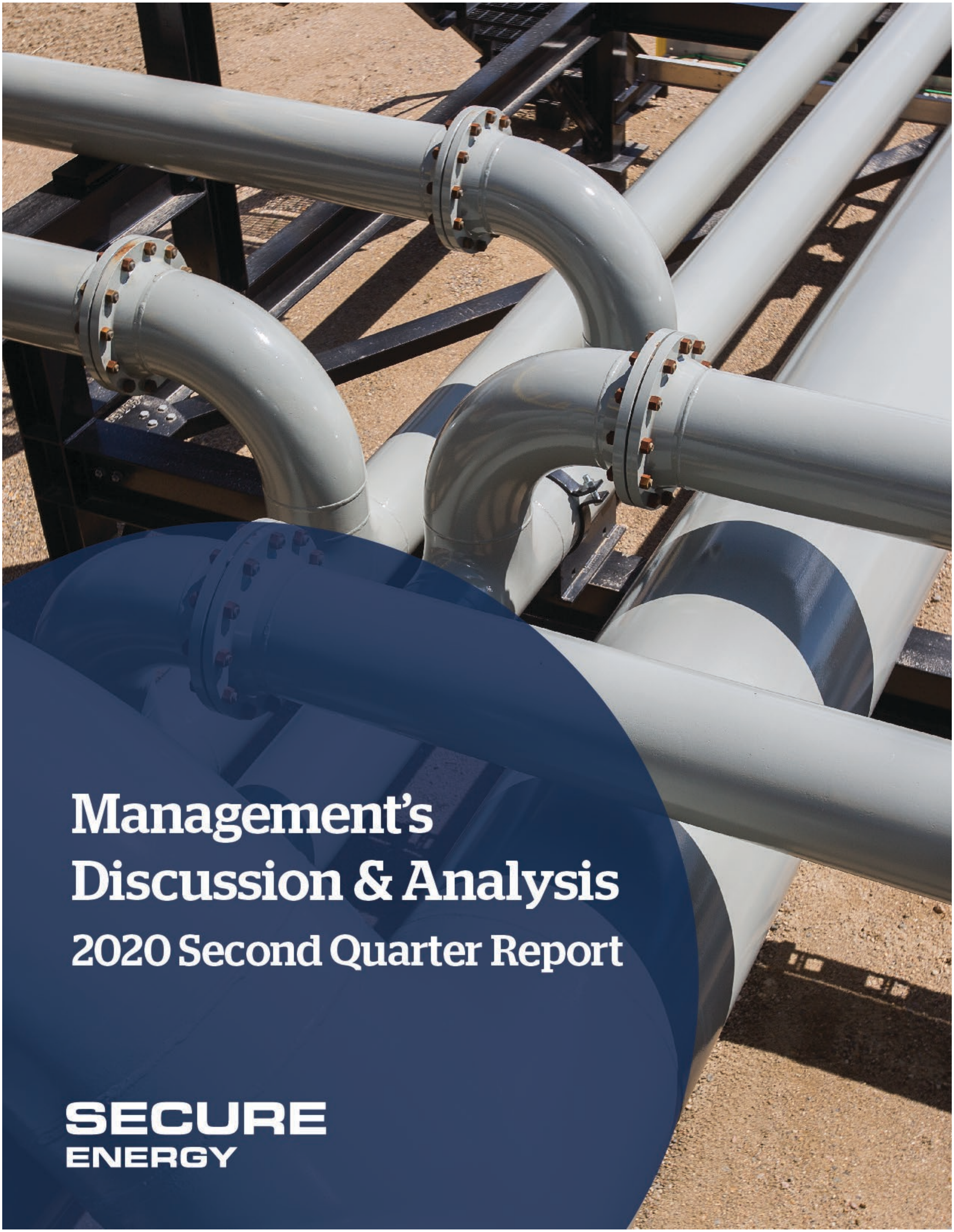

Management's Discussion & Analysis

2020 Second Quarter Report

SECURE
ENERGY

SECURE ENERGY

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SECURE ENERGY

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of SECURE Energy Services Inc. ("SECURE", the "Corporation", "we", or "our") has been prepared by management and reviewed and approved by the Board of Directors of SECURE (the "Board of Directors" or the "Board") on July 28, 2020. 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, 2020 to the three and six months ended June 30, 2019, 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, 2020 and 2019 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2019 and 2018 ("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 and per share amounts or as otherwise noted. The Corporation adjusted prior year comparative and first quarter of 2020 figures to present pipeline tariff fees charged as a recovery of cost of sales rather than revenue. As a result, revenue for the three and six months ended June 30, 2019, and the three months ended March 31, 2020, decreased $4.5 million, $9.1 million, and $5.5 million, respectively, with an offsetting decrease to cost of sales.

This MD&A contains forward looking statements and non-GAAP measures. Please refer to the Corporation's disclosure under '*Forward Looking Statements*' and '*Non-GAAP Measures*' for further information.

CORPORATE OVERVIEW

SECURE is a publicly traded energy business listed on the Toronto Stock Exchange ("TSX") providing industry leading customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S.") through its network of midstream processing and storage facilities, crude oil and water pipelines, and crude by rail terminals located throughout key resource plays in western Canada, North Dakota and Oklahoma. SECURE's core midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE also provides comprehensive environmental and fluid management for landfill disposal, onsite abandonment, remediation and reclamation, drilling, completion and production operations for oil and gas producers in western Canada.

For a complete description of services provided by the Corporation, please refer to the headings '*General Development of the Business*' and '*Description of Business'* in the Corporation's Annual Information Form for the year ended December 31, 2019 ("AIF").

SECOND QUARTER EXECUTIVE SUMMARY

Financial Results

The Corporation recorded Adjusted EBITDA[1] of $20.5 million for the three months ended June 30, 2020, compared to $35.0 million in the prior year second quarter. Reduced global oil demand driven by public health measures taken to limit the spread of the novel coronavirus ("COVID-19") and the associated economic downturn pressured crude oil and liquid prices to historic lows during the three months ended June 30, 2020, resulting in production shut-ins and minimal drilling and completion activity in the Corporation's operating regions.

SECURE's revenue (excluding oil purchase and resale) of $65.5 million for the second quarter of 2020 decreased 51% from the prior year comparative period as a result of lower production-related volumes at the Corporation's midstream facilities due to short-term shut-ins, and limited drilling and completion volumes at the Corporation's midstream facilities and landfills, as evidenced by active rig counts decreasing by approximately 75% from the prior year.

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

Due to the highly unusual dynamics in the crude oil market stemming from the COVID-19 pandemic, the Corporation also had fewer product optimization opportunities resulting in lower crude oil marketing revenue in the three months ended June 30, 2020, compared to the same period of 2019. SECURE was able to partially mitigate the reduced market optimization opportunities by capitalizing on the Corporation's significant crude oil storage positions at the Kerrobert and Cushing facilities. SECURE also benefited in the quarter from stable revenue provided by contracted volumes associated with SECURE's oil feeder pipelines and pipeline-connected produced water disposal facilities.

In early April of 2020, the Corporation undertook aggressive cost reductions which began to take effect in the three months ended June 30, 2020, including a 25% decrease in personnel costs achieved through organizational restructuring, salary reductions, modified work schedules and job sharing. As a result of these measures, the Corporation anticipates a $40 million reduction in cost of sales and general and administrative expenses on an annualized basis. In addition, SECURE qualified for the Canadian Federal Government's wage subsidy program during the quarter which was used to reduce the impact of the downturn on the Corporation's staffing levels. The benefit of $11.2 million resulting from the program has been offset against wages included in cost of sales and general and administrative expenses. The Corporation has also taken a number of measures to significantly reduce all discretionary spending. As a result of these reductions to the Corporation's cost structure, SECURE's Adjusted EBITDA margin[2] was 31% for the three months ended June 30, 2020, an increase of 5% from the prior year comparative period despite the decrease to revenue.

The Corporation is actively anticipating and managing risks to ensure the long-term resiliency of the organization. Maintaining a strong balance sheet has always been a priority of SECURE to effectively manage the business through periods of lower commodity pricing and industry activity. In addition to the restructuring efforts and associated cost reductions noted above, the Corporation has taken further measures to protect the Corporation's balance sheet, including:

- Managing a strict capital program. The Corporation's 2020 capital program is $60 million, comprised of $50 million of growth capital and $10 million of sustaining capital, less than half the 2019 spend of $135 million. The majority of the capital program for this year was completed during the six months ended June 30, 2020, and related primarily to substantially completing the East Kaybob Oil Pipeline, which is expected to contribute positive cash flows for the remainder of 2020. The Corporation expects to incur approximately $15 million for 2021, primarily related to sustaining capital.
- Reducing the monthly dividend from $0.0225 per share to $0.0025 (0.25 cents) per share beginning May 2020. This reduction results in annualized cash savings of approximately $38 million. Following the payment of the monthly dividend in June 2020, the Corporation has moved to paying the dividend quarterly, with the first payment of $0.0075 (0.75 cents) per common share expected in October 2020.
- Optimizing working capital. At June 30, 2020, the Corporation's non-cash working capital was $94.9 million, down from $125.3 million at December 31, 2019. The Corporation has a robust credit review process and has been working with customers to ensure timely collection of receivables. As a result of these diligent procedures, no loss allowance for expected credit losses was recorded during the three months ended June 30, 2020. The Corporation has also been actively managing inventory levels, primarily related to drilling fluids and production chemicals, to align with expected near-term activity levels.

