

Management's Discussion & Analysis 2021 Third Quarter Report



**SECURE
ENERGY**

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ABOUT THIS MD&A

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 October 28, 2021. The MD&A 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 nine months ended September 30, 2021, to the three and nine months ended September 30, 2020, and should be read in conjunction with the Corporation's condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2021 and 2020 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2020 and 2019 ("Annual Financial Statements").

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

Effective September 30, 2021, SECURE voluntarily changed its accounting policy with respect to the discounting of asset retirement obligations and as a result certain comparative information has been restated in this MD&A. Refer to the Accounting Policies section of this document for a description of the changes and the impact on the Corporation's financial statements.

On July 2, 2021 (the "Acquisition Date"), pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta), SECURE acquired all of the issued and outstanding common shares of Tervita and subsequently Tervita was amalgamated with SECURE (collectively, the "Transaction"). Following completion of the Transaction, Tervita ceased to make separate filings as a reporting issuer. The Interim Financial Statements and this MD&A include financial results for Tervita since the Acquisition Date.

On the Acquisition Date, SECURE issued approximately 147.6 million common shares following which Tervita amalgamated with SECURE. The common shares of Tervita were delisted from the Toronto Stock Exchange ("TSX") at the close of market on July 6, 2021. For the purchase price allocation and additional information related to the Transaction, refer to Note 3 of the Interim Financial Statements.

In connection with the Transaction and in accordance with applicable securities laws, SECURE filed a business acquisition report on July 26, 2021 containing the pro forma financial statements of the Corporation as at and for the year ended December 31, 2020 and as at and for the three months ended March 31, 2021. Additional information concerning Tervita, including information with respect to Tervita's assets, operations and history prior to the Transaction may be found in Tervita's annual information form dated March 4, 2021 for the year ended December 31, 2020 ("Tervita AIF"). The Tervita AIF is filed under SECURE's profile at www.sedar.com and do not constitute part of this MD&A.

The statutory waiting period for the completion of the Transaction under the Competition Act expired on June 30, 2021. SECURE continues to work cooperatively with the Competition Bureau and the Competition Tribunal to resolve any concerns relating to the Transaction, which it understands relate to certain waste disposal assets. A hearing of the Commissioner's application under Section 92 of the Competition Act is scheduled to occur before the Competition Tribunal in the second quarter of 2022. SECURE believes the resolution of such proceedings will not be material to the Corporation's asset base or Adjusted EBITDA¹. See "Risk Factors – Competition Act Matters" for further information on the proceedings under the Competition Act relating to the Transaction.

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

With the closing of the Transaction, all litigation between SECURE and Tervita has been discontinued.

The key benefits of the Transaction include:

- Highly complementary midstream infrastructure asset bases and environmental service lines provide for enhanced scale, utilization, efficiencies, and expanded services for the combined company's customers.
- Significant estimated annual integration cost savings impacting Adjusted EBITDA of at least \$75 million expected to be achieved by the end of 2022.
- Immediately accretive to cash flow from operations and discretionary free cash flow² per share for all shareholders of the combined company.
- Significantly improved cost structure to serve a growing and consolidating customer base through the full business cycle.
- Stronger financial position with attractive discretionary free cash flow generation expected to reduce debt.
- Enhanced scale anticipated to provide greater access to capital markets and the ability to partner with our customers to execute on a strong pipeline of organic growth projects.
- Combines two strong corporate cultures driven by highly talented teams with shared commitments to environmental, social and governance principles, safety, performance, customer service and profitability.
- Elevates position to advance and deliver on environmental, social and governance initiatives for the combined company and our customers.

In connection with the closing of the Transaction, SECURE entered into an \$800 million three-year senior secured revolving credit facility (the "Revolving Credit Facility") with nine financial institutions. The Revolving Credit Facility was used to replace and repay SECURE's first and second lien credit facilities, Tervita's first lien credit facility, and SECURE's two bilateral letter of credit facilities totaling \$75 million. SECURE also entered into a \$30 million unsecured letter of credit facility guaranteed by Export Development Canada (the "new SECURE LC Facility"), providing additional stability and capacity to the Corporation's capital structure. See "Liquidity and Capital Resources" for more information.

CORPORATE OVERVIEW

SECURE is a publicly traded energy infrastructure and environmental business listed on the TSX. SECURE provides industry leading midstream infrastructure and environmental and fluid management to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S.").

SECURE's Midstream Infrastructure business segment includes a 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 midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing.

SECURE's Environmental and Fluid Management business segment includes a network of industrial landfills, hazardous and non-hazardous waste management and disposal, onsite abandonment, environmental solutions for site remediation and reclamation, bio-remediation and technologies, water treatment & recycling, emergency response, rail services, metal recycling services, as well as fluid management for drilling, completion and production activities.

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, 2020 ("AIF") and the joint information circular of SECURE and Tervita dated May 6, 2021, including the documents incorporated by reference therein ("Joint Information Circular"), each of which is available on SEDAR at www.sedar.com and do not constitute part of this MD&A.

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

OPERATIONAL DEFINITIONS

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

Capital expenditures

The Corporation classifies capital additions as either growth, acquisition or sustaining capital. Growth and 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 growth 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. West Texas Intermediate (“WTI”) crude oil is the North American benchmark price for light crude oil.

