MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Six Months ended June 30, 2018 and 2017

The following management's 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 1, 2018. The discussion and analysis is a review of the financial results of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The MD&A's primary focus is a comparison of the financial performance for the three and six months ended June 30, 2018 to the three and six months ended June 30, 2017 and should be read in conjunction with the Corporation's condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2018 and 2017 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2017 and 2016 ("Annual Financial Statements").

All amounts are presented in Canadian dollars, unless otherwise stated and all tabular amounts are in thousands of Canadian dollars, except share amounts or as otherwise noted. Certain comparative figures have been reclassified to conform to the MD&A presentation adopted for the current year.

CORPORATE OVERVIEW

Secure is a TSX publicly traded energy services company that provides safe, innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry. The Corporation owns and operates midstream infrastructure and provides environmental solutions and innovative products to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S.").

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

The PRD division owns and operates midstream infrastructure that provides processing, storing, pipelines, shipping and marketing of crude oil, oilfield waste disposal and recycling. The PRD division services include clean oil terminalling, rail transloading, pipelines, crude oil marketing, custom treating of crude oil, 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, stand-alone water disposal facilities ("SWD"), full service rail facilities ("FSR") and crude oil terminalling facilities.

DRILLING AND PRODUCTION SERVICES DIVISION ("DPS")

The DPS division provides equipment, product solutions and chemicals for drilling, completion and production operations for oil and gas producers in western Canada. The drilling service line includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen and natural gas. The drilling service line 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. The production services line focuses on providing equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets.

ONSITE SERVICES DIVISION ("OS")

The operations of the OS division include Projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and reclamation and remediation of former well sites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.); Integrated Fluid Solutions ("IFS") which include water management, recycling, pumping and storage solutions; and Environmental Services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, Naturally Occurring Radioactive Material ("NORM") management, waste container services and emergency response services.

For a complete description of services provided in the PRD, DPS and OS divisions, please refer to the headings '*Secure Energy Services Inc.*' and '*Description of Business*' in the Corporation's Annual Information Form for the year ended December 31, 2017 ("AIF").

OPERATIONAL AND FINANCIAL HIGHLIGHTS

During the second quarter, Secure added two SWD facilities in the capacity constrained Montney and Duvernay regions of Alberta, executing on the Corporation's strategy to identify and develop infrastructure in underserved markets and provide solutions to customers that increase their operating netbacks and capital efficiency. Two disposal wells at Gold Creek and one disposal well at Tony Creek are operational and are expected to contribute to the Corporation's results starting in the third quarter. Secure continues to evaluate additional opportunities relating to new infrastructure in these regions based on customer demand. In total, the Corporation invested growth and expansion capital of $32.0 million during the three months ended June 30, 2018. In addition to the SWDs discussed above, Secure substantially completed construction of the Corporation's first ever light oil feeder pipeline, and advanced construction of the pipeline receipt terminal in the Kindersley-Kerrobert region of Saskatchewan. This project remains on time and on budget, and is scheduled to commence operations in the fourth quarter of 2018. Additionally, the Corporation commenced construction of additional landfill cells at the Saddle Hills and Tulliby Lake landfills and increased capacity through various other expansion projects at the Corporation's existing facilities.

The Corporation achieved Adjusted EBITDA[1] of $31.2 million during the second quarter of 2018, a 55% increase from the three months ended June 30, 2017. The increase is primarily attributable to higher PRD facility volumes and revenues driven by growth initiatives over the past several years to increase capacity and expand service offerings; increased overall industry activity levels, particularly in the U.S., in response to higher average crude oil prices, which also generated higher recovered oil revenues; and the Corporation's ability to capitalize on certain crude oil marketing opportunities at its pipeline connected FSTs during the quarter.

Secure's focus in recent years on increasing production related services with a diverse asset base that lessens dependence on drilling related revenue streams has provided the Corporation with greater certainty on recurring cash flows. This diversification lessened the impact of seasonality of the oil and gas industry in Canada on the Corporation's second quarter results, which are typically the lowest of the year as weather conditions and resulting road bans hamper drilling and completion activity. Stable cash flows generated on the back of production-related volumes in the PRD division, growth of the DPS division's production services line, and ongoing Projects work and integrated service offerings in the OS division mitigated some of the impact spring break-up has had on the Corporation in previous years.

Following the approval of the normal course issuer bid ("NCIB") at the end of May 2018, Secure purchased and cancelled 1,193,173 common shares of the Corporation ("shares") at a weighted average price per share of $7.33 for a total of $8.7 million to June 30, 2018. Subsequent to quarter end, the Corporation has purchased 1,613,400 additional shares, for a total repurchase of 2,806,573 shares to date. The Corporation believes that, at times, the prevailing market price for Secure's shares does not reflect their underlying value.

[1] Refer to the "*Non-GAAP Measures*" section herein.

The operating and financial highlights for the three and six month periods ending June 30, 2018 and 2017 can be summarized as follows:

	Three months ended June 30,			Six months ended June 30,		
($000's except share and per share data)	2018	2017	% change	2018	2017	% change
Revenue (excludes oil purchase and resale)	141,249	115,372	22	322,947	256,085	26
Oil purchase and resale	578,674	468,952	23	1,102,421	778,828	42
Total revenue	719,923	584,324	23	1,425,368	1,034,913	38
Adjusted EBITDA (1)	31,158	20,044	55	78,965	62,214	27
Per share ($), basic	0.19	0.12	58	0.48	0.38	26
Net loss	(6,901)	(13,529)	(49)	(824)	(10,089)	(92)
Per share ($), basic and diluted	(0.04)	(0.08)	(50)	(0.01)	(0.06)	(83)
Cash flows from operating activities	74,572	40,055	86	107,326	83,083	29
Per share ($), basic	0.45	0.25	80	0.65	0.51	27
Funds flow (1)	27,087	17,376	56	69,130	57,428	20
Per share ($), basic	0.16	0.11	45	0.42	0.35	20
Dividends per common share	0.06750	0.06125	10	0.13500	0.12125	11
Capital expenditures (1)	36,263	49,688	(27)	92,844	61,784	50
Total assets	1,538,001	1,417,372	9	1,538,001	1,417,372	9
Net debt (1)	228,046	88,926	156	228,046	88,926	156
Common shares - end of period	163,431,134	162,949,160	-	163,431,134	162,949,160	-
Weighted average common shares - basic and diluted	164,524,360	162,776,950	1	164,268,516	162,421,437	1

(1) **Refer to "*Non-GAAP measures*" and "*Operational definitions*" for further information.**

- REVENUE OF $719.9 MILLION AND $1.4 BILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018
  - Ongoing production related volumes and growth initiatives over the past few years drove the PRD division's revenue from services to $80.5 million and $161.4 million during the three and six months ended June 30, 2018, up 34% and 26%, respectively, from the comparative periods in 2017. Increased revenue corresponds primarily to higher processing and disposal volumes at the Corporation's PRD facilities, which each experienced an 18% increase over the second quarter of 2017, and a 14% and 20% increase, respectively, in the year to date over the six months ended June 30, 2017. The increase in volumes can be attributed to higher activity levels following increasing crude oil prices in recent years, the continued trend of higher fluid volumes from fracing in the Corporation's key service areas, the acquisition of new facilities and increases in disposal capacity at existing facilities;
  - Oil purchase and resale revenue in the PRD division for the three and six months ended June 30, 2018 increased by 23% and 42% from the 2017 comparative periods to $578.7 million and $1.1 billion due to higher volumes resulting from increased industry activity and higher takeaway capacity at certain of the Corporation's pipeline connected full service terminals, and a 36% and 26% increase in average crude oil prices in the three and six months ended June 30, 2018 over the 2017 comparative periods;
  - DPS division revenue increased 2% and 23% to $34.7 million and $103.4 million in the three and six months ended June 30, 2018 over the 2017 comparative periods. In April 2017, the Corporation acquired a production chemicals business that significantly increased revenue generated from production services beginning in the second quarter of 2017. Revenue from production services has been increasing at a steady rate as the Corporation wins bids for new jobs and expands its customer base. However, a significant portion of the DPS division's revenue comes from drilling services, which strongly correlates with oil and gas drilling activity in the Western Canadian Sedimentary Basin ("WCSB"). During the three and six months ended June 30, 2018 there was an 8% and 6% decline in active rigs over the 2017 comparative periods; however, the impact to revenue from drilling services was partially mitigated as revenue per operating day increased as a result of the trend towards deeper and more complex wells;

- OS division revenue increased 23% and 32% to $26.0 million and $58.2 million in the three and six months ended June 30, 2018 primarily due to higher activity levels in the oil and gas sector resulting from improved commodity prices over the 2017 comparative periods. As a result, there was increased demand for oilfield services such as water pumping and storage, as well as increased Projects work which contributed to higher revenue compared to the prior year comparative periods.