The factors noted above have lessened the negative impact of reduced activity levels and lower Adjusted EBITDA on the Corporation's financial position. The following table outlines SECURE's Senior and Total Debt to trailing twelve-month EBITDA ratios[3] at June 30, 2020, compared to the covenant thresholds outlined in our credit facility agreements. SECURE remains well within compliance of all covenants related to its credit facilities.

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

[3] Refer to the "*Liquidity and Capital Resources*" section herein for details on the Corporation's covenant calculations.

	June 30, 2020	Threshold
Senior Debt to EBITDA	2.3	3.5
Total Debt to EBITDA	3.2	5.0

At June 30, 2020, SECURE had cash of $17.4 million and $267.1 million of available capacity on our First Lien Credit Facility, subject to covenant restrictions. In addition, SECURE has a $75 million letter of credit facility with $30.8 million available for use under this facility as of June 30, 2020.

Outlook

Crude oil prices stabilized near the end of the second quarter of 2020 following indicators of a gradual economic recovery as lockdowns associated with COVID-19 eased across the globe, leading to increased energy demand. As demand continues to increase and oil prices rise, producers in SECURE's core operating regions have started bringing shut-in production back on-stream.

The Corporation expects that there will be a modest increase in drilling and completion activity in late third quarter and fourth quarter of 2020 as producers seek to add production to offset natural declines in order to maintain flat production levels to hold cash flow levels, satisfy reserve-based lending commitments and maximize hedge contracts. The Corporation anticipates that drilling and completion activity will, however, remain well below prior year levels in the second half of 2020 as producers continue to prudently manage capital and protect their balance sheet.

While the Corporation continues to face significant external headwinds, by controlling what we can control, SECURE remains well positioned to navigate this challenging time through the remainder of 2020 and beyond.

- During the second quarter of 2020, the Canadian Federal Government announced a $1.7 billion federal stimulus package to help fund the closure and reclamation of orphan and inactive wells in the Western Canadian Sedimentary Basin ("WCSB") as part of an effort to reduce the economic fallout on oil-producing provinces from COVID-19. The majority of the package ($1.0 billion) has been used to create the Alberta Site Rehabilitation Program, a phased grant funding program for well, pipeline and oil and gas site closure and reclamation work through to the end of 2022. Site closure and remediation programs have also been introduced in British Columbia ($100 million) and Saskatchewan ($400 million), where SECURE is an approved government contractor. SECURE is also a prime contractor for the Orphan Well Association, who has been allotted the remaining $200 million. SECURE expects increased abandonment and remediation activity to positively impact all Canadian business units over the term of the program, particularly within the Environmental Management group as a result of higher demand for environmental site assessments, onsite abandonment, remediation and reclamation management and decommissioning work. Solid and waste volumes resulting from these operations will also require disposal; SECURE owns and operates six industrial landfills in Alberta capable of handling waste of this nature.

- SECURE's business remains highly concentrated on production volumes and related services that historically represent approximately 75% of the Corporation's Adjusted EBITDA. The majority of the Corporation's midstream processing facilities are located in low cost light oil and gas related plays in western Canada, which should support ongoing production at current benchmark pricing.

- SECURE's oil and water pipelines have committed volumes, which will provide a recurring revenue stream and provide a certain degree of cash flow stability. In June 2020, the Corporation successfully commissioned the East Kaybob Oil Pipeline, which will begin contributing to the Corporation's results in the third quarter of 2020. There is one remaining segment of the pipeline that will be constructed in late 2020.

- SECURE benefited in the second quarter from its crude oil storage infrastructure at both Kerrobert and Cushing. The Corporation expects these assets will continue to provide incremental year over year cash flows for the remainder of 2020 as pipeline disruptions and egress challenges create fluctuating differentials opportunities. Additionally, as crude oil market dynamics return to normal, the Corporation expects opportunities for price optimization at the Corporation's pipeline connected midstream facilities will return.

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- Through organizational and structural changes, the Corporation expects the reductions made to our fixed cost structure will result in annualized savings to Adjusted EBITDA in excess of $40 million, the majority of which is expected to remain regardless of increases in activity levels.
- The majority of the Corporation's 2020 capital program was completed in the first half of the year with the addition of the East Kaybob Oil Pipeline, a milestone project for SECURE that aligns with our underlying strategy to increase the stability of our cash flows.
- The Corporation is proceeding with the planned divestitures announced last year related to specific service lines that do not have recurring or production-related revenue streams. However, SECURE continues to remain patient in executing any divestitures as the Corporation is committed to obtaining a sales price commensurate with the value of the service lines. Due to recent market volatility and continued uncertainty, the Corporation expects that timing for the completion of any divestitures will be delayed to 2021.

For the remainder of 2020, SECURE will continue to focus on maintaining financial resiliency by maximizing cash flows and paying down debt with free cash flow. By doing so, the Corporation will remain well positioned to respond to the market's needs when activity levels increase. Helping our customers by challenging what is possible, working transparently to identify opportunities where we can provide innovative solutions that help our customers reduce costs and emissions and invest their capital where it generates the highest rates of return will ultimately contribute to our combined success in the long-term, regardless of the challenges faced along the way.

OPERATING AND FINANCIAL HIGHLIGHTS

The following table summarizes the operating and financial highlights for the three and six month periods ending June 30, 2020 and 2019:

	Three months ended June 30,			Six months ended June 30,		
($000's except share and per share data)	**2020**	**2019**	**% change**	**2020**	**2019**	**% change**
Revenue (excludes oil purchase and resale)	**65,546**	134,230	(51)	**237,569**	307,110	(23)
Oil purchase and resale	**225,644**	654,618	(66)	**659,199**	1,266,121	(48)
Total revenue	**291,190**	788,848	(63)	**896,768**	1,573,231	(43)
Adjusted EBITDA [1]	**20,453**	34,966	(42)	**62,547**	90,105	(31)
Per share ($), basic	**0.13**	0.22	(41)	**0.39**	0.56	(30)
Net loss attributable to shareholders of SECURE	**(20,889)**	(1,678)	(1,145)	**(42,827)**	(419)	(10,121)
Per share ($), basic and diluted	**(0.13)**	(0.01)	(1,200)	**(0.27)**	-	(100)
Cash flows from operating activities	**22,098**	53,926	(59)	**67,948**	111,228	(39)
Per share ($), basic	**0.14**	0.34	(59)	**0.43**	0.69	(38)
Capital expenditures [1]	**10,560**	48,612	(78)	**51,920**	72,231	(28)
Dividends per common share	**0.0275**	0.0675	(59)	**0.0950**	0.1350	(30)
Total assets	**1,493,949**	1,605,988	(7)	**1,493,949**	1,605,988	(7)
Long-term liabilities	**624,495**	604,610	3	**624,495**	604,610	3
Common shares - end of period	**158,543,252**	158,452,248	-	**158,543,252**	158,452,248	-
Weighted average common shares - basic and diluted	**158,488,825**	160,371,354	(1)	**158,501,312**	160,405,924	(1)

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

- REVENUE OF $291.2 MILLION AND $896.8 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
  - Midstream Infrastructure segment revenue (excluding oil purchase and resale) for the three and six months ended June 30, 2020, decreased by 53% and 29% from the comparative periods of 2019 to $34.2 million and $108.8 million, respectively. For the three months ended June 30, 2020, the decrease in revenues is attributable to production shut-ins and minimal drilling and completion activity across the WCSB and North Dakota due to macro-economic factors driving low crude and liquids pricing, resulting in lower processing, disposal and recovery volumes at the Corporation's midstream processing facilities and reduced marketing opportunities. Recovered oil pricing was also negatively impacted by the significant decline in Canadian benchmark oil prices compared to the same period of 2019. Partially offsetting these negative factors on the Midstream Infrastructure segment's second quarter revenue was increased demand for crude oil storage at the Kerrobert and Cushing facilities, and stability provided by contracted volumes associated with SECURE's oil feeder pipelines and pipeline-connected produced water disposal facilities.
  - The impact of production shut-ins and reduced drilling and completion activity during the six months ended June 30, 2020, was partially offset by higher year over year activity levels in the first two months of the year prior to the crash in crude and liquids pricing in March 2020.
  - Oil purchase and resale revenue for the three and six months ended June 30, 2020, decreased 66% and 48% from the 2019 comparative periods to $225.6 million and $659.2 million, respectively. The decrease in revenues is a result of a 57% and 40% decrease in Canadian light oil benchmark pricing during the three and six month periods ended June 30, 2020 over 2019, combined with reduced marketing activity as a result of lower production volumes and limited opportunities to work with our customers to optimize pricing by utilizing multiple crude oil and condensate streams at SECURE's midstream facilities due to extremely low crude and condensate pricing.
  - Environmental and Fluid Management segment revenue for the three months ended June 30, 2020, decreased 49% from the 2019 comparative period to $31.4 million due to a significant decline in drilling and completion activity in the WCSB, negatively impacting revenue generated from service lines supporting these activities. Revenue from these service lines, which includes drilling and completion fluid services, solids control equipment rentals, drilling waste management, water management, and industrial landfill disposal, was down approximately 75% from the prior year comparative period, consistent with the decline in the active rig count. Partially offsetting the extent of this decrease was stable project work awarded in Fort McMurray as the Corporation continues to gain a reputation as a preferred service provider in the Oil Sands region, continuing environmental project work for customers outside of oil and gas, and a smaller decline in production chemicals revenue where the impact of reduced demand due to production shut-ins was partially offset by increased market share compared to the same period of 2019.
  - For the six months ended June 30, 2020, Environmental and Fluid Management segment revenue decreased 16% from the 2019 comparative period to $128.8 million. The revenue decline in the second quarter more than offset higher year over year revenue generated in the first two months of the year as a result of higher drilling and completion activity in the WCSB which positively impacted revenue generated from service lines supporting these activities.