THIRD QUARTER HIGHLIGHTS

- **Revenue (excluding oil purchase and resale) of \$317 million** - an increase of 208% compared to the third quarter of 2020. The increase was primarily due to additional revenue associated with the operations acquired from Tervita. Both the Midstream Infrastructure segment and Environmental and Fluid Management segment also benefited from improved industry activity levels, driving incremental volumes and demand for drilling and completion related services;
- **Net loss attributable to shareholders of \$22 million** - an increase of \$17 million compared to the third quarter of 2020. The increase was primarily driven by the impact of the Transaction including incurring \$18 million of transaction costs (which included costs associated with the integration of the Tervita business), \$17 million of higher finance costs associated with debt assumed during the Transaction and higher depreciation, depletion and amortization (“DD&A”), partially offset by higher period over period Adjusted EBITDA as described below.
- **Adjusted EBITDA of \$105 million** - an increase of 184% compared to the third quarter of 2020, primarily due to contributions as a result of the Transaction, which demonstrates the strength and scale of the combined business. In addition, higher oil prices resulted in increased activity levels in the Corporation’s operating areas, which led to higher processing and disposal volumes at our Midstream Infrastructure facilities and landfills and increased demand for drilling and completion services within the Environmental and Fluid Management segment;
- **Discretionary free cash flow of \$76 million** - which was used to pay costs associated with the Transaction, increased working capital acquired from Tervita and associated with higher activity levels, fund growth capital expenditures, as well as the Corporation’s quarterly dividend. Net cash flows from operating activities after changes in non-cash working capital were \$1 million in the quarter;
- **Integration cost savings of \$31 million on an annualized basis** - achieved \$7 million of cost savings impacting Adjusted EBITDA in the third quarter of 2021, and \$31 million on an annual run-rate basis for realized cost savings approaching 50% of the \$75 million target after three months of integration of the business and operations of Tervita following completion of the Transaction. The \$7 million achieved in the quarter is a result of a reduction of headcount, reduced public company costs and operational optimizations. In the three and nine months ended September 30, 2021, costs of \$18 million and \$29 million, respectively, related to the Transaction and integration of the business acquired from Tervita were incurred;
- **Adjusted EBITDA margin³ of 33%** - which remained in line with the Adjusted EBITDA margin of 36% for the third quarter of 2020, which benefited from wage subsidies under the Canada Emergency Wage Subsidy (“CEWS”) program;

³ Refer to the “Non-GAAP Measures” section herein.

- **Midstream Infrastructure segment profit margin⁴ of 64%** - Maintained strong segment profit margins as a percentage of revenue (excluding oil purchase and resale) during the third quarter of 2021;
- **Environmental and Fluid Management segment profit margin⁴ of 26%** - Increased from 24% in the third quarter of 2020 due to the positive impact of the Transaction and continued focus on managing costs;
- G&A expense before depreciation, depletion, amortization and share-based compensation expense as a percentage of revenue (excluding oil purchase and resale) was 9%, consistent with the third quarter of 2020;
- **Private offerings of \$340 million** - Completed a private offering of \$200 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026 (“2026 unsecured notes”), which were released from escrow on July 2, 2021. On July 16, 2021, SECURE used a portion of these proceeds to fund the redemption of US\$100 million of the US\$500 million aggregate principal amount of 11.00% senior second lien secured notes of Tervita due December 1, 2025 (the “2025 senior secured notes”), at a redemption price of 105.5%. The remaining proceeds have been used to repay indebtedness, pay fees and expenses incurred in connection with the note issuance and for general corporate purposes.

On October 4, 2021, the Corporation closed an additional private offering of \$140 million aggregate principal amount of 2026 unsecured notes at an issue price of \$100.75, representing a yield of approximately 7%. The proceeds were primarily used to redeem another US\$100 million in aggregate principal amount of 2025 senior secured notes at a redemption price of 105.5%, plus accrued but unpaid interest to, but not including, the redemption date. The redemptions were completed on October 7 and 8, 2021.

The redemptions of 2025 senior secured notes in July and October 2021 are anticipated to result in annual interest cost savings of approximately \$9 million.

- **Declared dividends of \$2 million** - representing \$0.0075 (0.75 cents) per common share for the quarter.
- Continued to prioritize the advancement of SECURE’s Environmental, Social and Governance (“ESG”) practices:
 - Established the new Board of Directors upon closing of the Transaction, consisting of four members from each of the previous SECURE and Tervita Boards, representing the strengths and capabilities of each organization. The new Board will continue to follow SECURE’s existing best in class governance practices. In addition, the Board now has an independent Chairman, and seven of the eight (87.5%) directors are independent.
 - On July 2, 2021, SECURE appointed Rhonda Rudnitski as VP, ESG. This newly established senior leadership position affirms SECURE’s commitment to sustainability. In her position, Ms. Rudnitski will provide strategic and functional direction for ESG initiatives and monitor SECURE’s performance on key sustainability indicators. She previously held the role of VP, Health, Safety, Environment, Regulatory and Engineering with Tervita.
 - Advanced the development of short and mid-term energy usage and emissions targets as we map out milestones towards achieving our long-term objectives of reducing carbon intensity in half by 2030 and achieving net zero emissions by 2050.
- Received the following credit ratings from S&P Global Ratings (“S&P”), Fitch Ratings (“Fitch”) and Moody’s Investor Service, Inc. (“Moody’s”), providing increased transparency and comparability for debt investors and other capital market participants:

	S&P	Fitch	Moody’s
Corporate Rating	B	B+	B1
2025 senior secured notes	BB-	BB	B1
2026 unsecured notes	B	B+	B3

Prior to completion of the Transaction, the 2025 senior secured notes were rated CCC+ by S&P and B3 by Moody’s.

⁴ Refer to the “Non-GAAP Measures” section herein.