- ADJUSTED EBITDA OF $31.2 MILLION AND $79.0 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018
  - Adjusted EBITDA of $31.2 million and $79.0 million increased 55% and 27% from the three and six months ended June 30, 2017, primarily from higher revenues achieved by the PRD division. Increased revenues were driven by higher facility volumes from improved oil and gas sector activity, the acquisition of Ceiba Energy Services Inc. ("Ceiba") in August 2017, and several facility expansions to increase waste handling capacity. Additionally, increased recovered oil revenues generated from higher average crude oil prices and higher crude oil marketing revenues from the Corporation's pipeline connected FSTs during the three and six months ended June 30, 2018 helped drive revenue and operating margins[1] in the PRD division, which were up 35% and 26% over the three and six months ended June 30, 2017.
  - The DPS division's Adjusted EBITDA decreased slightly in the three and six months ended June 30, 2018 over the 2017 comparative periods as the impact of higher revenue from production services was offset by increased general and administrative expenses in the division to support the expanded production chemicals business. Additionally, upward cost pressures resulting from higher commodity prices and the strength of the U.S. dollar have compressed margins, limiting the upside generated from economies of scale achieved from higher revenues.
  - Adjusted EBITDA generated from the OS division increased 41% and 38% in the three and six months ended June 30, 2018 over the comparative periods in 2017 primarily due to increased water pumping activity as customers remained active throughout spring break-up, and improved Projects revenue generated from new customers and long-term service agreements with two major oil sands producers. The following graphs illustrate the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the three and six months ("Q2" and "YTD", respectively) ended June 30, 2018 and 2017.

ADJUSTED EBITDA

1 Refer to the "*Non-GAAP Measures*" section herein.

- NET LOSS OF $6.9 MILLION AND $0.8 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018
  - For the three and six months ended June 30, 2018, Secure's net loss of $6.9 million and $0.8 million improved from a net loss of $13.5 million and $10.1 million in the three and six months ended June 30, 2017. The variances are primarily due to an $11.1 million and $16.8 million increase to Adjusted EBITDA resulting from the factors described above, partially offset by higher interest expense resulting from higher debt levels to fund organic development and acquisitions in the past year, as well as increased tax expense resulting from higher net earnings before non-deductible expenses.
- FINANCIAL FLEXIBILITY
  - The total amount drawn on Secure's credit facilities as at June 30, 2018 increased by 10% to $330.8 million compared to $300.0 million at December 31, 2017. The amount drawn increased in order to fund the Corporation's organic capital program, partially offset by cash flows from operating activities.
  - As at June 30, 2018, the Corporation had $207.2 million available under its credit facilities, subject to covenant restrictions. The Corporation is well positioned, based on this availability and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the remaining 2018 capital program.
  - Secure is in compliance with all covenants related to its credit facilities at June 30, 2018. The following table outlines Secure's senior and total debt to trailing twelve month EBITDA ratios at June 30, 2018 and December 31, 2017.

	June 30, 2018	Dec. 31, 2017	Threshold
Senior debt to EBITDA	1.2	1.1	3.5
Total debt to EBITDA	2.0	1.9	5.0

  - Senior debt is equal to amounts drawn on the Corporation's first lien facility plus financial leases less any cash balances exceeding $5 million. Total debt includes senior debt plus the $130 million borrowed under the Corporation's second lien facility. EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis.
- CAPITAL EXPENDITURES OF $36.3 MILLION AND $92.9 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018
  - Total capital expenditures for the three and six months ended June 30, 2018 of $36.3 million and $92.9 million were comprised of $32.0 million and $86.7 million related to growth and expansion projects, and $4.3 and $6.1 million of sustaining capital. There were no acquisitions completed during the quarter or year to date. Growth and expansion projects in the six months ended June 30, 2018 include completing construction of the new Gold Creek SWD and temporary SWD facility at Tony Creek, progressing construction of the light oil feeder pipeline and receipt terminal in the Kindersley-Kerrobert region, on track for commissioning in the third quarter and commencing operations in the fourth quarter, facility upgrades and the addition of a third well at the Big Mountain SWD, commencing construction of new landfill cells at the Saddle Hills and Tulliby Lake facilities, and long lead items and upfront costs for future projects. Sustaining capital incurred in 2018 to date relates primarily to well maintenance.

OUTLOOK

The second quarter of 2018 results exceeded the Corporation's expectations as rising crude oil and liquids prices drove industry activity which led to higher facility volumes, increased recovered oil pricing, and crude oil marketing opportunities, all of which increased both revenues and operating margins for the PRD division. Additionally, higher demand for oilfield services in the Onsite division resulted in increased water transfer jobs and Projects work throughout spring break-up. Following spring break-up, the Corporation has seen increased drilling and completion activity, which will benefit all three of the Corporation's divisions.

Overall, Secure expects Adjusted EBITDA in the second half of 2018 to improve from the 2017 comparative period as a result of additional revenue contributions from PRD facility expansions and additions, including the Gold Creek and Tony Creek SWD facilities, and expanded service offerings, such as the Kindersley-Kerrobert pipeline system which is expected to be commissioned in September 2018 and operational in October 2018. Secure's focus on production related services and products, the location of PRD facilities in high impact resource plays where producers remain the most active in the WCSB, and the trend toward drilling deeper and more complex wells are all expected to drive increased results throughout the remainder of 2018.

Secure's strategy remains focused on working with customers to identify opportunities and integrated solutions where the Corporation can add value and lower customers' costs. By combining multiple services and focusing on new and innovative ways to offer solutions, Secure's customers will be able to gain capital efficiencies for drilling, completing and producing their reserves.

The fundamental drivers of Secure's business are expected to continue to provide meaningful avenues of growth during the remainder of 2018 and beyond:

- Produced water volumes continue to increase based on maturing basins and new shale completion techniques that result in increased water volumes per well. Disposal volumes for Secure are increasing and Secure expects the trend for more produced water volumes and disposal capacity to continue;
- Completion waters and processing volumes are also increasing as high intensity fracs continue to be applied in liquids rich natural gas shale reservoirs like the Montney and Duvernay formations. The increased use of proppants, the number of completion stages and length of the horizontal wells are expected to continue to drive more volumes to Secure's PRD facilities;
- Oil and condensate treatment volumes are increasing as producers bring on new production and are looking for incremental treating capacity while minimizing transportation costs. Secure's construction of the Kindersley-Kerrobert light oil feeder pipeline system to the Corporation's existing Kindersley FST, and further on to Kerrobert, is a growing trend where producers seek to reduce truck traffic and lower transport costs;
- Moving oil volumes on rail cars remains a viable option for oil supply to be transported out of western Canada. As rail operations normalize, and with the high level of demand driven by large oil sands expansions which have tightened pipeline takeaway capacity, Secure could see increased activity during the second half of 2018 and beyond. Moreover, wide WTI – Brent oil differentials influence certain U.S. refiners to look for feedstock accessible by rail that is otherwise delivered by oil tanker;
- Innovative drilling fluid programs can be used to address technical challenges related to developing unconventional resources, such as deep shale reservoirs in Alberta, and improve producer economics by reducing the number of days to drill a well. This trend should continue throughout 2018 as Secure brings innovative products and drilling fluid systems to market from the Corporation's research lab;
- Demand for production chemicals is also increasing as producers bring on new oil, condensate and natural gas liquids ("NGLs"). Production chemicals optimize fluid production, provide flow assurance and maintain the integrity of production assets. The Corporation continues to grow market share in western Canada leveraging off Secure's infrastructure, key relationships and proprietary patents;
- As described above, completions in the oil and gas industry are growing more geographically concentrated and even more penetrating given the length of wells and amount of proppants used. As part of this growing trend, there is a significant need from Secure's customers for sourcing water, water logistics, storing water and overall water re-use where it is cost effective. Secure's business model provides the complete offering and is assisting customers with large completion programs where significant amounts of water are required to be managed at various stages;
- Increased environmental regulations in all of Secure's market areas have created opportunities to help customers operate in a sustainable way with a focus on protecting the environment. Secure's OS division has seen increased proactive environmental projects that strive to prevent spills and reduce their future environmental liabilities. Additionally, recent changes to remediation regulations in Alberta have shortened the length of time companies have to assess and remediate spill sites, which may result in additional demand for OS division services; and

- As LNG Canada nears its final investment decision with respect to the construction of a liquefied natural gas export terminal in western Canada, there is increased consensus in the market with respect to the likelihood of a positive outcome. A greenlight for this project is expected to add significant investment into the WCSB as it intends to provide Canadian producers an economic solution for exporting surplus natural gas to Asian markets. All three of the Corporation's divisions would benefit from the increase in oilfield activity, with the full impact anticipated in 2020 and beyond.