- ADJUSTED EBITDA OF $20.5 MILLION AND $62.5 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
  - Adjusted EBITDA of $20.5 million and $62.5 million decreased 42% and 31% from the three and six months ended June 30, 2019, primarily as a result of reduced period over period revenue as described above. For the three months ended June 30, 2020, the impact of the 51% reduction in revenue (excluding oil purchase and resale) was partially offset by cost reduction measures taken in early April 2020 to align the Corporation's fixed cost structure with current activity levels, which included organizational restructuring and associated personnel lay-offs, salary reductions, and restricted discretionary spending across all operating segments. As a result, SECURE reduced personnel costs by 25% and discretionary fixed costs by 75% for the three months ended June 30, 2020 compared to the same period of 2019. The Corporation also benefited from the Canada Emergency Wage Subsidy ("CEWS") implemented by the Canadian federal government to qualifying entities impacted by the consequences of the COVID-19 pandemic to maintain staffing levels.
- NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF SECURE OF $20.9 MILLION AND $42.8 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
  - For the three months ended June 30, 2020, there was a net loss attributable to shareholders of SECURE of $20.9 million, an increased loss of $19.2 million from the comparative period of 2019. The increase is primarily due to lower Adjusted EBITDA as described above. For the six months ended June 30, 2020, the Corporation's net loss of $42.8 million increased $42.4 million from the comparative period of 2019. In addition to lower Adjusted EBITDA, the net loss in the current year period also included $26.0 million of impairment and restructuring charges.
    - *Impairment of non-current assets:* In accordance with the accounting standards, the Corporation assesses at each reporting date whether there is an indication that an asset or cash generating unit ("CGUs") may be impaired. With the rapid and significant decline in oil prices in March 2020 and resulting decrease to producer capital spending, indicators of impairment were present at March 31, 2020 for SECURE's CGUs with cash flows tied primarily to drilling and completion activities. The value in use of the Technical Solutions CGU, determined using a five-year cash flow estimate discounted to March 31, 2020, exceeded the carrying amount of the CGU. Consequently, a $15.7 million impairment charge was recorded in the first quarter of 2020 against intangible assets in order to write the CGU down to its recoverable amount. There were no indicators of impairment or impairment reversal at June 30, 2020.
    - *Restructuring costs:* SECURE recorded an expense of $10.3 million during the six months ended June 30, 2020, related primarily to employee termination benefits resulting from restructuring plans undertaken by the Corporation beginning at the end of March 2020 to right-size the Corporation's workforce to anticipated activity levels and streamline business processes which resulted in the suspension or termination of certain functions.
  - These negative variances were partially offset by a higher income tax recovery in the 2020 year to date resulting primarily from a higher pre-tax loss.
- CASH FLOWS FROM OPERATING ACTIVITIES OF $22.1 MILLION AND $67.9 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
  - The Corporation generated cash flows from operating activities of $22.1 million and $67.9 million during the three and six months ended June 30, 2020, a decrease of 59% and 39% from the respective prior year comparative periods. The impact of lower Adjusted EBITDA was partially offset by changes in non-cash working capital during the period corresponding to lower activity levels. SECURE carried total net working capital at June 30, 2020, of $94.9 million, down from $125.3 million at December 31, 2019.

- CAPITAL EXPENDITURES OF $10.6 MILLION AND $51.9 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
  - During the three months ended June 30, 2020, SECURE incurred $9.0 million of growth capital related primarily to the substantial completion of the East Kaybob Oil Pipeline, a 120-kilometre pipeline system gathering light oil and condensate from multiple producers and terminating at the Corporation's Fox Creek midstream processing facility. The project provides SECURE with long-term fees-for-service from pipeline tariffs, and reliable volumes at the Fox Creek facility. The pipeline will commence contributing to the Corporation's results in the third quarter of 2020. During the six months ended June 30, 2020, SECURE incurred $47.0 million of organic growth and expansion capital largely related to the East Kaybob Oil Pipeline System, as well as certain carryover costs related to expansion and optimization projects at existing facilities in the prior year.
  - The Corporation also incurred sustaining capital of $1.5 million and $4.9 million during the three and six months ended June 30, 2020 relating primarily to well and facility maintenance. SECURE is committed to maintaining capital discipline as we navigate this downturn, while continuing to ensure the integrity and safety of our assets for long-term sustainability.
- DIVIDEND PAYMENTS OF $4.4 MILLION AND $15.0 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020
  - During the three and six months ended June 30, 2020, the Corporation paid monthly dividend payments totaling $4.4 million and $15.0 million to holders of common shares. On March 24, 2020, the Corporation announced that the monthly dividend would be reduced from $0.0225 per common share to $0.0025 (0.25 cents) per common share, effective for the May 2020 dividend. This reduction of the dividend results in annualized cash savings of approximately $38 million.
  - SECURE believes the sharing of excess cash flows with shareholders is a core business principle; as a result, management and the Board of Directors of the Corporation will continue to monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease and tax payments, and will look for opportunities to increase the dividend as business conditions warrant.
  - Following the June 2020 monthly dividend paid on June 15, 2020, the Corporation has moved to a quarterly dividend, with the first planned payment of $0.0075 (0.75 cents) per common share to occur on or about October 15, 2020, to shareholders of record on October 1, 2020.
- RENEWAL OF THE NORMAL COURSE ISSUER BID
  - During the second quarter of 2020, SECURE renewed the normal course issuer bid ("NCIB") first initiated in May 2018. Pursuant to the renewed NCIB, the Corporation may repurchase from time to time up to a maximum of 10,796,069 common shares of the Corporation. Any common shares purchased under the NCIB will be cancelled. The renewed NCIB period commenced on May 28, 2020, and will end on May 27, 2021, or such earlier date as the NCIB is completed or is terminated at the Corporation's election.
  - The renewed NCIB provides the Corporation with an additional capital allocation alternative to acquire common shares under the appropriate circumstances. The Board of Directors and senior management believe that, from time to time, the prevailing market price of the common shares may not fully reflect the underlying value of SECURE's business and future business prospects. In such circumstances, the repurchase of common shares under the NCIB represents an attractive investment for the Corporation and an opportunity to enhance shareholder value. No shares were repurchased during the second quarter of 2020.

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 identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measure. These measures are intended as a complement to results provided in accordance with IFRS. The Corporation believes these measures provide additional useful information to analysts, shareholders and other users to understand the Corporation's financial results, profitability, cost management, liquidity and ability to generate funds to finance its operations. However, they should not be used as an alternative to IFRS measures because they do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. These non-GAAP measures are further explained below.

Adjusted EBITDA

Adjusted EBITDA is defined as net income before finance costs, taxes, depreciation, depletion, 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 and therefore may not be comparable to similar measures presented by other companies.

Management believes that in addition to net income, Adjusted EBITDA is a useful supplemental measure to enhance understanding 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, how the results are impacted by non-cash charges, and charges that are irregular in nature or not reflective of SECURE's core operations. Management calculates these adjustments consistently from period to period to enhance comparability of this MD&A. Adjusted EBITDA is used by management to determine SECURE's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. Adjusted EBITDA is also used internally to set targets for determining employee variable compensation, largely because management believes that this measure is indicative of how the fundamental business is performing and being managed. The following table reconciles the Corporation's net loss, being the most directly comparable measure calculated in accordance with IFRS, to Adjusted EBITDA.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Net loss	**(21,405)**	(2,127)	(906)	**(43,801)**	(868)	(4,946)
Add:						
Depreciation, depletion and amortization [(1)]	**33,056**	33,975	(3)	**72,724**	65,874	10
Current tax expense (recovery)	**179**	(342)	(152)	**708**	(44)	(1,709)
Deferred tax recovery	**(5,999)**	(6,847)	12	**(11,784)**	(3,730)	(216)
Share-based compensation [(1)]	**1,769**	4,614	(62)	**4,102**	11,902	(66)
Interest, accretion and finance costs	**5,324**	6,242	(15)	**14,414**	13,033	11
Unrealized loss (gain) on mark to market transactions [(2)]	**6,621**	(549)	(1,306)	**180**	3,938	(95)
Impairment and restructuring costs	**908**	-	100	**26,004**	-	100
Adjusted EBITDA	**20,453**	34,966	(42)	**62,547**	90,105	(31)

(1) Included in cost of sales and general and administrative expenses on the Consolidated Statements of Comprehensive Loss.