OPERATING AND FINANCIAL HIGHLIGHTS

The Corporation's operating and financial highlights for the three and nine months ended September 30, 2021 and 2020 can be summarized as follows:

(\$ millions except share and per share data)	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%change	2021	2020	%change
Revenue (excludes oil purchase and resale)	317	103	208	566	341	66
Oil purchase and resale	936	349	168	1,860	1,008	85
Total revenue	1,253	452	177	2,426	1,349	80
Adjusted EBITDA ⁽¹⁾	105	37	184	175	100	75
Per share (\$), basic and diluted	0.34	0.23	47	0.84	0.63	33
Net loss attributable to shareholders of SECURE ⁽²⁾	(22)	(5)	340	(37)	(46)	(20)
Per share (\$), basic and diluted	(0.07)	(0.03)	128	(0.18)	(0.30)	(39)
Cash flows from operating activities	1	38	(97)	46	107	(57)
Per share (\$), basic and diluted	0.00	0.24	(100)	0.22	0.67	(67)
Discretionary free cash flow ⁽¹⁾	76	27	181	123	70	76
Per share (\$), basic and diluted	0.25	0.17	46	0.59	0.44	33
Capital expenditures ⁽¹⁾	13	10	30	26	62	(58)
Dividends per common share	0.0075	-	100	0.0225	0.0950	(76)
Total assets ⁽²⁾	3,141	1,423	121	3,141	1,423	121
Long-term liabilities ⁽²⁾	1,487	539	176	1,487	539	176
Common shares - end of period	308,110,429	158,629,808	94	308,110,429	158,629,808	94
Weighted average common shares - basic and diluted	306,474,523	158,577,224	93	209,329,456	158,526,801	32

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

⁽²⁾ Prior year amounts have been restated, refer to "Accounting Policies" for additional information.

- REVENUE OF \$1.3 BILLION AND \$2.4 BILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021
 - Midstream Infrastructure segment revenue (excluding oil purchase and resale) increased 193% to \$132 million during the three months ended September 30, 2021, from the 2020 comparative period. The increase was driven by revenue generated by the Tervita acquired business and higher producer activity levels resulting in increased drilling, completion and production volumes at the Corporation's midstream processing facilities, which positively impacted revenue from treating and disposal. Higher crude oil pricing in the current year period also positively impacted recovered oil revenue and led to higher terminalling volumes which, combined with volatility in crude oil and liquids differentials, resulted in improved marketing contributions.
 - For the nine months ended September 30, 2021, Midstream Infrastructure segment revenue (excluding oil purchase and resale) increased 50% to \$231 million from the nine months ended September 30, 2020. The increase was driven by the same factors described above.
 - Oil purchase and resale revenue for the three and nine months ended September 30, 2021, increased 168% and 85% from the 2020 comparative periods to \$0.9 billion and \$1.9 billion, respectively. The increase is primarily driven by the increase in marketing volumes associated with the midstream facilities acquired through the Transaction. In addition, revenue increased as a result of a 72% and 73% increase in Canadian light oil benchmark pricing during the three and nine months ended September 30, 2021, over the comparative periods of 2020, combined with increased marketing activity as a result of higher production volumes and expanded opportunities to work with our customers to optimize pricing by utilizing multiple crude oil and condensate streams at SECURE's midstream facilities.

- Environmental and Fluid Management segment revenue for the three months ended September 30, 2021, increased 219% from the 2020 comparative period to \$185 million. The acquisition of Tervita contributed incremental revenue, and in addition, higher and more stable crude pricing drove a rebound in activity levels in the Western Canadian Sedimentary Basin (“WCSB”), evidenced by an increase in the active rig count of approximately 150% from the prior year comparative period. This positively impacted industrial landfill disposal volumes and drilling, completion and production fluids. Environmental management project and consulting work continued to benefit from the government abandonment and reclamation stimulus programs in the current year quarter, as well as overall improved activity in the WCSB.
- For the nine months ended September 30, 2021, Environmental and Fluid Management segment revenue increased 79% to \$335 million from the 2020 comparative period driven by the same factors described above and higher second quarter activity levels and related revenue, partially offset by lower drilling and completion and project activity in the first quarter of 2021.
- ADJUSTED EBITDA OF \$105 MILLION AND \$175 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021
 - Adjusted EBITDA of \$105 million and \$175 million increased 184% and 75% from the three and nine months ended September 30, 2020, respectively, primarily as a result of the contributions from the acquired Tervita business and higher period over period revenue as described above. Additionally, Adjusted EBITDA for both periods, benefited from the cost savings achieved as part of the acquired Tervita business in the third quarter of 2021 and the cost reduction measures that took effect in April 2020 to align the Corporation’s fixed cost structure to levels consistent with industry activity levels. The measures in April 2020 included organizational restructuring and associated personnel reductions. SECURE is focused on executing on the identified \$75 million integration cost savings and maintaining strict cost control measures despite increasing activity levels. These positive factors were partially offset by the \$9 million and \$18 million CEWS benefits received in the third quarter and first nine months of 2020, respectively.
- NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF \$22 MILLION AND \$37 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021
 - Net loss attributable to shareholders of SECURE was \$22 million for the three months ended September 30, 2021, compared to a net loss of \$5 million for the corresponding 2020 comparative period. The increase is primarily driven by the impact of the Transaction including incurring \$18 million of transaction costs (which included costs associated with the integration of the Tervita business), \$17 million of higher finance costs associated with debt assumed during the Transaction, higher DD&A on the larger asset base and \$21 million of impairment of intangible assets accounted for through the purchase price allocation of the Transaction and immediately written down as the Tervita trade name is no longer being used, partially offset by higher period over period Adjusted EBITDA as described above. As the Corporation continues to integrate the assets acquired from Tervita and rationalize operations, which may include facility closures, non-cash impairment of the accounting values may be recognized through the remainder of 2021 and potentially into 2022.
 - For the nine months ended September 30, 2021, net loss attributable to shareholders was \$37 million compared to a net loss of \$46 million for the 2020 comparative period. The decrease is primarily a result of higher period over period Adjusted EBITDA, partially offset by higher DD&A and costs incurred in relation to the Transaction.