All of these growth trends and prospects provide Secure with significant opportunities to grow and expand its business throughout the remainder of 2018 and well into the future. Secure has made significant capital investments over the past few years to ensure the business is well positioned to capture new customer demand, and based on customer feedback there are more opportunities to continue to deploy capital in western Canada. The Corporation expects to incur approximately $65 million of growth and expansion capital in the second half of 2018, for a total 2018 spend of approximately $150 million. The remaining capital will be incurred to complete the Kerrobert-Kindersley receipt terminal and storage tanks, construct a permanent SWD facility at Tony Creek, increase disposal capacity at various facilities (additional wells, additional landfill cells), and purchase equipment to support existing services.

Secure's strong balance sheet provides the Corporation the flexibility to grow organically and execute on strategic acquisition opportunities that align with the profitable growth strategy of Secure. Helping Secure's customers grow and being their trusted energy solutions partner will ensure that the Corporation continues to create long-term shareholder value.

NON-GAAP MEASURES

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 are further explained below.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings (loss) before finance costs, taxes, depreciation, depletion, and amortization, non-cash impairments on the Corporation's non-current assets, unrealized gains or losses on mark to market transactions, share-based compensation, other income/expenses, and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations. Adjusted EBITDA is not a recognized measure under IFRS.

Management believes that in addition to net earnings (loss), Adjusted 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, how the results are taxed, non-cash charges, and charges that are irregular in nature or outside of the normal course of business. Management believes that these specific items are not reflective of the Corporation's underlying operations and calculates these adjustments consistently from period to period to enhance comparability of this MD&A. The following table reconciles the Corporation's net loss to Adjusted EBITDA.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Net loss	**(6,901)**	(13,529)	(49)	**(824)**	(10,089)	(92)
Add (deduct):						
Depreciation, depletion and amortization	**27,381**	26,678	3	**54,675**	52,370	4
Current tax expense (recovery)	**301**	(3,307)	(109)	**1,122**	(3,332)	(134)
Deferred tax (recovery) expense	**(639)**	911	(170)	**3,289**	4,831	(32)
Share-based compensation	**5,487**	5,563	(1)	**11,115**	11,737	(5)
Interest, accretion and finance costs	**5,214**	4,111	27	**9,070**	6,995	30
Unrealized loss (gain) on mark to market transactions[1]	**315**	(383)	(182)	**518**	(298)	(274)
Adjusted EBITDA	**31,158**	20,044	55	**78,965**	62,214	27

[1] These charges are included in various captions within the Corporation's Consolidated Statements of Comprehensive (Loss) Income, including revenue and direct expenses.

Operating margin

Operating margin is calculated as the difference between revenue and direct expenses. Operating margin is not a recognized measure under IFRS. Management analyzes operating margin as a percentage of revenue excluding oil purchase and resale by division as a key indicator of financial performance, cost control and operating efficiency. The following table reconciles the Corporation's operating (loss) income per the Interim Financial Statements to operating margin.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Operating (loss) income	**(2,025)**	(11,814)	(83)	**12,657**	(1,595)	(894)
Add:						
Depreciation, depletion and amortization	**27,381**	26,678	3	**54,675**	52,370	4
General and administrative expenses	**18,281**	15,093	21	**36,773**	28,375	30
Share-based compensation	**5,487**	5,563	(1)	**11,115**	11,737	(5)
Business development expenses	**1,241**	2,312	(46)	**2,547**	3,952	(36)
Operating margin	**50,365**	37,832	33	**117,767**	94,839	24

Net debt

Net debt is a measure of the Corporation's overall debt situation and is utilized by management as a key measure to assess the liquidity of the Corporation and monitor availability under its credit facilities. Net debt is calculated as the sum of total debt, which includes the principal amount of long-term borrowings plus non-current finance lease liabilities, less the working capital surplus. Working capital surplus is calculated as current assets less current liabilities.

($000's)	**June 30, 2018**	**Dec 31, 2017**	**% Change**
Long-term borrowings (principal amount)	**330,813**	300,000	10
Long-term finance lease liabilities	**8,464**	6,052	40
Current liabilities	**219,471**	266,003	(17)
Current assets	**(330,702)**	(405,408)	(18)
Net debt	**228,046**	166,647	37

Funds flow

Funds flow refers to net cash flows from operating activities before changes in non-cash working capital and asset retirement obligations incurred. Secure's management views funds flow as a key measure of liquidity and believes this is a metric used by many investors to assess the financial performance and leverage of the Corporation. The following table reconciles net cash flows from operating activities to funds flow.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Net cash flows from operating activities	**74,572**	40,055	86	**107,326**	83,083	29
Add:						
Changes in non-cash working capital	**(47,418)**	(23,184)	105	**(38,136)**	(26,174)	46
Asset retirement costs incurred	**(67)**	505	(113)	**(60)**	519	(112)
Funds flow	**27,087**	17,376	56	**69,130**	57,428	20

OPERATIONAL DEFINITIONS

Certain operational definitions used by the Corporation throughout this MD&A are further explained below.

Average crude oil prices

Average crude oil prices are calculated using West Texas Intermediate ("WTI") benchmark oil prices, translated from U.S. to Canadian dollars using average monthly rates obtained from the Bank of Canada.

Operating days

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

DPS division market share

The DPS division market share is calculated by comparing active rigs the DPS division provides drilling fluids services to total active rigs in western Canada. The Canadian Association of Oilwell Drilling Contractors publishes total active rigs in western Canada on a semi-weekly basis.

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

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

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, as outlined in the '*Corporate Overview*' above. Total general and administration expenses by division excludes share-based compensation and corporate expenses, as senior management looks at each division's earnings before corporate expenses and non-cash items such as share-based compensation as an important measure of performance. The table below outlines the results by operating segment for the three and six months ended June 30, 2018 and 2017:

($000's)

Three months ended June 30, 2018	**PRD division**	**DPS division**	**OS division**	**Corporate**	**Total**
Revenue	659,170	34,710	26,043	-	719,923
Direct expenses	(616,470)	(31,988)	(21,100)	-	(669,558)
Operating margin	**42,700**	**2,722**	**4,943**	**-**	**50,365**
General and administrative expenses	(6,287)	(4,972)	(2,055)	(4,967)	(18,281)
Share-based compensation	-	-	-	(5,487)	(5,487)
Business development expenses	-	-	-	(1,241)	(1,241)
Depreciation, depletion and amortization	(18,942)	(5,625)	(2,454)	(360)	(27,381)
Interest, accretion and finance costs	(431)	-	-	(4,783)	(5,214)
Earnings (loss) before tax	**17,040**	**(7,875)**	**434**	**(16,838)**	**(7,239)**

Six months ended June 30, 2018	**PRD division**	**DPS division**	**OS division**	**Corporate**	**Total**
Revenue	1,263,772	103,389	58,207	-	1,425,368
Direct expenses	(1,173,668)	(87,304)	(46,629)	-	(1,307,601)
Operating margin	**90,104**	**16,085**	**11,578**	**-**	**117,767**
General and administrative expenses	(12,216)	(10,640)	(3,915)	(10,002)	(36,773)
Share-based compensation	-	-	-	(11,115)	(11,115)
Business development expenses	-	-	-	(2,547)	(2,547)
Depreciation, depletion and amortization	(37,660)	(11,140)	(5,196)	(679)	(54,675)
Interest, accretion and finance costs	(844)	-	-	(8,226)	(9,070)
Earnings (loss) before tax	**39,384**	**(5,695)**	**2,467**	**(32,569)**	**3,587**

($000's)

Three months ended June 30, 2017	**PRD division**	**DPS division**	**OS division**	**Corporate**	**Total**
Revenue	529,230	33,921	21,173	-	584,324
Direct expenses	(497,661)	(31,878)	(16,953)	-	(546,492)
Operating margin	**31,569**	**2,043**	**4,220**	**-**	**37,832**
General and administrative expenses	(4,415)	(3,555)	(2,168)	(4,955)	(15,093)
Share-based compensation	-	-	-	(5,563)	(5,563)
Business development expenses	-	-	-	(2,312)	(2,312)
Depreciation, depletion and amortization	(17,690)	(5,794)	(2,939)	(255)	(26,678)
Interest, accretion and finance costs	(350)	-	-	(3,761)	(4,111)
Earnings (loss) before tax	**9,114**	**(7,306)**	**(887)**	**(16,846)**	**(15,925)**

Six months ended June 30, 2017	**PRD division**	**DPS division**	**OS division**	**Corporate**	**Total**
Revenue	906,576	84,389	43,948	-	1,034,913
Direct expenses	(835,190)	(70,745)	(34,139)	-	(940,074)
Operating margin	**71,386**	**13,644**	**9,809**	**-**	**94,839**
General and administrative expenses	(8,377)	(7,004)	(4,246)	(8,748)	(28,375)
Share-based compensation	-	-	-	(11,737)	(11,737)
Business development expenses	-	-	-	(3,952)	(3,952)
Depreciation, depletion and amortization	(35,087)	(10,668)	(5,983)	(632)	(52,370)
Interest, accretion and finance costs	(772)	-	-	(6,223)	(6,995)
Earnings (loss) before tax	**27,150**	**(4,028)**	**(420)**	**(31,292)**	**(8,590)**

PRD DIVISION OPERATIONS

The PRD division has two separate service lines: processing, recovery and disposal services; and oil purchase and resale services.