(2) Included in revenue and cost of sales on the Consolidated Statements of Comprehensive Loss.

Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue (excluding oil purchase and resale) and is used as a supplemental measure by management to evaluate cost efficiency. Adjusted EBITDA margin is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies.

Segment profit margin

Segment profit margin is calculated as the difference between revenue and cost of sales, excluding depreciation, depletion, amortization and share-based compensation expenses. Segment profit margin is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies. Management analyzes segment profit margin and segment profit margin as a percentage of revenue excluding oil purchase and resale by segment as a key indicator of segment profitability. This non-GAAP measure is also used by management to quantify the operating costs inherent in the Corporation's business activities, prior to operational related depreciation, depletion and amortization and share-based compensation, and to evaluate segment cost control and efficiency.

The following table reconciles the Corporation's gross margin, being the most directly comparable measure calculated in accordance with IFRS, to consolidated segment profit margin.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Gross margin	**(7,631)**	20,740	(137)	**22,657**	60,646	(63)
Add:						
Depreciation, depletion and amortization [(1)]	**30,652**	30,592	-	**66,243**	59,167	12
Share-based compensation [(1)]	**920**	1,477	(38)	**1,790**	2,954	(39)
Segment profit margin	**23,941**	52,809	(55)	**90,690**	122,767	(26)

[(1)] These charges are included in cost of sales on the Corporation's Consolidated Statements of Comprehensive Loss.

OPERATIONAL DEFINITIONS

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

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.

Oil prices

Canadian Light Sweet crude oil price is the benchmark price for light crude oil (40 American Petroleum Institute gravity) at Edmonton, Alberta. Western Texas Intermediary ("WTI") crude oil is the North American benchmark price for light crude oil.

SEGMENT RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into two reportable segments, as presented in Note 12 of the Interim Financial Statements. Total general and administration expenses by segment excludes corporate expenses and share-based compensation, as senior management reviews each segment's earnings before these expenses in assessing profitability and performance. The table below outlines the results by reportable segment for the three and six months ended June 30, 2020 and 2019:

($000's) **Three months ended June 30, 2020**	**Midstream Infrastructure**	**Environmental and Fluid Management**	**Corporate**	**Total**
Revenue from services	34,191	31,355	-	65,546
Oil purchase and resale service	225,644	-	-	225,644
Total revenue	**259,835**	**31,355**	**-**	**291,190**
Cost of sales excluding items listed separately below	(238,888)	(28,361)	-	(267,249)
Segment profit margin	**20,947**	**2,994**	**-**	**23,941**
G&A expenses excluding items listed separately below	(3,373)	(2,710)	(4,026)	(10,109)
Depreciation, depletion and amortization [1]	(24,113)	(7,541)	(1,402)	(33,056)
Share-based compensation [1]	-	-	(1,769)	(1,769)
Interest, accretion and finance costs	(189)	(76)	(5,059)	(5,324)
Impairment and restructuring costs	(286)	(622)	-	(908)
Loss before tax	**(7,014)**	**(7,955)**	**(12,256)**	**(27,225)**

($000's) **Six months ended June 30, 2020**	**Midstream Infrastructure**	**Environmental and Fluid Management**	**Corporate**	**Total**
Revenue from services	108,764	128,805	-	237,569
Oil purchase and resale service	659,199	-	-	659,199
Total revenue	**767,963**	**128,805**	**-**	**896,768**
Cost of sales excluding items listed separately below	(703,309)	(102,769)	-	(806,078)
Segment profit margin	**64,654**	**26,036**	**-**	**90,690**
G&A expenses excluding items listed separately below	(7,948)	(10,199)	(10,176)	(28,323)
Depreciation, depletion and amortization [1]	(49,708)	(20,198)	(2,818)	(72,724)
Share-based compensation [1]	-	-	(4,102)	(4,102)
Interest, accretion and finance costs	(465)	(223)	(13,726)	(14,414)
Impairment and restructuring costs	(3,697)	(21,109)	(1,198)	(26,004)
Earnings (loss) before tax	**2,836**	**(25,693)**	**(32,020)**	**(54,877)**

($000's) **Three months ended June 30, 2019**	**Midstream Infrastructure**	**Environmental and Fluid Management**	**Corporate**	**Total**
Revenue from services	72,916	61,314	-	134,230
Oil purchase and resale service	654,618	-	-	654,618
Total revenue	**727,534**	**61,314**	**-**	**788,848**
Cost of sales excluding items listed separately below	(684,368)	(51,671)	-	(736,039)
Segment profit margin	**43,166**	**9,643**	**-**	**52,809**
G&A expenses excluding items listed separately below	(5,475)	(6,131)	(5,688)	(17,294)
Depreciation, depletion and amortization [1]	(20,625)	(12,195)	(1,155)	(33,975)
Share-based compensation [1]	-	-	(4,614)	(4,614)
Interest, accretion and finance costs	(316)	(134)	(5,792)	(6,242)
Earnings (loss) before tax	**16,750**	**(8,817)**	**(17,249)**	**(9,316)**

($000's) **Six months ended June 30, 2019**	**Midstream Infrastructure**	**Environmental and Fluid Management**	**Corporate**	**Total**
Revenue from services	153,235	153,875	-	307,110
Oil purchase and resale service	1,266,121	-	-	1,266,121
Total revenue	**1,419,356**	**153,875**	**-**	**1,573,231**
Cost of sales excluding items listed separately below	(1,326,124)	(124,340)	-	(1,450,464)
Segment profit margin	**93,232**	**29,535**	**-**	**122,767**
G&A expenses excluding items listed separately below	(10,880)	(13,479)	(12,241)	(36,600)
Depreciation, depletion and amortization [1]	(39,479)	(24,042)	(2,353)	(65,874)
Share-based compensation [1]	-	-	(11,902)	(11,902)
Interest, accretion and finance costs	(638)	(286)	(12,109)	(13,033)
Earnings (loss) before tax	**42,235**	**(8,272)**	**(38,605)**	**(4,642)**

[1] Depreciation, depletion and amortization and share-based compensation have been allocated to cost of sales and general and administrative expenses on the Consolidated Statements of Comprehensive Loss based on function of the underlying asset or individual to which the charge relates.

SECURE ENERGY

MIDSTREAM INFRASTRUCTURE SEGMENT

The Midstream Infrastructure segment has two separate service lines: Midstream Infrastructure services and oil purchase and resale services.

Midstream Infrastructure services

The Midstream Infrastructure segment owns and operates a network of facilities throughout western Canada, in North Dakota, and, as of the second quarter of 2019, has added storage assets in Cushing, Oklahoma. These facilities provide processing, storing, shipping and marketing of crude oil; processing of waste; and water treatment and disposal. SECURE also transports oil and water through pipelines direct to SECURE facilities. Processing services are primarily performed at full service terminals ("FSTs") and include waste processing and crude oil emulsion treating. SECURE's FSTs that are connected to export oil pipelines provide customers with an access point to process and/or treat their crude oil for shipment to market. Crude oil that does not meet pipeline specifications is processed through a crude oil emulsion treater. Clean crude oil and treated crude oil may be aggregated and stored on site temporarily until the volumes are ready to be shipped through gathering, transmission or feeder pipelines, or via transloading facilities. Disposal services include produced and waste water disposal services through a network of disposal wells.

Oil purchase and resale

SECURE's oil purchase and resale services enhance the service offering associated with SECURE's business of terminalling, transloading 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 meters the crude oil volumes and purchases the crude oil directly from customers. The Corporation then handles 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 resell crude oil to take advantage of marketing opportunities and increase profitability.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Midstream Infrastructure services revenue (a)	**34,191**	72,916	(53)	**108,764**	153,235	(29)
Oil purchase and resale	**225,644**	654,618	(66)	**659,199**	1,266,121	(48)
Midstream Infrastructure Revenue	**259,835**	727,534	(64)	**767,963**	1,419,356	(46)
Cost of sales excluding items noted below	**13,244**	29,750	(55)	**44,110**	60,003	(26)
Depreciation and amortization	**23,568**	18,914	25	**47,070**	36,195	30
Oil purchase and resale	**225,644**	654,618	(66)	**659,199**	1,266,121	(48)
Midstream Infrastructure Cost of Sales	**262,456**	703,282	(63)	**750,379**	1,362,319	(45)
Segment Profit Margin (1)	**20,947**	43,166	(51)	**64,654**	93,232	(31)
Segment Profit Margin (1) as a % of revenue (a)	**61%**	59%		**59%**	61%	

(1) Calculated as revenue less cost of sales excluding depreciation and amortization. Refer to "*Non-GAAP Measures*" for further information.