- CASH FLOWS FROM OPERATING ACTIVITIES OF \$1 MILLION AND \$46 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021
 - The Corporation generated cash flows from operating activities of \$1 million for the three months ended September 30, 2021, a decrease of \$37 million from the prior year comparative period. Higher Adjusted EBITDA in the current year period was more than offset by transaction costs incurred and an outflow associated with the increased investment in non-cash working capital associated with higher activity levels and cost related to the Transaction compared to a recovery in the third quarter of 2020. For the nine months ended September 30, 2021, the Corporation generated cash flows from operating activities of \$46 million, a decrease of 57% from the 2020 comparative period. The decrease was driven by the same factors described above. At September 30, 2021, SECURE carried total net working capital, excluding cash, of \$107 million compared to \$57 million at December 31, 2020, the increase being primarily due to the increased scale of the Corporation's operations and the investment associated with higher activity levels.
- TOTAL CAPITAL EXPENDITURES OF \$13 MILLION AND \$26 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021
 - Growth capital expenditures for the three and nine months ended September 30, 2021, of \$3 million and \$10 million, respectively, related primarily to connecting an additional segment of the East Kaybob oil pipeline in the first quarter of 2021.
 - Sustaining capital incurred in the three and nine months ended September 30, 2021, of \$10 million and \$16 million, respectively, relates primarily to spare parts, well maintenance, and asset integrity and inspection programs.
- FINANCIAL CAPACITY
 - During the three and nine months ended September 30, 2021, the Corporation generated \$76 million and \$123 million in discretionary free cash flow, respectively, which was used primarily to pay costs associated with the Transaction, increased working capital acquired from Tervita and associated with higher activity levels, fund growth capital expenditures, as well as the Corporation's quarterly dividend.
 - On July 2, 2021, in connection with the closing of the Transaction, SECURE entered into the \$800 million three-year Revolving Credit Facility with a maturity date of July 2, 2024. SECURE also entered into the \$30 million new SECURE LC Facility. The new credit facilities provide stability and capacity to the Corporation's capital structure. As at September 30, 2021, the Corporation had drawn \$451 million on the Revolving Credit Facility and a total of \$24 million of letters of credit ("LCs") have been issued against the new SECURE LC Facility resulting in \$300 million of liquidity (available capacity under the Revolving Credit Facility and cash on hand, subject to covenant restrictions).
 - The net proceeds from the private offering of \$200 million aggregate principal amount of 2026 unsecured notes were released from escrow on July 2, 2021. On July 16, 2021, SECURE used a portion of these proceeds to fund the redemption of US\$100 million of the 2025 senior secured notes, at a redemption price of 105.5%. The remaining proceeds have been used to repay indebtedness, pay fees and expenses incurred in connection with the note issuance and for general corporate purposes.

On October 4, 2021, the Corporation closed an additional private offering of \$140 million aggregate principal amount of 2026 unsecured notes at an issue price of \$100.75, representing a yield of approximately 7%. The proceeds were primarily used to redeem another US\$100 million in aggregate principal amount of the 2025 senior secured notes at a redemption price of 105.5% plus accrued but unpaid interest to, but not including, the redemption date. The redemptions were completed on October 7 and 8, 2021.

- The following table outlines SECURE’s Senior and Total Debt to trailing twelve-month EBITDA ratio, calculated in accordance with the Corporation’s credit facilities, at September 30, 2021, and December 31, 2020.

	Sept 30, 2021	Covenant	Dec 31, 2020
Senior Debt to EBITDA	1.6	3.0	2.2
Total Debt to EBITDA	3.5	4.75	3.2
Interest coverage	3.1	2.5	6.4

- DIVIDENDS OF \$2 MILLION AND \$5 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021
 - During the three and nine months ended September 30, 2021, the Corporation declared dividends of \$2 million and \$5 million, respectively, to holders of common shares, representing a quarterly dividend of \$0.0075 (0.75 cents) per share.
 - SECURE believes sharing 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, tax and transaction costs, and will look for opportunities to return additional capital after the successful integration with Tervita and as business conditions warrant.

OUTLOOK

For the remainder of the year, higher crude oil and natural gas prices should continue to provide significant improvement in overall industry activity in the fourth quarter of 2021 and into 2022. Oil and gas producing countries, including Canada, have under spent on developing oil and gas resources since 2014. As a result, decline rates, and in particular higher decline rates associated with shale reserves, have created a tighter balance between supply and demand for crude oil and natural gas. In 2021, capital spending has been focused on attempting to offset high decline wells. For the remainder of 2021 and 2022 we expect to see producer capital spent on both maintaining and growing production levels in a disciplined manner. This should lead to a positive impact on both drilling and completion activity and new production in 2022. Based on current macroeconomic conditions and commodity prices, SECURE also anticipates higher year over year discretionary free cash flow for the remainder of 2021 and 2022 based on the following expectations:

- Increased drilling and completion activity. Since April, the monthly active rig counts in the WCSB have been trending relatively in line with 2019 levels, a substantial increase compared to 2020. SECURE anticipates producers will continue to seek to add production to offset natural declines in order to maintain flat production levels or increase production modestly. As a result, SECURE expects increased utilization at our midstream infrastructure processing facilities as higher drilling, completion and production volumes from increased activity levels require treating, processing, terminalling and disposal. The Corporation has significant capacity to increase facility throughput and disposal with minimal incremental fixed costs or additional capital.
- Increased activity levels in the Environmental and Fluid Management segment with higher volumes at the Corporation’s landfills, as a result of drilling, abandonment, remediation and reclamation activity. In addition, the Canadian Federal Government’s \$1.7 billion stimulus package to help fund the closure and reclamation of orphan and inactive wells in the WCSB, as well as new direction from the Alberta Energy Regulator requiring energy producers and other companies that have retirement obligations related to non-producing wells and facilities to spend an amount each year to settle those obligations. SECURE expects increased abandonment, remediation and reclamation activity to positively impact all Canadian operations over the term of the program, as a result of higher demand for environmental site assessments, onsite abandonment, remediation and reclamation management and decommissioning work.

- Realization of additional synergies in the fourth quarter, with a full year target of annualized cost savings of between \$35-38 million, comprised primarily of corporate headcount reductions, public company cost savings and facility rationalizations.

Integration Cost Savings and Synergies

SECURE's priority for the next 12-15 months is to successfully integrate the Tervita facilities and operating networks and deliver on expected integration cost savings to become a more resilient, profitable, and efficient business. Annual integration cost savings impacting Adjusted EBITDA of at least \$75 million are expected to be achieved by the end of 2022. At September 30, 2021, \$31 million of annualized savings, or 41%, of the target has been achieved, and we expect to end the year having achieved between \$35-38 million of annualized savings. The Corporation expects the integration cost savings will be attained through operational optimizations (approximately 60%), including increased facility utilization, reduced field overhead, field office closures, transportation savings and operating cost efficiencies, as well as corporate overhead reductions (approximately 40%). Additional savings through initiatives such as optimizing our capital structure are expected to provide incremental discretionary free cash flow beyond our \$75 million cost savings target that impact Adjusted EBITDA.

Improvement and Progression of the Capital Structure

The Corporation's revised capital structure following the close of the Transaction provides increased stability with no near-term maturities, as well as enhanced flexibility with early redemption options available on the 2026 unsecured notes, and capacity on the Revolving Credit Facility, subject to covenant restrictions. The Corporation's current capital structure includes:

- \$800 million Revolving Credit Facility (matures July 2024). Total amount drawn on the Revolving Credit Facility as at September 30, 2021 was \$451 million. LCs issued against the Revolving Credit Facility in the amount of \$68 million reduce the amount available to be drawn under the facility. As a result, at September 30, 2021, the Corporation had availability of \$281 million on the Revolving Credit Facility, subject to covenant restrictions. The Corporation expects to incur an average interest rate of approximately 4.2% for funds drawn on the facility for the remainder of 2021.
- \$30 million new SECURE LC Facility. At September 30, 2021, SECURE has issued LCs in the amount of approximately \$24 million against this new SECURE LC Facility.
- Subsequent to September 30, 2021, SECURE redeemed an additional US\$100 million in aggregate principal amount of its 2025 senior secured notes through issuing \$140 million aggregate principal amount of 2026 unsecured notes, which will result in additional interest savings of approximately \$5 million per year. Combined with an earlier redemption of US\$100 million in aggregate principal amount of the 2025 senior secured notes in July 2021, our combined annual interest savings realized since completing the Transaction are now approximately \$9 million. Our current fixed debt portfolio consists of:
 - US\$300 million aggregate principal amount of 2025 senior secured notes.
 - \$340 million aggregate principal amount of 2026 unsecured notes.

Throughout the remainder of this year and 2022, the Corporation will continue to focus on maintaining financial resiliency and prioritize the repayment of debt to best position the Corporation for long-term success.

The Corporation continues to take a prudent approach to capital spending for the remainder of the year. The capital expenditure budget for the fourth quarter of 2021 is expected to be approximately \$7-10 million, which includes approximately \$5-8 million of sustaining capital, including that associated with the acquired Tervita facilities.

A full evaluation of SECURE and Tervita's combined capital project opportunities is ongoing, and the capital budget may be revised in accordance with opportunities to connect producers to existing midstream infrastructure to further increase volumes and utilization on a long-term basis. We expect sustaining capital in 2022 to be approximately \$40 million, and additional sustaining capital related to landfill expansions of approximately \$15 million, which assumes growth in industry activity from current levels. We anticipate that the majority of our growth capital in 2022 will be focused on projects that both reduce our customer's costs and lower emissions as we execute oil and water gathering pipelines. Assisting customers to recycle and reduce wherever possible continues to be part of our long-term strategy and other long-term opportunities such as carbon dioxide sequestration infrastructure will continue to be evaluated as part of our ESG goals.

Enhanced ESG platform

The Corporation's business is uniquely positioned to deliver economic and environmental benefits that make the oil and gas industry more efficient and sustainable. We are committed to continuing to work with our customers to challenge what's possible and develop innovative solutions that lower their cost structure, improve capital efficiency, and minimize the environmental impacts associated with the development of our shared resources. The Transaction provides the increased size and scale, utilization, and efficiencies to enhance the services and capabilities the Corporation can provide to our customers to help achieve their objectives of responsible development, while reducing costs.