Processing, recovery and disposal:

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 or 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, transloading and marketing. Clean crude oil and treated crude oil are stored on site temporarily until the volumes are ready to be shipped through gathering, transmission or feeder pipelines, and via transloading facilities. 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 and resale:

The purpose of providing oil purchase and resale services 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 or via rail. At Secure FSTs, Secure will meter the crude oil volumes and purchase the crude oil directly from customers. The Corporation will then process, transport to a pipeline connected FST if necessary, and handle the shipment of crude oil down the pipeline. Secure's four rail terminals situated across Alberta and Saskatchewan, which carry crude by rail to virtually all North American markets, offer producers an alternative solution to get their product to market. The Corporation may also purchase and resale crude oil to take advantage of marketing opportunities and increase profitability.

	Three months ended June 30,			Six months ended June 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Revenue						
PRD services (a)	80,496	60,278	34	161,351	127,748	26
Oil purchase and resale service	578,674	468,952	23	1,102,421	778,828	42
Total PRD division revenue	659,170	529,230	25	1,263,772	906,576	39
Direct expenses						
PRD services (b)	37,796	28,709	32	71,247	56,362	26
Oil purchase and resale service	578,674	468,952	23	1,102,421	778,828	42
Total PRD division direct expenses	616,470	497,661	24	1,173,668	835,190	41
Operating Margin [1] (a-b)	42,700	31,569	35	90,104	71,386	26
Operating Margin [1] as a % of revenue (a)	53%	52%		56%	56%	

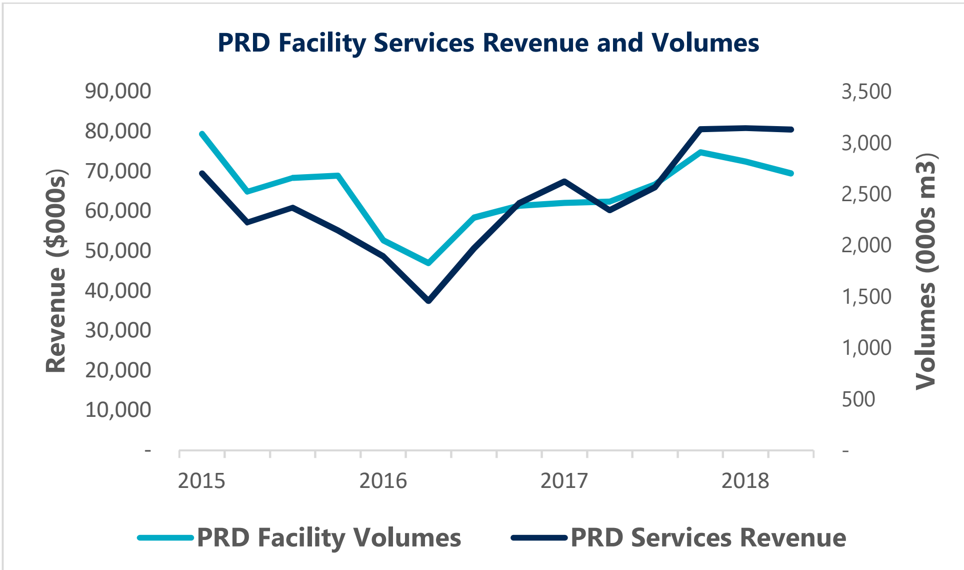
(1) Refer to "*Non-GAAP measures*" for further information.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Average Benchmark Prices and Volumes [1]						
WTI (US$/bbl)	$ 68.16	$ 48.27	41	$ 65.51	$ 50.75	29
Canadian Light Sweet ($/bbl)	$ 77.18	$ 59.72	29	$ 73.63	$ 62.23	18
Processing volumes (in 000's m^3)	535	455	18	1,108	973	14
Recovery and terminalling volumes (in 000's m^3)	493	493	-	950	878	8
Disposal volumes (in 000's m^3)	1,747	1,479	18	3,594	2,989	20

(1) Crude, emulsion and water volumes are metered at the Corporation's facilities. Solid waste is weighed at landfills. All volumes are reviewed by customers and Secure's facility managers on a monthly basis.

Revenue (PRD division)

Processing, recovery and disposal services revenue of $80.5 million and $161.4 million for the three and six months ended June 30, 2018 increased by 34% and 26% from the 2017 comparative periods, driven by higher existing facility throughput, new facility additions and expansions at certain of the Corporation's existing facilities in 2017 and 2018 to date, and higher recovered oil revenues resulting from increased average crude oil prices. The graph below illustrates the relationship between volumes and revenues earned at the Corporation's facilities. PRD services revenue is impacted by both the nature and amount of product received by Secure's facilities; pricing varies depending on the complexity to process and dispose.



The majority of the Corporation's facilities are located in high impact resource plays, such as the Montney and Duvernay regions, where producers have been most active in the WCSB. Fluids pumped from wells in these regions are also significantly higher than other regions of the WCSB, driving incremental volumes at Secure's facilities.

Processing volumes increased 18% and 14% in the three and six months ended June 30, 2018 from the comparative periods in 2017 due primarily to higher waste processing and emulsion treating volumes. The Corporation's FST facilities in North Dakota observed a significant increase in waste processing volumes and revenue in the three and six months ended June 30, 2018 over the comparative 2017 periods. Higher volumes in North Dakota were a result of improved activity levels, including new drilling and frac completions as evidenced by a 21% and 26% increase in rig count in the three and six months ended June 30, 2018 over the 2017 comparative periods. Higher drilling and completion activity has been driven by an increase in average crude oil prices over the prior period, and the commissioning of the Dakota Access Pipeline in June 2017 which has improved economics for delivering producers' product to market.

Recovered oil revenues increased 40% and 42% in the three and six months ended June 30, 2018 from the 2017 comparative periods, driven by higher volumes resulting from increased activity levels and a marked increase in average crude oil prices of 36% and 26% over the 2017 comparative periods.

Disposal volumes increased by 18% and 20% in the three and six months ended June 30, 2018 from the comparative periods of 2017. Increased disposal of solid waste resulting from higher drilling activity levels and remediation work nearby Secure landfills resulted in a revenue increase of approximately 20% from landfills in the three and six months ended June 30, 2018 over the three and six months ended June 30, 2017. Further driving the increase in disposal volumes is higher produced, flowback, and waste water volumes across Secure's facilities from the comparative periods resulting from expansions at existing facilities to increase disposal capacity, the acquisition of ten facilities from Ceiba in August 2017, increasing water production as wells mature and improved industry activity. The addition of Ceiba's facilities accounted for $2.6 million and $4.7 million of the PRD services revenue in the three and six months ended June 30, 2018, an impact of 4% when comparing to the same periods of 2017.

During the three months ended June 30, 2018, higher oil purchase and resale volumes and favourable stream differentials enabled the Corporation to capitalize on crude oil marketing opportunities leading to higher revenue generated from this service line.

Oil purchase and resale revenue in the PRD division for the three and six months ended June 30, 2018 increased to $578.7 million and $1.1 billion due to higher volumes resulting from increased industry activity and higher takeaway capacity at certain of the Corporation's pipeline connected full service terminals, and higher average crude oil prices in the three and six months ended June 30, 2018 over the comparative periods of 2017.

Direct expenses (PRD division)

Direct expenses from PRD services increased by 32% and 26% to $37.8 million and $71.2 million in the three and six months ended June 30, 2018 from the comparative periods of 2017. The increase in direct expenses relates to the increased revenue as the Corporation maintains its ability to respond to higher activity levels while managing its fixed and variable costs.