Revenue (Midstream Infrastructure segment)

Revenue generated from Midstream Infrastructure services decreased 53% for the three months ended June 30, 2020, from the 2019 comparative period. The decrease was a result of lower volumes at midstream processing facilities corresponding with production shut-ins and minimal drilling and completion activity across the WCSB and North Dakota as a result of extremely low crude and liquids pricing, which also limited crude oil optimization opportunities and negatively impacted recovered oil pricing. Midstream Infrastructure services revenue for the six months ended June 30, 2020, of $108.8 million decreased 29% from the prior year comparative period. The impact of the drop in oil prices and corresponding decrease in activity levels and crude oil marketing opportunities during the second quarter was partially offset by higher processing and disposal volumes during the first two months of the year resulting primarily from infrastructure additions during 2019, including produced water pipelines added at Gold Creek and Tony Creek, crude oil storage at Kerrobert and Cushing, and the Pipestone facility, along with various expansions at existing facilities.

The table below outlines volumes at the Corporation's facilities in the three and six months ended June 30, 2020 and 2019.

	Three months ended June 30			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Average Benchmark Prices and Volumes [(1)]						
WTI (US$/bbl)	$ 27.84	$ 59.84	(53)	$ 37.01	$ 57.33	(35)
Canadian Light Sweet ($/bbl)	$ 31.45	$ 72.55	(57)	$ 41.74	$ 69.74	(40)
Processing volumes (in 000's m^3)	259	373	(31)	744	823	(10)
Recovery volumes (in 000's m^3)	18	36	(50)	57	70	(19)
Crude oil terminalling and pipeline volumes (in 000's m^3)	828	909	(9)	1,798	1,734	4
Water disposal volumes (in 000's m^3)	944	1,748	(46)	2,663	3,331	(20)

Disposal volumes decreased 46% and 20% during the three and six months ended June 30, 2020, from the respective 2019 comparative periods as a result of minimal waste water volumes during the three months ended June 30, 2020 corresponding to limited producer completion activity. Production shut-ins during the second quarter of 2020, particularly in North Dakota, also resulted in lower overall produced water volumes, limited overflow volumes from producers with capacity to handle their own product, and increased competition due to lower demand. Higher stability from the Corporation's pipeline connected water disposal facilities with contracted volumes helped to partially reduce the overall decrease to disposal volumes. During the six months ended June 30, 2020, the impact of the reductions to drilling, completion and production on disposal volumes beginning in March 2020 was partially offset by higher activity levels in January and February of the current year.

Processing volumes decreased 31% and 10% during the three and six months ended June 30, 2020, from the respective 2019 comparative periods due primarily to lower waste processing volumes corresponding to the decrease in drilling and completion activity beginning in March 2020. Emulsion treating volumes were also down, albeit to a lesser extent, as a result of production shut-ins in the WCSB and North Dakota.

Oil volumes recovered through our processing operations decreased 50% and 19% during the three and six months ended June 30, 2020, from the respective 2019 comparative periods, consistent with lower overall volumes received at the Corporation's midstream processing facilities. The impact of lower volumes on recovered oil revenue was compounded by lower benchmark oil pricing in the current year periods.

Crude oil terminalling and pipeline volumes decreased 9% and increased 4% during the three and six months ended June 30, 2020, from the respective 2019 comparative periods primarily as a result of the stability of volumes associated with the contracted Kerrobert crude oil pipeline, partially offset by reduced terminalling at certain facilities due to lower production.

Oil purchase and resale revenue in the Midstream Infrastructure segment decreased 66% and 48% to $225.6 million and $659.2 million for the three and six months ended June 30, 2020, from the respective 2019 comparative periods. The decrease in the three and six months ended June 30, 2020, corresponds to the decrease in benchmark oil prices, compounded by reduced marketing activities compared to the prior year comparative periods.

Cost of Sales (Midstream Infrastructure segment)

Cost of sales from Midstream Infrastructure services, excluding depreciation, depletion and amortization, decreased 55% and 26% to $13.2 million and $44.1 million for the three and six months ended June 30, 2020 from the respective 2019 comparative periods. The decrease in cost of sales is primarily a result of lower variable costs associated with the decrease in the Midstream Infrastructure segment's activity levels, consistent with the decrease in revenue, and the impact of cost reduction measures taken to align the segment's fixed cost structure with anticipated activity levels, which began to take effect in April 2020, and the impact of CEWS reimbursements.

Operating DD&A expense included in cost of sales relates primarily to the Midstream Infrastructure segment's facilities and rail car leases, and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. Operational DD&A increased by $4.7 million and $10.9 million to $23.6 million and $47.1 million for the three and six months ended June 30, 2020, from the respective 2019 comparative periods due to new assets put into use since the first quarter of 2019, as well as non-cash impairments related to certain projects in development that may be delayed or suspended as a result of the current operating environment.

Segment Profit Margin (Midstream Infrastructure segment)

The Midstream Infrastructure segment's segment profit margin decreased 51% and 31% to $20.9 million and $64.7 million for the three and six months ended June 30, 2020, from the respective 2019 comparative periods. As a percentage of Midstream Infrastructure services revenue, segment profit margin was 61% for the three months ended June 30, 2020, up 2% from the three months ended June 30, 2019. The impact of cost reductions and CEWS reimbursements during the current year quarter more than offset lower revenue. For the six months ended June 30, 2020, segment profit margin as a percentage of revenue (excluding oil purchase and resale) was 59%, down from 61% in the prior year comparative period. The variance is primarily a result of service mix in the first quarter of 2020, primarily due to reduced marketing and rail revenue and associated blending margins due to fewer optimization opportunities compared to the prior year.

General and Administrative Expenses (Midstream Infrastructure segment)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
G&A expense excluding depreciation and amortization	**3,373**	5,475	(38)	**7,948**	10,880	(27)
Depreciation and amortization	**545**	1,711	(68)	**2,638**	3,284	(20)
Midstream Infrastructure G&A expense	**3,918**	7,186	(45)	**10,586**	14,164	(25)

G&A expenses decreased by 45% and 25% to $3.9 million and $10.6 million for the three and six months ended June 30, 2020, from the respective 2019 comparative periods. The decrease is mainly due to lower personnel costs and strict cost control measures restricting discretionary spending.

Earnings Before Tax (Midstream Infrastructure segment)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Midstream Infrastructure (Loss) Earnings before Tax	**(7,014)**	16,750	(142)	**2,836**	42,235	(93)

For the three months ended June 30, 2020, the Midstream Infrastructure segment had a loss before tax of $7.0 million compared to earnings of $16.8 million in the prior year comparative period. Earnings before tax decreased $39.4 million to $2.8 million for the six months ended June 30, 2020, from the respective 2019 comparative period. The decrease for both the three and six months ended is a result of lower segment profit margin and increased depreciation and amortization expense in the 2020 period, as described above. Additionally, the Corporation incurred $3.7 million in restructuring costs during the six months ended June 30, 2020, related to right sizing the Corporation's workforce to anticipated activity levels and streamlining business processes resulting in the suspension or termination of certain functions.

ENVIRONMENTAL AND FLUID MANAGEMENT SEGMENT

The Environmental and Fluid Management segment includes a network of landfill disposal facilities; onsite abandonment, remediation and reclamation management; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and drilling, completion and production fluid operations management for oil and gas producers in western Canada. Services offered include secure disposal of oilfield and industrial solid wastes into SECURE's owned or managed landfill network located in western Canada and North Dakota; project assessment and planning; demolition and decommissioning; and reclamation and remediation.

	Three months ended June 30,			Six months ended June 30,		
($000's)	2020	2019	% Change	2020	2019	% Change
Environmental and Fluid Management Revenue	31,355	61,314	(49)	128,805	153,875	(16)
Cost of sales excluding depreciation, depletion and amortization	28,361	51,671	(45)	102,769	124,340	(17)
Depreciation, depletion and amortization	7,084	11,678	(39)	19,173	22,972	(17)
Environmental and Fluid Management Cost of Sales	35,445	63,349	(44)	121,942	147,312	(17)
Segment Profit Margin [1]	2,994	9,643	(69)	26,036	29,535	(12)
Segment Profit Margin [1] as a % of revenue	10%	16%		20%	19%	

[1] Calculated as revenue less cost of sales excluding depreciation, depletion and amortization. Refer to "*Non-GAAP Measures*" for further information.

Revenue (Environmental and Fluid Management segment)

The Environmental and Fluid Management segment revenue decreased 49% to $31.4 million for the three months ended June 30, 2020, from the 2019 comparative period. Limited producer spending in the second quarter of 2020 decreased drilling and completion activity which in turn reduced drilling waste volumes at the Corporation's landfills and demand for fluid management associated with drilling and completions. In total, revenue from these service lines decreased approximately 75%, consistent with the reduction in drilling activity as evidenced by the second quarter active rig counts. The extent of the decrease to the segment was partially mitigated by the relative stability of demand for production chemicals, from contracted operations in the Oil Sands region, and from ongoing environmental project work for customers outside of the oil and gas industry.