SECURE will continue to take proactive measures to reduce the environmental impact of our own operations, and positively contribute to the health, safety, and economic wellbeing of our employees and communities where we live and work. The Transaction elevates our position to accelerate the Corporation's environmental and social sustainability initiatives for the benefit of all stakeholders. During the remainder of 2021, SECURE expects to continue to explore opportunities to further reduce our carbon footprint so that we can continue to positively contribute to the efforts to mitigate climate change and integrate two strong ESG frameworks into a single one that will provide the roadmap to establish SECURE as an ESG leader. We will continue to help our customers find innovative ways to support their ESG goals. We believe that, by working collaboratively, Canada's energy industry can have the lowest cost structure and operate with the highest ESG standards in the world.

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 and Adjusted EBITDA Margin

Adjusted EBITDA is calculated as noted in the table below and reflects items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue (excluding oil purchase and resale).

Adjusted EBITDA and Adjusted EBITDA margin are not recognized measures under IFRS and therefore may not be comparable to similar measures presented by other companies.

Management believes that in addition to net income (loss), 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. Adjusted EBITDA margin is used as a supplemental measure by management to evaluate cost efficiency.

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 Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Net loss ⁽¹⁾	(22)	(5)	340	(38)	(47)	(19)
Add:						
Depreciation, depletion and amortization ^{(1) (2)}	83	31	168	144	118	22
Current tax expense	-	1	(100)	-	1	(100)
Deferred tax recovery	(8)	(1)	700	(11)	(13)	(15)
Share-based compensation ⁽²⁾	3	3	-	10	7	43
Interest, accretion and finance costs ⁽¹⁾	24	7	243	32	23	39
Other expense	7	-	100	9	-	100
Transaction and restructuring costs	18	1	1,700	29	11	164
Adjusted EBITDA	105	37	184	175	100	75

⁽¹⁾ Prior year amounts have been restated, refer to "Accounting Policies" for additional information.

⁽²⁾ Included in cost of sales and/or general and administrative expenses on the Consolidated Statements of Comprehensive Loss.

In the prior year, restructuring costs relate primarily to severance incurred to reduce the Corporation's cost structure to align with expected industry activity levels. In the three and nine months ended September 30, 2021, transaction costs of \$18 million and \$29 million, respectively, related to costs associated with the Transaction and integration of the acquired Tervita business. The Corporation also added back other expense of \$7 million for the three months ended September 30, 2021, resulting from realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive income and realized and unrealized gains or losses related to the cross currency swaps to hedge foreign exchange exposure on U.S. dollar denominated debt, partially offset by a gain on extinguishment of 2025 senior secured notes. Other expense of \$9 million was added back for the nine months ended September 30, 2021, resulting from the same factors as described above.

Discretionary Free Cash Flow

Discretionary free cash flow is defined as net cash flows from operating activities adjusted for changes in non-cash working capital, sustaining capital expenditures, and lease payments (net of sublease receipts). The Corporation may deduct or include additional items in its calculation of discretionary free cash flow that are unusual, non-recurring, or non-operating in nature. For the three and nine months ended September 30, 2021, transaction costs have been adjusted as they are costs outside the normal course of business. In the prior year comparative period, restructuring costs have been adjusted for as these charges were irregular in nature.

Discretionary free cash flow is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies.

Discretionary free cash flow is used to assess the level of cash flow generated from ongoing operations. Management uses the discretionary free cash flow measure to evaluate the adequacy of internally generated cash flow to manage debt levels, invest in the growth of the business, or return capital to our shareholders.

The following table reconciles the Corporation's net cash flows from operating activities, being the most directly comparable measure calculated in accordance with IFRS, to discretionary free cash flow.

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Net cash flows from operating activities	1	38	(97)	46	107	(57)
Adjust:						
Change in non-cash working capital	73	(6)	(1,317)	76	(29)	(362)
Sustaining capital ⁽¹⁾	(10)	(2)	400	(16)	(6)	167
Lease liability principal payment (net of sublease receipts)	(6)	(4)	50	(12)	(13)	(8)
Transaction costs	18	-	100	29	-	100
Restructuring costs	-	1	(100)	-	11	(100)
Discretionary free cash flow	76	27	181	123	70	76

⁽¹⁾ Refer to "Operational Definitions" for further information.

Segment profit margin

Segment profit margin is calculated as the difference between revenue and cost of sales, excluding depreciation, depletion, amortization, impairment, 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 Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Gross margin ⁽¹⁾	57	17	235	97	25	288
Add:						
Depreciation, depletion and amortization ^{(1) (2)}	77	28	175	133	109	22
Share-based compensation ⁽²⁾	-	1	(100)	1	3	(67)
Segment profit margin	134	46	191	231	137	69

⁽¹⁾ Prior year amounts have been restated, refer to "Accounting Policies" for additional information.

⁽²⁾ These charges are included in cost of sales on the Corporation's Consolidated Statements of Comprehensive Loss.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

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 outlined in the 'Corporate Overview' above, and presented in Note 16 of the Interim Financial Statements.

- **Midstream Infrastructure** includes a 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. Midstream Infrastructure services include clean oil terminalling and storage, crude oil marketing, pipeline transportation, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, and oil purchase/resale service.
- **Environmental and Fluid Management** includes a network of industrial landfills, hazardous and non-hazardous waste management and disposal; onsite abandonment, environmental solutions for site remediation and reclamation management, bio-remediation and technologies, water treatment and recycling, emergency response, rail services, metal recycling services; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and fluid management for drilling, completion and production activities.