Operating margin as a percentage of PRD services revenue for the three and six months ended June 30, 2018 increased slightly to 53% in the three months ended June 30, 2018 from 52% in the three months ended June 30, 2018. Operating margin as a percentage of PRD services revenue was 56% in both the six months ended June 30, 2018 and 2017. As a percentage of revenue, operating margin increased over 2017 as a result of overall increased revenues while minimizing fixed and related costs, and higher recovered oil revenues and crude oil marketing revenues which carry high margins. These positive impacts were partially offset by increased variable costs related to personnel and higher facility repair and maintenance expenditures in the 2018 periods over 2017.

Depreciation, Depletion and Amortization (PRD division)

	Three months ended June 30,			Six months ended June 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Depreciation, depletion and amortization	18,942	17,690	7	37,660	35,087	7

Depreciation, depletion and amortization expense relates primarily to the PRD division's facilities and landfills and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. For the three and six months ended June 30, 2018, depreciation, depletion and amortization expense has increased by 7% from the comparative periods as a result of an increase to intangible assets and property, plant and equipment balances from the 2017 acquisition of Ceiba and other equipment put into use since the first quarter of 2017.

General and Administrative Expenses (PRD division)

	Three months ended June 30,			Six months ended June 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
General and administrative expenses	6,287	4,415	42	12,216	8,377	46
% of PRD services revenue	8%	7%		8%	7%	

General and administrative ("G&A") expenses of $6.3 million and $12.2 million for the three and six months ended June 30, 2018 increased from the comparative period balances of $4.4 million and $8.4 million. Although the Corporation continues to minimize G&A costs by streamlining operations where possible, PRD G&A expenses have increased primarily due to overhead requirements to support new service lines, facilities and expansions. As a percentage of revenue, G&A expenses were up slightly to 8% in the three and six months ended June 30, 2018 from 7% in the 2017 comparative periods.

DPS DIVISION OPERATIONS

The DPS division consists of five complementary service lines that provide oil and gas producers with drilling fluids, fluids and solids control equipment, completion fluids, production chemicals and chemical EOR products.

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 personnel 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 fluids and solids equipment service line works with the drilling fluids service line 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. Fluids and solids equipment ensures the continual removal of drill cuttings and solids from the drilling fluid as well as provides a safe and more efficient way of storing oil based products in the "Target Tanks™", the Corporation's proprietary horizontal dual containment storage tanks. The current equipment fleet of high speed centrifuges, drying shakers, bead recovery units, "Target Tanks™", and ancillary equipment are offered as a stand-alone package or as part of an integrated drilling fluids and rentals package. The Corporation's production services, comprised of the completion fluids, production chemicals and chemical EOR service lines, provide equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets. Secure's production solutions help solve customer production issues by providing tailored solutions at both the field level and at the Corporation's 7,000 sq. ft. fully equipped, state of the art research laboratory in Calgary, Alberta as well as the acquired lab in Edmonton, Alberta through the production chemicals acquisition in 2017. The focus on testing, research and new product development conducted at the laboratories allows Secure to provide unique and tailored products to customers.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Revenue						
Drilling and production services (a)	**34,710**	33,921	2	**103,389**	84,389	23
Direct expenses						
Drilling and production services (b)	**31,988**	31,878	-	**87,304**	70,745	23
Operating Margin [(1)] (a-b)	**2,722**	2,043	33	**16,085**	13,644	18
Operating Margin [(1)] as a % of revenue (a)	**8%**	6%		**16%**	16%	

[(1)] Refer to "*Non-GAAP measures*" for further information.

Revenue (DPS division)

The DPS division's drilling services revenue correlates with oil and gas drilling activity in the WCSB. For the three months ended June 30, 2018, industry rig counts decreased in the WCSB by 8% and metres drilled decreased by 3% from the 2017 comparative period. During periods of low activity, such as the second quarter spring break-up where the average rig count is typically half of that in the first quarter of the year, the timing, type and location of one customer's drilling activities can create fluctuations in the market share. As a result of this impact, Secure experienced a 6% decline in market share during the three months ended June 30, 2018 from the comparative period of 2017. Secure expects to achieve market share around historic levels as drilling and completion activity picks up in the third quarter.

During the three months ended June 30, 2018, the Corporation was able to partially mitigate the impact of lower oil and gas drilling activity by focusing on more complex wells which require specialized fluids, equipment and expertise. During the quarter, the average depth per well drilled using Secure's drilling fluids was 3,356 metres, an increase of 10% from the 2017 comparative period, and 12% higher than the industry average. As a result of the above factors, revenue from drilling services was down slightly in the three months ended June 30, 2018 from the 2017 comparative period.

Revenue from drilling services for the six months ended June 30, 2018 and 2017 was relatively consistent as a result of mixed activity levels in the 2018 year to date compared to the prior year. Industry rig counts were down 6% in the year to date, and Secure's market share was impacted in the second quarter of 2018 as described above. These factors were offset by a 3% increase in total metres drilled in the WCSB, and Secure's focus on more complex, deeper wells which positively impacted revenue per operating day.

Secure continues diversification efforts in the DPS division to become less dependent on drilling activity through expansion of production services. Strategic relationships with key suppliers and ongoing product development has resulted in a significant expansion to Secure's product offering, leading to multiple commercial projects in 2017 and the first half of 2018. The acquisition of a production chemicals business completed in April 2017 has strengthened Secure's position in the market by adding over 100 fully formulated proprietary products, as well as key infrastructure related to the product offering and an experienced and dedicated employee base. The production chemicals service line now has over 350 commercialized products and continues to win new bids and customers. As a result of increased contributions from production related services, total revenue from the DPS division for the three and six months ended June 30, 2018 increased 2% and 23% from the comparative periods of 2017 to $34.7 million and $103.4 million.

Direct expenses (DPS division)

The DPS division's direct expenses of $32.0 million and $87.3 million for the three and six months ended June 30, 2018 remained flat and increased 23% from the 2017 comparative periods. The increase in direct expenses for the first half of the year was primarily due to increased production service activity levels and is consistent with the increased revenues discussed above. Additionally, with increased oil prices and the strength of the U.S. dollar, the Corporation has experienced upward cost pressures in both the drilling fluids and production service lines. Further, higher oil prices have resulted in a corresponding increase to the cost of oil-based drilling fluids.

The DPS division's operating margin for the three and six months ended June 30, 2018 improved by 33% and 18% from the comparative periods to $2.7 million and $16.1 million. Operating margin as a percentage of revenue was 8% and 16% in the three and six months ended June 30, 2018 compared to 6% and 16% in the comparative periods. Operating margins as a percentage of revenue were positively impacted by the increased revenues while minimizing fixed costs resulting in achieving economies of scale as activity increases. This impact was partially offset by the continued cost pressure associated with drilling fluids and production chemicals with no corresponding increase to pricing as a result of competitive market conditions and customer price sensitivities.

Depreciation and Amortization (DPS division)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Depreciation and amortization	5,625	5,794	(3)	11,140	10,668	4

Depreciation and amortization expense relates primarily to intangible assets resulting from acquisitions, and rental equipment, and includes any gains or losses on sale or disposal of equipment. Depreciation and amortization expense were relatively consistent in the three and six months ended June 30, 2018 and 2017 as there has been no significant change to the asset base.

General and Administrative Expenses (DPS division)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
General and administrative expenses	4,972	3,555	40	10,640	7,004	52
% of DPS division revenue	14%	10%		10%	8%	

G&A expense for the three and six months ended June 30, 2018 increased by 40% and 52% from the comparative periods of 2017. Although the Corporation continues to manage costs and proactively while still responding to customer demands and activity levels, G&A expenses have increased as a result of expanding the production chemicals service line, including as a result of the production chemicals acquisition in April 2017. Additionally, the prior year figures excludes all research and development costs associated with the Corporation's research lab as they were previously reported with the Corporation's business development expense. Secure continues to focus on research and development projects to expand the value chain of services offered to customers, and to provide innovative and cost-effective solutions to reduce waste in the drilling and production processes. As a percentage of DPS revenue, G&A expenses have increased to 14% and 10% in the three and six months ended June 30, 2018 from 10% and 8% in the prior year comparative periods.

OS DIVISION OPERATIONS

The OS division has three main service lines: Projects; Integrated Fluids Solutions; and Environmental Services.

Projects:

Projects provide pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and remediation and reclamation of former well sites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.).

Integrated Fluid Solutions:

Integrated Fluid Solutions include fluid management and treatment, recycling, pumping and storage solutions.

Environmental Services:

Environmental Services provides pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, NORM management, waste container services and emergency response services.