For the six months ended June 30, 2020, Environmental and Fluid Management segment revenue of $128.8 million decreased 16% compared to the six months ended June 30, 2019. The impact of reduced drilling and completion activity on the segment during the second quarter of 2020 as described above was partially offset by higher year over year contributions from Fluid Management during the first two months of the year from increased drilling activity and production chemicals work awarded at the end of 2019. The second quarter is also generally when spring break-up road bans typically occur, reducing customer demand for Environmental and Fluid Management services. Wet field conditions which have become normal in the quarter limit site access for certain types of project work. As a result, the seasonal impact of the second quarter decline has a smaller proportional impact on the year to date results.

Cost of Sales (Environmental and Fluid Management segment)

Cost of sales excluding depreciation, depletion and amortization decreased 45% and 17% to $28.4 million and $102.8 million for the three and six months ended June 30, 2020, from the respective 2019 comparative periods. The majority of the Environmental and Fluid Management segment's cost of sales are variable with fluctuations corresponding to change in activity levels and job mix. However, ongoing fixed costs associated with leachate management at the Corporation's industrial landfills and costs related to operating drilling fluid and production chemical blending and distribution facilities more than offset lower expenses from fixed cost structure expense reduction initiatives and from decreased salaries and wages resulting from reimbursements from the CEWS program.

Operating DD&A expense decreased by 39% and 17% to $7.1 million and $19.2 million for the three and six months ended June 30, 2020, from the respective 2019 comparative periods. The DD&A decrease relates primarily to lower landfill cell depletion resulting from reduced volumes in the second quarter of 2020, and from the elimination of intangible asset amortization following the write-off of the segment's intangible asset balance at March 31, 2020.

SECURE ENERGY

Segment Profit Margin (Environmental and Fluid Management segment)

Segment profit margin decreased 69% and 12% to $3.0 million and $26.0 million for the three and six months ended June 30, 2020 from the respective 2019 comparative periods. For the three months ended June 30, 2020, segment profit margin as a percentage of revenue was 10%, compared to 16% in the prior year comparative period. The profit margin decreased as reduced revenue resulted in weaker fixed cost absorption, primarily associated with the Corporation's landfills as leachate management costs remained flat year over year despite the 75% decrease in revenue.

For the six months ended June 30, 2020, segment profit margin as a percentage of revenue increased slightly to 20%, compared to 19% in the prior year comparative period due to a higher proportion of better margin business during the first quarter of 2020 which include increased volumes of project work in the Fort McMurray region, the impact of CEWS reimbursements and fixed cost reductions that began to take effect in April 2020.

General and Administrative Expenses (Environmental and Fluid Management segment)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
G&A expense excluding depreciation and amortization	**2,710**	6,131	(56)	**10,199**	13,479	(24)
Depreciation and amortization	**457**	517	(12)	**1,025**	1,070	(4)
Environmental and Fluid Management G&A Expense	**3,167**	6,648	(52)	**11,224**	14,549	(23)

G&A expense decreased 52% and 23% to $3.2 million and $11.2 million for the three and six months ended June 30, 2020, from the respective 2019 comparative periods. The decrease is primarily due to lower personnel related costs and reduced discretionary spending as the Corporation manages costs to correspond to current industry activity levels. For the six months ended June 30, 2020, the impact of cost reductions taking effect in April 2020 were partially offset by higher loss allowances for expected credit losses resulting from negative macro-economic factors as at March 31, 2020.

Loss Before Tax (Environmental and Fluid Management segment)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Environmental and Fluid Management Loss before Tax	**(7,955)**	(8,817)	10	**(25,693)**	(8,272)	(211)

The Environmental and Fluid Management segment had a loss before tax of $8.0 million for the three months ended June 30, 2020, an improvement of $0.9 million from the three months ended June 30, 2020. Lower G&A expense and operational DD&A expense more than offset the reduced segment profit margin. For the six months ended June 30, 2020, the segment's loss before tax of $25.7 million increased $17.4 million primarily as a result of a non-cash impairment charge recorded in the first quarter of 2020.

CORPORATE INCOME AND EXPENSES

Corporate Cost of Sales

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Cost of Sales						
Share-based compensation expense	**920**	1,477	(38)	**1,790**	2,954	(39)

Corporate cost of sales of $0.9 million and $1.8 million for the three and six months ended June 30, 2020, is comprised of share-based compensation for employees directly associated with the revenue generating operations of the Corporation. Share-based compensation fluctuates based on the share price at the time of grant, any forfeitures of share-based awards, and the effects of vesting. The decrease in the 2020 periods is primarily due to forfeitures associated with head count reductions during the second quarter to align the Corporation's cost structure with anticipated activity levels, and a lower share price applied to the 2020 grant of units.

Corporate General and Administrative Expenses

	Three months ended June 30,			Six months ended June 30,		
($000's)	2020	2019	% Change	2020	2019	% Change
General and administrative expenses excluding items noted below	4,026	5,688	(29)	10,176	12,241	(17)
Depreciation and amortization	1,402	1,155	21	2,818	2,353	20
Share-based compensation expense	849	3,137	(73)	2,312	8,948	(74)
Total Corporate G&A expenses	6,277	9,980	(37)	15,306	23,542	(35)

Included in Corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, any support services that are shared across all operational business segments, and share-based compensation for all employees, other than as recorded to Corporate cost of sales as noted above.

Corporate G&A expenses excluding depreciation and amortization and share-based compensation expense decreased 29% and 17% to $4.0 million and $10.2 million in the three and six months ended June 30, 2020, from the respective 2019 comparative periods primarily as a result of lower personnel costs resulting from restructuring efforts and wage subsidies, and lower discretionary spending.

Share-based compensation included in G&A expenses of $0.8 million and $2.3 million for the three and six months ended June 30, 2020, decreased by $2.3 million and $6.6 million from the respective 2019 comparative periods as a result of forfeitures associated with headcount reductions, a lower share price applied to 2020 grants of units, and the impact of a lower stock price on the mark to market value of cash-settled share units at period end.

Interest and Finance Costs

	Three months ended June 30,			Six months ended June 30,		
($000's)	2020	2019	% Change	2020	2019	% Change
Interest and finance costs	5,059	5,792	(13)	13,726	12,109	13

Interest and finance costs includes interest expense, amortization of financing fees, interest expense related to lease liabilities, 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 credit facilities.

Overall interest and finance costs decreased 13% to $5.1 million for the three months ended June 30, 2020, from the 2019 comparative period due primarily to lower interest rates on the First Lien Credit Facility. For the six months ended June 30, 2020, interest and finance costs increased 13% compared to the six months ended June 30, 2019, due primarily to a larger unrealized loss associated with the Corporation's interest rate swap on the Second Lien Facility.

Foreign Currency Translation Adjustment

	Three months ended June 30,			Six months ended June 30,		
($000's)	2020	2019	% Change	2020	2019	% Change
Foreign currency translation loss (gain), net of tax	6,376	4,116	55	(9,286)	7,213	(229)

Included in other comprehensive loss for the three months ended June 30, 2020, is a foreign translation loss of $6.4 million. This loss relates 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 months ended June 30, 2020, at a lower period end rate due to the appreciation of the Canadian dollar relative to the U.S. dollar during the three months ended June 30, 2020. For the six months ended June 30, 2020, the foreign translation adjustment was a gain of $9.3 million due to the depreciation of the Canadian dollar relative to the U.S. dollar during the period. The foreign currency translation adjustment included in the consolidated statements of comprehensive loss does not impact net loss for the period.

Income Taxes

($000's)	Three months ended June 30, 2020	2019	% Change	Six months ended June 30, 2020	2019	% Change
Income taxes						
Current tax expense (recovery)	**179**	(342)	(152)	**708**	(44)	(1,709)
Deferred tax recovery	**(5,999)**	(6,847)	12	**(11,784)**	(3,730)	(216)
Total income tax recovery	**(5,820)**	(7,189)	19	**(11,076)**	(3,774)	(193)

Income tax recovery was $5.8 million and $11.1 million for the three and six months ended June 30, 2020, a decrease of $1.4 million and an increase of $7.3 million compared to the respective 2019 comparative periods. In the second quarter of 2019, a deferred tax recovery of $5.9 million was recorded related to step reductions to the Alberta corporate income tax rates. In the three months ended June 30, 2020, this variance is only partially offset by lower pre-tax income in the current year period. For the six months ended June 30, 2020, lower pre-tax income in the current year more than offset this variance.

SUMMARY OF QUARTERLY RESULTS

Seasonality

In Canada, the level of activity in the oilfield 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, completions 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.