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 tables below outline the results by reportable segment for the three and nine months ended September 30, 2021 and 2020:

Three months ended Sept 30, 2021	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue from services	132	185	-	317
Oil purchase and resale service	936	-	-	936
Total revenue	1,068	185	-	1,253
Cost of sales excluding items listed separately below	(983)	(136)	-	(1,119)
Segment profit margin	85	49	-	134
G&A expenses excluding items listed separately below	(9)	(7)	(13)	(29)
Depreciation, depletion and amortization ⁽¹⁾	(55)	(25)	(3)	(83)
Share-based compensation ⁽¹⁾	-	-	(3)	(3)
Interest, accretion and finance costs	-	(2)	(22)	(24)
Transaction costs	-	-	(18)	(18)
Other expense	-	-	(7)	(7)
Income (loss) before tax	21	15	(66)	(30)

Nine months ended Sept 30, 2021	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue from services	231	335	-	566
Oil purchase and resale service	1,860	-	-	1,860
Total revenue	2,091	335	-	2,426
Cost of sales excluding items listed separately below	(1,947)	(248)	-	(2,195)
Segment profit margin	144	87	-	231
G&A expenses excluding items listed separately below	(18)	(16)	(22)	(56)
Depreciation, depletion and amortization ⁽¹⁾	(96)	(42)	(6)	(144)
Share-based compensation ⁽¹⁾	-	-	(10)	(10)
Interest, accretion and finance costs	(1)	(2)	(29)	(32)
Transaction costs	-	-	(29)	(29)
Other expense	(2)	-	(7)	(9)
Income (loss) before tax	27	27	(103)	(49)

Three months ended Sept 30, 2020	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue from services	45	58	-	103
Oil purchase and resale service	349	-	-	349
Total revenue	394	58	-	452
Cost of sales excluding items listed separately below	(362)	(44)	-	(406)
Segment profit margin	32	14	-	46
G&A expenses excluding items listed separately below	(4)	(2)	(3)	(9)
Depreciation, depletion and amortization ^{(1) (2)}	(22)	(8)	(1)	(31)
Share-based compensation ⁽¹⁾	-	-	(3)	(3)
Interest, accretion and finance costs ⁽²⁾	(1)	-	(6)	(7)
Restructuring costs	-	(1)	-	(1)
Income (loss) before tax	5	3	(13)	(5)

Nine months ended Sept 30, 2020	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue from services	154	187	-	341
Oil purchase and resale service	1,008	-	-	1,008
Total revenue	1,162	187	-	1,349
Cost of sales excluding items listed separately below	(1,065)	(147)	-	(1,212)
Segment profit margin	97	40	-	137
G&A expenses excluding items listed separately below	(12)	(12)	(13)	(37)
Depreciation, depletion and amortization ^{(1) (2)}	(69)	(45)	(4)	(118)
Share-based compensation ⁽¹⁾	-	-	(7)	(7)
Interest, accretion and finance costs ⁽²⁾	(3)	-	(20)	(23)
Restructuring costs	(4)	(6)	(1)	(11)
Income (loss) before tax	9	(23)	(45)	(59)

⁽¹⁾ Depreciation, depletion and amortization, share-based compensation and impairment 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.

⁽²⁾ Prior year amounts have been restated, refer to the "Accounting Policies" section for additional information.

MIDSTREAM INFRASTRUCTURE SEGMENT

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

Midstream Infrastructure

The Midstream Infrastructure segment owns and operates a network of facilities throughout western Canada, North Dakota and 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. 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 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. At the Corporation's 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. The Corporation may also purchase and resell crude oil to take advantage of marketing opportunities and increase profitability.

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Revenue (excluding oil purchase and resale)	132	45	193	231	154	50
Oil purchase and resale	936	349	168	1,860	1,008	85
Midstream Infrastructure Revenue	1,068	394	171	2,091	1,162	80
Cost of Sales						
Cost of sales excluding items noted below	47	13	262	87	57	53
Depreciation and amortization ⁽¹⁾	52	21	148	92	66	39
Oil purchase and resale	936	349	168	1,860	1,008	85
Midstream Infrastructure Cost of Sales	1,035	383	170	2,039	1,131	80
Segment Profit Margin ⁽²⁾	85	32	166	144	97	48
Segment Profit Margin ⁽²⁾ as a % of revenue ⁽³⁾	64%	71%		62%	63%	

⁽¹⁾ Prior year amounts have been restated, refer to "Accounting Policies" for additional information.

⁽²⁾ Calculated as revenue less cost of sales excluding depreciation and amortization. Refer to "Non-GAAP Measures" for further information.

⁽³⁾ Excluding oil purchase and resale.

Revenue (Midstream Infrastructure segment)

Revenue (excluding oil purchase and resale) of \$132 million for the three months ended September 30, 2021, increased 193% from the 2020 comparative period. Through the acquisition of Tervita, SECURE increased its facility footprint substantially resulting in an increase in revenue. In the prior year comparative period, production shut-ins and minimal drilling and completion activity across the WCSB and North Dakota as a result of extremely low crude oil and liquids pricing negatively impacted volumes at the Corporation's midstream processing facilities, limited crude oil optimization opportunities and negatively impacted recovered oil pricing. For the three months ended September 30, 2021, higher crude oil pricing and more stable market dynamics led to increased drilling, completion and production volumes, which drove increased revenues from processing, disposal and recovered oil. Additionally, improved commodity pricing along with volatility in oil quality differentials provided increased opportunities for price optimization at the Corporation's pipeline connected FSTs and terminals, resulting in higher revenues generated from crude oil marketing in the current year period.

For the nine months ended September 30, 2021, revenue (excluding oil purchase and resale) increased 50% from the 2020 comparative period driven by the same factors described above.

The table below outlines average benchmark prices and volumes received at the Corporation's facilities for the three and nine months ended September 30, 2021 and 2020. Through the acquisition of Tervita, SECURE increased its facility footprint resulting in a substantial increase in volumes. Secondary drivers of the increase in volumes are discussed below.

