbia. The Corporation contends that Tervita purchased the landfill with the intention of maintaining its geographic monopoly and conspiring to cause injury to the Corporation. A decision to that effect by the Competition Tribunal of Canada is now under review by the Supreme Court of Canada.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains forward-looking statements pertaining to: corporate strategy; goals; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including market fundamentals, drilling levels, commodity prices for oil, natural gas liquids ("NGLs") and natural gas; industry fundamentals for the second half of 2014; capital forecasts and spending by producers; demand for the Corporation's services; expansion strategy; the amount of the increased 2014 capital budget; the amounts of the PRD, DS and OS divisions' proposed 2014 capital budgets and the intended use thereof; debt service; capital expenditures; completion of facilities; the impact of new facilities on the Corporation's financial and operational performance; future capital needs; access to capital; acquisition strategy; anticipated closing date of the Predator acquisition; anticipated commissioning of the Rycroft FSR; anticipated commissioning of the water recycling at South Grande Prairie FST; completion of the Stanley and Brazeau FSTs, and the Tulliby Lake FST and Landfill.

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

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ

materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to and under the heading “Business Risks” and under the heading “Risk Factors” in the Corporation’s annual information form (“AIF”) for the year ended December 31, 2013. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

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