	2020		2019				2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue (excluding oil purchase and resale)	65,546	172,022	156,998	149,097	134,230	172,880	188,977	182,211
Oil purchase and resale	225,644	433,555	596,073	577,877	654,618	611,503	490,295	646,565
Total revenue	291,190	605,577	753,071	726,974	788,848	784,383	679,272	828,776
Net (loss) income attributable to shareholders of SECURE	(20,889)	(21,952)	2,658	(500)	(1,678)	1,259	13,944	6,809
Per share - basic	(0.13)	(0.14)	0.02	0.00	(0.01)	0.01	0.09	0.04
Per share - diluted	(0.13)	(0.14)	0.02	0.00	(0.01)	0.01	0.08	0.04
Weighted average shares - basic	158,488,825	158,513,800	157,097,902	158,075,674	160,371,354	160,440,879	161,251,096	162,286,387
Weighted average shares - diluted	158,488,825	158,513,800	159,430,711	158,075,674	160,371,354	163,456,268	164,374,324	164,911,044
Adjusted EBITDA [1]	20,453	42,094	46,894	43,173	34,966	55,139	57,810	53,746

[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 other factors as well.

In the last several months of 2018, crude oil benchmark price and commodity price differential volatility resulted in a pull back on producer budgets in 2019. Activity levels remained depressed during 2019 as producers remained cautious until there was clarity of incremental pipeline egress out of the WCSB. Weather-related issues also had an impact on activity levels during 2019, with a prolonged spring break-up and an unusually wet third quarter. Producers were unwilling to incur additional costs due to weather related issues if the oil and gas activity could be delayed until ground conditions improved. The poor weather also impacted the execution of planned remediation and demolition programs and landfill disposal volumes in the Environmental and Fluid Management segment. As described throughout this MD&A, the rapid and dramatic decline in crude oil prices at the end of the first quarter of 2020 began to have an adverse impact on the Corporation's results in March 2020, and is expected to continue to result in negative quarter over quarter variances moving forward into 2020.

Each previous quarter was also impacted by the date at which an acquisition occurred or any one of the constructed or acquired facilities commenced operations. For a complete description of SECURE's assets and operations, please refer to the heading '*Description of Business*' in the AIF which includes a description of the date of acquisitions or the dates on which each of SECURE's facilities commenced operations.

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

- In October 2018, the Corporation's Kerrobert crude oil pipeline system commenced operations;
- In April 2019, SECURE acquired a 27% interest in a storage facility in Cushing, Oklahoma; and
- In October 2019, the Corporation's Pipestone water disposal facility commenced operations.

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 the Bakken region of 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, activity levels, and the number of pipeline connected facilities.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's objective in capital program management is to ensure adequate sources of capital are available to carry out our capital plan, while maintaining operational growth, payment of dividends and stable cash flow so as to sustain the business for the long-term.

Management considers capital to be the Corporation's long-term borrowings less cash plus 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 spending to approved limits on a quarterly basis.

The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized limits, Adjusted EBITDA on all of its operations, and Senior and Total Debt to Adjusted EBITDA.

SECURE's credit facilities consist of a $600 million first lien credit facility ("First Lien facility"), a $130 million second lien credit facility ("Second Lien facility") and a $75 million letter of credit facility. At June 30, 2020, the Corporation had drawn $332.9 million on the First Lien facility, resulting in available capacity of $267.1 million, subject to covenant restrictions. The First Lien facility matures June 30, 2023.

The Corporation's Second Lien facility was fully drawn at June 30, 2020 and is scheduled to mature July 31, 2021. Management is currently evaluating an extension of this Second Lien Facility. The Corporation had issued $44.2 million letters of credit against the letter of credit facility at June 30, 2020, relating primarily to transportation and regulatory obligations.

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.

Senior and Total Debt and EBITDA are defined in the Corporation's lending agreements. Senior Debt is calculated as the amounts drawn on the Corporation's First Lien Credit Facility and finance leases entered into by the Corporation as defined by the old lease accounting standard International Accounting Standard 17 Leases ("IAS 17"), less cash balances above $5 million. Total Debt is equal to Senior Debt plus amounts drawn under the Corporation's Second Lien facility and any unsecured debt.

EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, less any operating lease payments as defined by IAS 17, minority interest losses, non-recurring losses, non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis.

At June 30, 2020, 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, 2020, and December 31, 2019.

	June 30, 2020	Dec 31, 2019	% Change
Senior Debt to EBITDA	2.3	2.0	15
Total Debt to EBITDA	3.2	2.8	14
Interest coverage	6.8	7.4	(8)

Issued capital of $1.0 billion increased 2% at June 30, 2020, compared to December 31, 2019, as capital issued through the conversion of restricted share units and performance share units into common shares under the Corporation's Unit Incentive Plan during the six months ended June 30, 2020, more than offset share repurchases under the Corporation's normal course issuer bid.

Liquidity risk is the risk that the Corporation will not be able to meet our 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.

As described throughout this MD&A, the recent market events that resulted in low and volatile oil prices during the quarter resulted in lower revenue and cash flows for the Corporation due to reduced drilling, completion and production volumes and demand for associated services as customer's reduced spending levels and shut-in uneconomic production. SECURE's business is highly concentrated on production volumes or related services that represent approximately 75% of the Corporation's Adjusted EBITDA. A portion of these production volumes are contracted and/or fee for service contracts that are expected to provide a degree of cash flow stability. Additionally, prudent measures were taken at the end of March 2020 to reduce our cost structure to align with expected activity levels for the remainder of the year. As a result, the Corporation expects sufficient liquidity to fund its operations, working capital requirements, dividends and capital program with cash flow from operations, with excess cash flow available to pay down debt. However, the ultimate duration and magnitude of the impact on the economy of COVID-19 and the financial effect to the Corporation is not known at this time, creating a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's forecasts.

On March 24, 2020, the Corporation announced that the monthly dividend would be reduced to $0.0025 (0.25 cents) per common share, effective for the May 2020 dividend. This reduction of the dividend results in annualized cash savings of approximately $38 million. Additionally, following the June 2020 dividend, the Corporation has moved to a quarterly dividend, with the first payment of $0.0075 (0.75 cents) per common share expected in October 2020. SECURE believes the sharing of excess cash flows with shareholders is a core business principle; as a result, management and the Board of Directors of the Corporation will continue to monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease and tax payments, and will look for opportunities to increase the dividend as business conditions warrant.

To meet financial obligations, the Corporation may further adjust the amount of its dividends, draw on its First Lien 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.

Refer to Note 18 of the Annual Financial Statements for further disclosure of the Corporation's liquidity risk and Note 11 of the Interim Financial Statements for details of the Corporation's contractual obligations and contingencies at June 30, 2020.

The following provides a summary and comparison of the Corporation's operating, investing and financing cash flows for the three and six months ended June 30, 2020, and 2019.

Net Cash Flows from Operating Activities

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Net cash flows from operating activities	**22,098**	53,926	(59)	**67,948**	111,228	(39)

Net cash flows from operating activities decreased 59% and 39% to $22.1 million and $67.9 million in the three and six months ended June 30, 2020, from the respective 2019 comparative periods due primarily to lower Adjusted EBITDA, partially offset by changes in non-cash working capital. Changes in non-cash working capital correspond to changes in industry activity levels.

Investing Activities

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Capital expenditures [(1)]						
Growth and expansion capital expenditures	**9,012**	32,686	(72)	**47,011**	53,339	(12)
Business acquisitions	**-**	13,866	(100)	**-**	13,866	(100)
Sustaining capital expenditures	**1,548**	2,060	(25)	**4,909**	5,026	(2)
Total capital expenditures	**10,560**	48,612	(78)	**51,920**	72,231	(28)

(1) Refer to "*Operational definitions*" for further information.

The Corporation's growth and expansion capital expenditures of $9.0 million for the three months ended June 30, 2020, decreased $23.7 million from the 2019 comparative period. During the three months ended June 30, 2020, SECURE's largest capital expenditures related to substantially completing construction of the East Kaybob Oil Pipeline system. Growth and expansion capital expenditures decreased 12% to $47.0 million in the six months ended June 30, 2020 from the 2019 comparative period. In addition to construction related to the East Kaybob Oil Pipeline system, the Corporation incurred certain carryover costs related to the tie in of two disposal wells drilled and completed in 2019 in North Dakota; and increasing processing and disposal capacity and creating efficiencies at various other facilities.

There were no business acquisitions completed during the three or six months ended June 30, 2020. During the second quarter of 2019, SECURE incurred $13.9 million to acquire a 27% interest in a crude oil storage facility located in Cushing, Oklahoma, and a 51% interest in an adjacent 80-acre parcel of undeveloped land. The facility was constructed in 2015 and is strategically located on 10 acres of land in South Cushing with long-term connection agreements in place, ultimately providing connectivity to all major inbound and outbound pipelines in Cushing. Having access to multiple Canadian crude streams and well-connected tankage will benefit our customers getting their product to market at the optimum price. SECURE's majority investment in the 80-acre parcel of land provides the Corporation with significant optionality to develop additional midstream infrastructure in one of North America's key trading hubs.

Sustaining capital was $1.5 million and $4.9 million for the three and six months ended June 30, 2020, compared to $2.1 million and $5.0 million in the 2019 comparative periods. Sustaining capital in the current year periods 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 total of approximately $10 million on sustaining capital in 2020.