($000's)	Three months ended June 30, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
Revenue						
OnSite services (a)	**26,043**	21,173	23	**58,207**	43,948	32
Direct expenses						
OnSite services (b)	**21,100**	16,953	24	**46,629**	34,139	37
Operating Margin (1) (a-b)	**4,943**	4,220	17	**11,578**	9,809	18
Operating Margin (1) as a % of revenue (a)	**19%**	20%		**20%**	22%	

(1) **Refer to "*Non-GAAP measures*" for further information.**

Revenue (OS division)

OS division revenue increased 23% and 32% to $26.0 million and $58.2 million for the three and six months ended June 30, 2018 as improved commodity prices have led to increased customer activity, resulting in more Projects work and higher pumping and fluid storage rental activity.

Projects revenue during the three and six months ended June 30, 2018 increased 54% and 56% from the 2017 comparative periods. Projects revenue is dependent on the type and size of jobs as well as weather conditions which can vary quarter to quarter. For the three and six months ended June 30, 2018, Projects revenue increased primarily because of larger scale jobs awarded resulting from the division's expertise and management of pipeline integrity, remediation and decommissioning jobs. Projects revenue also increased due to new customer additions and from the introduction of new service offerings such as the asset recovery long-term service agreement entered in the fourth quarter of 2017 to manage a scrap metal recycling program for a major oil sands producer. Projects continues to seek opportunities like this contract as they provide a more steady stream of revenue over the life of the agreement.

Integrated Fluids Solutions revenue for the three and six months ended June 30, 2018 increased 30% and 49% from the 2017 comparative periods. Pumping services and fluid storage rentals had more jobs and higher equipment utilization over the 2017 comparative periods.

Direct expenses (OS division)

Direct expenses for the three and six months ended June 30, 2018 increased 24% and 37% to $21.1 million and $46.6 million from the 2017 comparative periods. In addition to increased direct expenses corresponding to changes in activity levels from the 2017 comparative periods, the OS division incurred higher operating expenses from the start-up of new service offerings, and from the addition of personnel to initiate and manage other strategic growth initiatives. Repair and maintenance expenses also increased over the comparative period as a result of higher job volumes.

Operating margin for the three and six months ended June 30, 2018 increased by 17% and 18% to $4.9 million and $11.6 million over the prior year comparative period due primarily to increased revenue. The OS division operating margin as a percentage of revenue in the three and six months ended June 30, 2018 was 19% and 20%, a slight decrease from 20% and 22% in the comparative 2017 periods. The OS division's operating margin as a percentage of revenue can 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. As a percentage of revenue, the operating margin in the three and six months ended June 30, 2018 decreased from the comparative periods due to higher expenses incurred as described above, partially offset by higher revenues and economies of scale obtained from pumping services.

Depreciation and Amortization (OS division)

($000's)	Three months ended June 30, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
Depreciation and amortization	**2,454**	2,939	(17)	**5,196**	5,983	(13)

Depreciation and amortization expense relates primarily to heavy duty field and rental equipment required to execute the OS division's services, and intangible assets arising from previous acquisitions. Depreciation and amortization expense for the three and six months ended June 30, 2018 decreased by 17% and 13% as the intangible assets recorded related to two previous acquisitions were fully amortized in the second quarter of 2018.

General and Administrative Expenses (OS division)

($000's)	Three months ended June 30, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
General and administrative expenses	2,055	2,168	(5)	3,915	4,246	(8)
% of OnSite services revenue	8%	10%		7%	10%	

G&A expenses for the three and six months ended June 30, 2018 decreased marginally by $0.1 million and $0.3 million from the 2017 comparative periods to $2.1 million and $3.9 million as certain personnel and office costs included in the comparative figure were transferred to the PRD division at the start of this year. The impact of this change is partially offset by additional business development expenses resulting from the OS division's growth initiatives. As a percentage of OS revenue, G&A expenses have decreased to 8% and 7% in the three and six months ended June 30, 2018 from 10% in the 2017 comparative periods, primarily due to the increase in revenue.

CORPORATE INCOME AND EXPENSES

Corporate General and Administrative Expenses

($000's)	Three months ended June 30, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
General and administrative expenses	4,967	4,955	-	10,002	8,748	14

Included in corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, as well as additional support services that are shared across all three operational business units. Compared to the same periods in 2017, corporate G&A expenses were flat in the three months ended June 30, 2018 over the second quarter of 2017, and increased 14% in the six months ended June 30, 2018 over the comparative period of 2017, primarily due to higher personnel, professional and information technology costs associated with higher activity levels. Overall, the Corporation has been able to demonstrate a consistent G&A cost structure while being able to respond to industry activity.

Share-based Compensation

($000's)	Three months ended June 30, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
Share-based compensation	5,487	5,563	(1)	11,115	11,737	(5)

Share-based compensation for the three and six months ended June 30, 2018 was $5.5 million and $11.1 million, relatively consistent with the 2017 comparative periods. Share-based compensation fluctuates based on timing of grants and any forfeitures of share-based awards, the effects of vesting, and changes in share price.

Business Development Expenses

($000's)	Three months ended June 30, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
Business development	1,241	2,312	(46)	2,547	3,952	(36)

Business development expenses include prospect costs associated with organic growth and acquisition opportunities in Canada and the U.S. Business development expenses of $1.2 million and $2.5 million for the three and six months ended June 30, 2018 decreased by $1.1 million and $1.4 million over the comparative periods of 2017. The prior year included costs associated with the production chemicals acquisition as well as DPS research and development.

Secure's business development team has continued to advance certain organic projects and regulatory approvals to ensure they are project ready to position Secure for continued market share growth and an expanded regional presence. Secure continually pursues various acquisition opportunities that would complement Secure's existing service lines, increase market share, and expand geographical presence.

Interest and Finance Costs

($000's)	Three months ended June 30, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
Interest and finance costs	**4,783**	3,761	27	**8,226**	6,223	32

Interest and finance costs includes interest expense, amortization of financing fees, accretion expense realized with the passage of time on onerous lease contracts, all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive income and all realized and unrealized gains or losses related to interest rate swaps on the Corporation's second lien credit facility. The interest expense portion has increased as a result of a 65% and 47% increase in the average long-term borrowings balance in the three and six months ended June 30, 2018 over the 2017 comparative periods, which was partially offset by the unrealized mark to market gain on the Corporation's interest rate swap.

Foreign Currency Translation Adjustment

($000's)	Three months ended June 30, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
Foreign currency translation (gain) loss, net of tax	**(3,264)**	3,869	(184)	**(6,914)**	5,673	(222)

Included in other comprehensive loss is a gain of $3.3 million and $6.9 million for the three and six months ended June 30, 2018 related to foreign currency translation adjustments resulting from the conversion of the assets, liabilities and financial results of the Corporation's ongoing U.S. operations for the three and six months ended June 30, 2018. 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, 2018	2017	% Change	Six months ended June 30, 2018	2017	% Change
Income taxes						
Current tax expense (recovery)	**301**	(3,307)	(109)	**1,122**	(3,332)	(134)
Deferred tax (recovery) expense	**(639)**	911	(170)	**3,289**	4,831	(32)
Total income tax (recovery) expense	**(338)**	(2,396)	(86)	**4,411**	1,499	194

Income tax recovery for the three months ended June 30, 2018 was $0.3 million compared to $2.4 million in the comparative period in 2017. Income tax expense for the six months ended June 30, 2018 was $4.4 million compared to $1.5 million in the 2017 comparative period. The overall increase in income tax expense is due primarily to higher pre-tax income in the three and six months ended June 30, 2018 compared to the 2017 comparative periods.

SUMMARY OF QUARTERLY RESULTS

Seasonality

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. As a result, road bans are implemented prohibiting heavy loads from being transported in certain areas, limiting the movement of heavy equipment required for drilling and well servicing activities. 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. 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:

	2018		2017				2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue (excluding oil purchase and resale)	141,249	181,698	184,740	162,596	115,372	140,713	124,584	100,160
Oil purchase and resale	578,674	523,747	494,816	451,143	468,952	309,876	405,939	301,640
Total Revenue	719,923	705,445	679,556	613,739	584,324	450,589	530,523	401,800
(Loss) earnings for the period	(6,901)	6,077	(23,934)	(179)	(13,529)	3,440	(10,075)	(8,121)
(Loss) earnings per share - basic and diluted	(0.04)	0.04	(0.15)	0.00	(0.08)	0.02	(0.06)	(0.05)
Adjusted net (loss) earnings [(1)]	(6,707)	5,970	(2,057)	(1,218)	(13,315)	3,502	(11,430)	(7,617)
(Loss) earnings per share adjusted - basic and diluted [(1)]	(0.04)	0.04	(0.01)	(0.01)	(0.08)	0.02	(0.07)	(0.05)
Weighted average shares - basic	164,524,360	164,009,829	163,352,572	163,128,460	162,776,950	162,049,821	160,314,786	159,618,869
Weighted average shares - diluted	164,524,360	166,079,649	163,352,572	163,128,460	162,776,950	165,944,906	160,314,786	159,618,869
Adjusted EBITDA [(1)]	31,158	47,807	51,177	43,820	20,044	42,170	33,046	27,431

[(1)] **Refer to "*Non-GAAP measures*" for further information.**

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's historical growth and acquisitions, and fluctuating commodity prices impacting industry activity, variations in quarterly results are attributable to several factors.

During 2016, the Corporation's customers significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas. The reductions impacted results in 2016. In 2017, customers began ramping up activity levels as oil prices stabilized at higher levels. These higher activity levels, combined with acquisitions and facility expansions have positively impacted results.

Each previous quarter was also 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, DPS, and OS division business assets and operations, please refer to the heading '*Description of Business*' in the AIF which includes a description of the date of acquisitions or on which each of Secure's facilities commenced operations.

The following summarizes the facilities commissioned and acquisitions completed in 2016 and 2017 that have impacted the quarterly results for the past two years:

- During the third quarter of 2016, Secure acquired the outstanding 50% interest in the La Glace and Judy Creek joint ventures, and opened the Kakwa FST;
- In the second quarter of 2017, Secure completed the acquisition of a production chemicals business; and
- In the third quarter of 2017, Secure added ten facilities to the PRD network through the acquisition of Ceiba Energy Services Inc.

In addition to the above, Secure has completed several improvements and expansions to increase capacity and capabilities at existing facilities, primarily in the Montney and Duvernay regions of Alberta, and in North Dakota.

By offering the oil purchase and resale service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. Revenue from this service is impacted by the change in oil prices. Additionally, volumes have been trending upward as a result of the 2016 capital additions of pipeline connected facilities, including the Alida crude oil terminalling facility, the Kakwa FST, and the increased ownership in the La Glace and Judy Creek FSTs.

LIQUIDITY AND CAPITAL RESOURCES

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 stable cash flow so as to sustain future development of the business.

Secure expects cash flow to climb as a result of improving activity levels as well as contributions from capital investments made by Secure in key areas over the past several years. Given annual sustaining capital of approximately $20 million, cash interest expense of approximately $15 million and minimal cash taxes, the amount of free cash flow generated by the Corporation's assets can adequately fund annual dividends while still providing cash to fund growth capital, pay down debt, buy back shares and/or increase the dividend.

Management considers capital to be the Corporation's net debt and shareholders' equity. The Corporation's overall capital management strategy remains unchanged from prior periods. Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures. This includes the Board of Directors reviewing the Corporation's results on a monthly basis, and capital costs to budget and approved authorizations for expenditures on a quarterly basis.

The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized budgets, Adjusted EBITDA on all of its operations, and senior and total debt to Adjusted EBITDA.

The amount drawn on Secure's credit facilities increased by 10% to $330.8 million at June 30, 2018 compared to $300.0 million at December 31, 2017. The increase relates to consideration paid for organic growth and expansion projects previously described, partially offset by cash flows from operating activities. Refer to the '*Financing Activities*' section below for further information with regards to net debt.

Issued capital remained consistent at $1.1 billion at June 30, 2018 from December 31, 2017. Capital issued through the exercise of options and the release of RSUs and PSUs under the Corporation's Unit Incentive Plan during the first half of the year was offset by shares repurchased and cancelled by the Corporation under the approved NCIB. In total, Secure repurchased and cancelled 1,193,173 shares for $8.7 million during the six months ended June 30, 2018.

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 intends to fund its operations, working capital requirements, dividends and capital program primarily with cash flow from operations and its credit facilities. At June 30, 2018, the Corporation had $207.2 million available under its credit facilities, subject to covenant restrictions.

The Corporation's credit facilities require that Secure maintain certain coverage ratios, as follows:

- The senior debt to EBITDA ratio shall not exceed 3.5:1;
- The total debt to EBITDA ratio shall not exceed 5.0:1; and
- The interest coverage ratio, defined as EBITDA divided by interest expense on total debt, shall not be less than 2.5:1.

As per the Corporation's credit facilities at June 30, 2018, senior debt includes amounts drawn on the first lien credit facility and finance leases, less cash balances above $5 million. Total debt is equal to senior debt plus amounts drawn under the second lien credit facility and any unsecured debt. EBITDA is adjusted for non-recurring losses, any non-cash impairment charges, any other non-cash charges, and acquisitions on a pro-forma trailing twelve month basis. At June 30, 2018, Secure was in compliance with all covenant requirements under the Corporation's credit facilities. The following table outlines the Corporation's financial covenant ratios as at June 30, 2018 and December 31, 2017.

	June 30, 2018	Dec. 31, 2017	% Change
Senior debt to EBITDA	1.2	1.1	9
Total debt to EBITDA	2.0	1.9	5
Interest coverage	11.3	12.5	(10)

Refer to Note 18 of the Annual Financial Statements for further disclosure of the Corporation's liquidity risk, and Note 9 of the Interim Financial Statements for details of the Corporation's contractual obligations and contingencies at June 30, 2018.

Management expects that the Corporation has sufficient liquidity and capital resources to meet the Corporation's obligations and commitments while managing within these covenants. However, oil and gas prices over the past several years continue to create a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's forecasts. In light of this uncertainty, Secure will continue its prudent approach to capital spending and reduce operating costs where it does not impact safety, operations and environmental performance. To meet financial obligations, the Corporation may also adjust its dividends, draw on its first lien credit facility up to the covenant restrictions, divest assets, issue subordinated debt, or obtain equity financing.

While the Corporation has had success in obtaining financing in the past, access to capital may be more difficult in the current or future economic and operating environment. Refer to the '*Access to Capital*' discussion in the '*Risk Factors*' section of the Corporation's AIF.

The following provides a summary and comparative of the Corporation's operating, investing and financing cash flows for the three and six months ended June 30, 2018 and 2017.

Funds from Operations

	Three months ended June 30,			Six months ended June 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Funds flow [1]	27,087	17,376	56	69,130	57,428	20

[1] Refer to "*Non-GAAP Measures*" for further information.

Funds flow, defined as cash flows from operating activities excluding changes in non-cash working capital and asset retirement costs, for the three and six months ended June 30, 2018 increased to $27.1 million and $69.1 million from $17.4 million and $57.4 million in the 2017 comparative periods. Funds flow for the three and six months ended June 30, 2018 were positively impacted compared to the 2017 comparative periods from higher Adjusted EBITDA resulting from increased activity in the oil and gas sector, new facilities and expansions at existing facilities and improved average crude oil prices.

Investing Activities

	Three months ended June 30,			Six months ended June 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Capital expenditures [1]						
Growth and expansion capital expenditures	31,956	15,931	101	86,713	23,603	267
Business acquisitions	-	30,303	-	-	30,303	(100)
Sustaining capital expenditures	4,307	3,454	25	6,131	7,878	(22)
Total capital expenditures	36,263	49,688	(27)	92,844	61,784	50

[1] Refer to "*Operational definitions*" for further information.

The Corporation's growth and expansion capital expenditures for the three months ended June 30, 2018 increased 101% and 267% to $32.0 million and $86.7 million for the three and six months ended June 30, 2018. Secure employs a prudent approach to capital spending and will continue to evaluate and allocate capital to projects which will generate the highest risk adjusted rates of return. Growth and expansion projects in the six months ended June 30, 2018 included completing construction of the new Gold Creek SWD and temporary Tony Creek SWD, progressing construction of the light oil feeder pipeline and receipt terminal in the Kindersley-Kerrobert region, on track for commercial operations to start in the fourth quarter of 2018, facility upgrades and the addition of a third well at the Big Mountain SWD, commencing construction of new landfill cells at the Saddle Hills and Tulliby Lake facilities, and long lead items and upfront engineering related to future projects.

There were no business acquisitions completed during the three and six months ended June 30, 2018. In April 2017, the Corporation incurred $30.3 million related to the acquisition of a production chemicals business.

During the three and six months ended June 30, 2018, sustaining capital was $4.3 million and $6.1 million compared to $3.5 million and $7.9 million in the 2017 comparative periods. Sustaining capital in the three and six months ended June 30, 2018 related primarily to operating equipment upgrades and maintenance on Secure's disposal wells. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new or refurbished equipment. The Corporation expects to spend a similar amount on sustaining capital in 2018 as 2017, with the majority of the expenditures to occur in the second half of the year.