Financing Activities

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2020**	**2019**	**% Change**	**2020**	**2019**	**% Change**
Repurchase and cancellation of shares under NCIB	**-**	(22,402)	(100)	**(1,531)**	(23,295)	(93)
Draw on credit facility	**11,105**	31,766	(65)	**8,555**	23,550	(64)
Financing fees	**-**	(1,426)	(100)	**-**	(1,426)	(100)
Lease liability principal payment	**(4,648)**	(5,690)	(18)	**(9,063)**	(11,413)	(21)
Dividends paid	**(4,357)**	(10,856)	(60)	**(14,963)**	(21,662)	(31)
Net cash flows from (used) in financing activities	**2,100**	(8,608)	(124)	**(17,002)**	(34,246)	(50)

As at June 30, 2020, the Corporation had drawn $462.9 million on its credit facilities compared to $454.3 million as at December 31, 2019. The increase relates to capital expenditures in excess of cash flows from operating activities. Subject to covenant restrictions, as at June 30, 2020, the Corporation had $267.1 million of available credit capacity under its First Lien facility, and $30.8 million available under its letter of credit facility. At June 30, 2020, the Corporation was in compliance with all covenants related to its credit facilities.

The following table outlines the shares repurchased and cancelled during the three and six months ended June 30, 2020 and 2019.

	Three months ended June 30,			Six months ended June 30,		
	2020	**2019**	**% Change**	**2020**	**2019**	**% Change**
Shares repurchased and cancelled under the NCIB	**-**	3,070,100	(100)	**336,500**	3,201,600	(89)
Total cost	**$ -**	$ 22,402	(100)	**$ 1,531**	$ 23,295	(93)

During the three months ended June 30, 2020, the Corporation declared monthly dividends of $0.0225 per common share for April, and $0.0025 per common share for May and June, for a total of $4.4 million. During the six months ended June 30, 2020, the Corporation declared monthly dividends of $0.0225 per common share for each of the first four months of the year, and $0.0025 per common share for May and June, for a total of $15.0 million. The Corporation has moved to a quarterly dividend, with the first planned payment of $0.0075 (0.75 cents) per common share expected to occur on or about October 15, 2020, to shareholders of record on October 1, 2020.

CONTRACTUAL OBLIGATIONS

Refer to Note 11 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 *'Risk Factors'*, which is incorporated by reference herein. 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.

The dramatic decline in oil prices in March 2020, and the ongoing COVID-19 pandemic has resulted in an unprecedented situation. The prudent response from SECURE's customers has been to significantly reduce capital spending in 2020. This decision will impact both drilling and completions activity in 2020 and will also have an impact on production volumes that are shut-in due to uneconomic crude oil prices or production that naturally declines due to lower capital spending. The current challenging economic climate may have significant adverse impacts on the Corporation, including, but not limited to:

- Material declines in revenue and cash flows due to reduced drilling, completion and production volumes and demand for associated services as customers reduce spending levels and shut-in uneconomic production;
- Declines in revenue and operating activities could result in increased impairment charges on long-term assets;
- Increased risk of non-performance by the Corporation's customers which could materially increase collection risk of accounts receivable and customer defaults on contracts; and
- Increased restructuring charges as the Corporation aligns its structure and personnel to the dynamic environment.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect the Corporation is not known at this time. Estimates and judgements made by management in the preparation of the Interim financial Statements are subject to a higher degree of measurement uncertainty during this volatile period.

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 Interim 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 2 of the Interim Financial Statements and Note 3 of the Annual Financial Statements.

OUTSTANDING SHARE CAPITAL

As at July 28, 2020, there are 158,543,252 common shares issued and outstanding. In addition, as at July 28, 2020, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at July 28, 2020	Issued	Exercisable
Share Options	1,366,926	1,366,926
Restricted Share Units	2,538,877	-
Performance Share Units	2,443,522	-

OFF-BALANCE SHEET ARRANGEMENTS

At June 30, 2020, and December 31, 2019, the Corporation did not have any material off-balance sheet arrangements.

ACCOUNTING POLICIES

SECURE's significant accounting policies are set out in Note 2 of the Annual Financial Statements.

SECURE ENERGY

FINANCIAL AND OTHER INSTRUMENTS

As at June 30, 2020, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, long-term borrowings, lease liabilities 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 '*Risk Factors*' and a discussion of the corresponding classification and amounts of income, expenses, gains and losses associated with these financial instruments and their fair value can be found in Note 18 of the Corporation's Annual Financial Statements. 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 is appropriately managing its credit risk, however with the severe and sudden decline in oil prices in March 2020, the Corporation has taken measures to address increased collection risk on trade receivables.

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 facility are managed through a combination of bankers' acceptance loans and US dollar London Inter-bank Offered Rate ("LIBOR") loans which 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 and foreign exchange rates. Exposure to foreign exchange rate changes is mitigated using cross currency swaps to hedge foreign exchange exposure on U.S. denominated long-term debt, fixing the exchange rate on the US dollar loan amounts for the purposes of interest and principal repayments. 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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") means the controls and other procedures of SECURE that are designed to provide reasonable assurance that information required to be disclosed by SECURE in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by SECURE in its annual filings or other reports filed or submitted under securities legislation is accumulated and communicated to SECURE's management including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting ("ICFR"), as defined in NI 52-109 means a process designed by, or under the supervisions of SECURE's CEO and CFO, and effected by the Board of Directors, management and other personnel, 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 used the Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission in the design of its ICFR. SECURE's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of SECURE;
- Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of SECURE are being made only in accordance with authorizations of management; and
- Are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of SECURE's assets that could have a material effect on the financial statements.

There was no change to the Corporation's ICFR that occurred during the most recent interim period ended June 30, 2020, that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

In accordance with the requirements of NI 52-109, an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at June 30, 2020. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at June 30, 2020.

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.

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, global economic events arising from COVID-19 and the OPEC decisions and operating performance and speak only as of the date of this document.

In particular, this document contains or implies forward-looking statements pertaining but not limited to: management's expectations with respect to the impact of COVID-19, including government responses thereto on demand for oil and our operations generally; the outlook for oil prices; spending by producers and the impact of this on SECURE's activity levels; the impact OPEC+ supply cuts may have on crude oil pricing; the impact of over supply on the crude oil market; the oil and natural gas industry in Canada and the U.S., including drilling, completion and production activity levels for the remainder of 2020 and beyond, and the impact of this on SECURE’s business, operations and financial results; the benefits of midstream infrastructure and production concentrated volumes on SECURE's cash flow and the expected stability of such sources of cash flow; opportunities for the Corporation’s storage assets, including with respect to pipeline disruptions and delays creating volatile differentials opportunities; the timing and stability of contributions from new projects, particularly the East Kaybob Oil Pipeline; the impact the Canadian Federal Government’s orphan and inactive well fund may have to the business, operations and results of the Corporation; timing associated with potential divestitures related to specific service lines that do not have recurring or production-related revenue streams and the outcome of such sales process; activity levels in the Corporation’s operating areas; the benefits of contracted and/or fee for service contracts on SECURE's cash flow and the expected stability of such sources of cash flow; the Corporation's proposed 2020 and 2021 capital expenditure programs, including growth and expansion and sustaining capital expenditures; timing of the completion of the final segment of the East Kaybob Oil Pipeline; the Corporation’s ability to execute our restructuring plans and align the Corporation’s cost structure with expected industry activity levels; the expected impacts and amounts of the Corporation's cost and capital expenditure reductions; future dividend payments and expected cash savings resulting from the reduction of the Corporation's cash dividend payments; debt service; and the Corporation's ability to meet obligations and commitments and operate within any credit facility restrictions, including the financial covenants related to our debt facilities; expectations that our capital investment, share repurchases and cash dividends will be funded from internally generated cash flows; the Corporation’s credit risk levels and it’s ability to collect on trade receivables; expected benefits customers will receive from our midstream and environmental solutions; key factors driving the Corporation’s success; demand for the Corporation’s services and products; industry fundamentals driving the success of SECURE’s core operations; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; and access to capital.

Forward-looking statements are based on certain assumptions that SECURE has made in respect thereof as at the date of this document regarding, among other things: the impact of COVID-19, including related government responses related thereto and lower global energy pricing on oil and gas industry exploration and development activity levels and production volumes (including as a result of demand and supply shifts caused by COVID-19 and the actions of OPEC and non-OPEC countries); the success of SECURE's operations and growth projects; the Corporation's competitive position remaining substantially unchanged; future acquisition and sustaining costs will not significantly increase from past acquisition and sustaining costs; that counterparties comply with contracts in a timely manner; that there are no unforeseen events preventing the performance of contracts or the completion of the relevant facilities; that there are no unforeseen material costs relation to the Corporation's facilities; and that prevailing regulatory, tax and environmental laws and regulations apply.

Forward-looking statements involve significant known and unknown 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. In addition, the effects and impacts of the COVID-19 outbreak, the rapid decline in global energy prices and the length of time to significantly reduce the global threat of COVID-19 on SECURE's business, the global economy and markets are unknown at this time and could cause SECURE's actual results to differ materially from the forward-looking statements contained in this document.

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.