Financing Activities

	Three months ended June 30,			Six months ended June 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Shares issued, net of share issue costs	-	2,095	(100)	55	4,362	(99)
Repurchase and cancellation of shares under NCIB	(8,744)	-	(100)	(8,744)	-	(100)
(Repayment) draw on credit facility	(13,187)	33,239	(140)	30,813	12,239	152
Financing fees	-	(1,061)	100	-	(1,061)	100
Capital lease obligation	(2,075)	(1,936)	7	(3,331)	(3,425)	(3)
Dividends paid	(11,111)	(9,967)	11	(22,168)	(16,314)	36
Net cash flow (used in) from financing activities	(35,117)	22,370	(257)	(3,375)	(4,199)	(20)

During the second quarter, Secure received approval from the Toronto Stock Exchange for the NCIB whereby the Corporation may repurchase common shares at the prevailing market rate for cancellation. Pursuant to the NCIB, Secure may repurchase up to a maximum of 8,227,359 from May 28, 2018 to May 27, 2019, subject to daily limits in accordance with the terms of the NCIB. Transactions under the NCIB will depend on future market conditions. Secure retains the discretion whether to make purchases under the NCIB, and to determine the timing, amount and acceptable price of any such purchases, subject at all times to applicable TSX and other regulatory requirements.

During the three and six months ended June 30, 2018, Secure purchased and cancelled 1,193,173 shares at a weighted average price per share of $7.33 for a total of $8.7 million. Subsequent to June 30, 2018, the Corporation purchased 1,613,400 additional shares at a weighted average price per share of $7.52 for a total $12.1 million.

As at June 30, 2018, the Corporation had drawn $330.8 million on its credit facilities compared to $300.0 million as at December 31, 2017. The increase relates to growth and expansion capital, partially offset by cash flows from operating activities. As at June 30, 2018, the Corporation had $207.2 million available under its first lien credit facility, subject to covenant restrictions. The Corporation is well positioned, based on this available amount and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the 2018 capital program. At June 30, 2018, the Corporation was in compliance with all covenants.

During the three and six months ended June 30, 2018, the Corporation declared dividends of $11.1 million and $22.2 million to holders of common shares. In the comparative periods of 2017, $10.0 million and $19.7 million dividends were declared. During the first quarter of 2017 $3.4 million of the dividends declared were reinvested in additional common shares through the Corporation's Dividend Reinvestment Plan ("DRIP"). Commencing with the April 2017 dividend declaration, the Corporation suspended the DRIP. Subsequently, all shareholders have received cash dividends.

Commencing with the June 2017 dividend, the Corporation increased the monthly dividend from $0.02 to $0.02125 per common share. On November 9, 2017, Secure announced a 6% increase to its monthly dividend rate from $0.02125 to $0.0225 per common share commencing with the January 15, 2018 dividend payment date for shareholders of record on January 1, 2018.

Management and the Board of Directors of the Corporation will monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, total and net debt, capital expenditures and other investment opportunities.

Subsequent to June 30, 2018, the Corporation declared dividends to holders of common shares in the amount of $0.0225 per common share payable on July 16 and August 15, 2018 for shareholders of record on July 1 and August 1, 2018, respectively.

CONTRACTUAL OBLIGATIONS

Refer to Note 9 of the Interim Financial Statements for disclosure related to contractual obligations.

BUSINESS RISKS

A discussion of Secure's business risks is set out in the Corporation's AIF 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 occur, 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 1, 2018, there were 162,007,034 common shares issued and outstanding. In addition, as at August 1, 2018, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at August 1, 2018	Issued	Exercisable
Share Options	4,643,691	4,006,833
Restricted Share Units	3,611,069	-
Performance Share Units	2,365,006	-

OFF-BALANCE SHEET ARRANGEMENTS

At June 30, 2018 and December 31, 2017, the Corporation did not have any off-balance sheet arrangements.

ACCOUNTING POLICIES

Secure's significant accounting policies are set out in Note 2 of the Annual Financial Statements, other than as described in Note 2 of the Interim Financial Statements.

FINANCIAL AND OTHER INSTRUMENTS

As at June 30, 2018, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, long-term borrowings and derivative instruments. The fair values of these financial instruments approximate their carrying amount due to the short-term maturity of these instruments except long-term borrowings and derivative instruments. Long-term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. Derivative instruments are fair valued at each period end in accordance with their classification of fair value through profit or loss. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices, foreign currency exchange rates and interest rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity price curves, foreign currency exchange rates and interest rates. The estimated fair value of all derivative financial instruments is based on observable market data. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, interest rate and market risk. A discussion of how these and other risks are managed can be found in the AIF under the heading '*Business Risks*'. Further information on how the fair value of financial instruments is determined is included in the '*Critical Accounting Estimates and Judgments*' section of this MD&A.

Of the Corporation's financial instruments, cash, accounts receivable, and derivative instruments contain credit risk. The credit risk associated with cash is minimized as all cash is held at major financial institutions. The Corporation provides credit to customers in the normal course of operations. The Corporation's credit risk policy includes performing credit evaluations of its customers. Substantially all of the Corporation's accounts receivable are due from companies in the oil and natural gas industry and are subject to normal industry credit risks. Given the policies and procedures in place, management views the credit risk related to accounts receivable as low. The Corporation's exposure to losses in the event that counterparties to derivative instruments are unable to meet the terms of the contracts is considered very low as commodity derivative trades are all done with a large commodity futures exchange, and interest rate and foreign exchange hedges are done with major financial institutions.

Funds drawn under the first lien 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 has managed a portion of its interest rate risk through derivative instruments to effectively fix the interest rate on the $130 million second lien credit facility until July 31, 2021.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the Corporation's Interim Financial Statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgments 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 judgments used in the preparation of the Corporation's Interim Financial Statements have been set out in Note 3 of the Corporation's Annual Financial Statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

For the three and six months ended June 30, 2018, there were no revised standards or amendments to IFRS issued that significantly impacted the Interim Financial Statements, other than as described in Note 2 of the Interim Financial Statements.

On January 13, 2016, the IASB issued IFRS 16 Leases which replaces IAS 17. The new standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

Secure will adopt IFRS 16 on the effective date of January 1, 2019, and has selected the modified retrospective transition approach. Secure has also elected to apply the optional exemptions for short-term and low-value leases. IFRS 16 is expected to increase the Corporation's assets and liabilities, increase depreciation, depletion and amortization expense, increase interest, accretion and finance costs and reduce direct expenses and general and administrative expenses. Cash payments associated with operating leases are currently presented within operating activities; under IFRS 16, the cash flows will be allocated between financing activities for the repayment of the principal liability and operating activities for the financing expense portion. The overall impact to cash flow is unchanged.

Secure has formed a team of qualified employees to assess the full impacts of IFRS 16 on the Corporation. The transition team has created a database of leases and is currently auditing records for completeness. The first phase of internal training has been completed and information with respect to identifying contracts that are, or contain, a lease has been disseminated across the organization. The Corporation will disclose additional information in the second half of 2018 on the progress of the transition, including the estimated quantitative financial impacts on transition.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Secure are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") for the Corporation.

DC&P are designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO by others, particularly in the period in which the annual filings are being prepared, and that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified in securities legislation, and includes controls and procedures designed to ensure that such information is accumulated and communicated to the Corporation's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Corporation follows the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework.

Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected. There was no change to the Corporation's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Refer to Note 21 of the Corporation's Annual Financial Statements for disclosure related to legal proceedings and regulatory actions.

RELATED PARTIES

Refer to Note 20 of the Corporation's Annual Financial Statements for disclosure related to related parties.

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 or implies forward-looking statements pertaining to: key priorities for the Corporation's success; the oil and natural gas industry, including drilling and production trends; activity levels in the oil and gas sector, drilling levels, commodity prices for oil, natural gas liquids and natural gas; industry fundamentals for 2018; capital forecasts and spending by producers; a positive final investment decision for LNG Canada; demand for the Corporation's services and products; expansion strategy; the impact of oil and gas activity on 2018 activity levels; the Corporation's proposed 2018 capital expenditure program including expansion, growth and sustaining capital expenditures, and the timing of completion for projects, in particular the Kindersley-Kerrobert light oil feeder pipeline system; debt service; acquisition strategy and timing of potential acquisitions; the impact of new facilities, new service offerings, potential acquisitions, and prior year acquisitions on the Corporation's financial and operational performance and growth opportunities; 2018 Adjusted EBITDA; growth opportunities; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; access to capital; the impact of the NCIB on shareholder value; and the Corporation's ability to meet obligations and commitments and operate within any credit facility restrictions.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as the assumption that levels of market activity and growth will be consistent with industry activity in Canada and the U.S. and 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 and foreign exchange 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 industry may change the demand for the Corporation's services and its subsidiaries' 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 under the heading "*Risk Factors*" in the AIF for the year ended December 31, 2017 and also includes the risks associated with the possible failure to realize the anticipated synergies in integrating the assets acquired in prior year acquisitions with the operations of Secure. 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 the AIF, is available on available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Corporation's website at www.secure-energy.com.