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Average Benchmark Prices and Volumes						
WTI (US\$/bbl)	\$ 70.56	\$ 40.93	72	\$ 64.81	\$ 38.31	69
Canadian Light Sweet (\$/bbl)	\$ 84.18	\$ 49.05	72	\$ 76.36	\$ 44.17	73
Water disposal volumes (in 000's m ³)	2,274	949	140	4,351	3,612	20
Processing volumes (in 000's m ³)	954	292	227	1,672	1,036	61
Recovery volumes (in 000's m ³)	64	18	256	116	75	55
Crude oil terminalling and pipeline volumes (in 000's m ³)	1,689	838	102	3,332	2,637	26

Disposal volumes for the three months ended September 30, 2021, increased 140% from the 2020 comparative period as higher activity levels drove increased volumes from drilling and completions. Produced water also increased from the comparative period of 2020 which was negatively impacted by production shut-ins in the second quarter of 2020. For the nine months ended September 30, 2021, disposal volumes increased 20% from the 2020 comparative period driven by the increases noted above, offset by lower volumes for the first two months of 2021 corresponding to reduced year over year producer completion activity, limited overflow volumes from producers with capacity to handle their own product, and customer storage of production water for anticipated completions.

Processing volumes for the three months ended September 30, 2021, increased 227% from the 2020 comparative period as a result of higher emulsion treating volumes from improved overall production levels, and higher waste processing volumes corresponding to increased drilling and completion activity. For the nine months ended September 30, 2021, processing volumes increased 61% from the 2020 comparative period as a result of the factors noted above.

Oil volumes recovered through our processing operations increased 256% and 55% for the three and nine months ended September 30, 2021, respectively, from the corresponding 2020 comparative periods, consistent with overall volume variances at the Corporation's midstream processing facilities as described above. Improved benchmark oil pricing in the current year periods drove higher recovered oil revenue for both the three and nine months ended September 30, 2021.

Crude oil terminalling and pipeline volumes increased 102% and 26% for the three and nine months ended September 30, 2021, from the respective 2020 comparative periods. The increase was a result of increased terminalling at certain facilities due to higher production, the addition of the contracted East Kaybob oil pipeline in June 2020, and stability of volumes associated with the contracted Kerrobert crude oil pipeline.

Oil purchase and resale revenue for the three and nine months ended September 30, 2021, increased 168% and 85% from the 2020 comparative periods to \$0.9 billion and \$1.9 billion, respectively. The increase is primarily driven by the increase in marketing volumes associated with the midstream facilities acquired through the Transaction. In addition, revenue increased as a result of a 72% and 73% increase in Canadian light oil benchmark pricing during the three and nine months ended September 30, 2021, over the comparative periods of 2020, combined with increased marketing activity as a result of higher production volumes and expanded opportunities to work with our customers to optimize pricing by utilizing multiple crude oil and condensate streams at SECURE's midstream facilities.

Cost of Sales (Midstream Infrastructure segment)

Cost of sales from Midstream Infrastructure services, excluding depreciation and amortization and oil purchase and resale, increased 262% for the three months ended September 30, 2021, from the 2020 comparative period. The increase in cost of sales is primarily a result of higher costs associated with the increase in the Midstream Infrastructure segment's facility footprint and associated activity levels, consistent with the increase in revenue. Additionally, the prior year comparative period benefitted from CEWS reimbursements. For the nine months ended September 30, 2021, cost of sales, excluding depreciation and amortization and oil purchase and resale, increased 53%, consistent with the increase in revenue for the same period, offset by the impact of cost reduction measures taken since the first quarter of 2020 to align the segment's fixed cost structure with anticipated activity levels and by CEWS reimbursements received in the prior year comparative period.

Operating DD&A expense included in cost of sales relates primarily to the Midstream Infrastructure segment's facilities, and any gains or losses on the sale or disposal of equipment. For the three and nine months ended September 30, 2021, operational DD&A increased by 148% and 39% from the respective 2020 comparative periods. The increase in operational DD&A is primarily attributable to the increase in asset base associated with the acquisition of Tervita and impairment of intangible assets accounted for through the purchase price allocation of the Transaction and immediately written down as the Tervita trade name is no longer being used, offset by write-downs recorded for assets taken out of use or related to certain projects in development that were delayed or suspended in the prior year comparative periods at the onset of the economic downturn.

Segment Profit Margin (Midstream Infrastructure segment)

The Midstream Infrastructure segment's profit margin increased 166% for the three months ended September 30, 2021, from the 2020 comparative period due to the factors described above. As a percentage of Midstream Infrastructure services revenue, segment profit margin was 64% for the three months ended September 30, 2021, compared to 63% for the same period of 2020, excluding the impact of CEWS recoveries.

For the nine months ended September 30, 2021, the Midstream Infrastructure segment's profit margin increased 48% to \$144 million from the 2020 comparative period due to the factors described above. As a percentage of Midstream Infrastructure services revenue, segment profit margin decreased marginally at 62% for the nine months ended September 30, 2021, compared to 63% for the same period of 2020.

General and Administrative Expenses (Midstream Infrastructure segment)

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
G&A expense excluding depreciation and amortization	9	4	125	18	12	50
Depreciation and amortization	3	1	200	4	3	33
Midstream Infrastructure G&A expense	12	5	140	22	15	47
% of Midstream Infrastructure services revenue ⁽¹⁾	7%	9%		8%	8%	

⁽¹⁾ Calculated based on G&A expense excluding depreciation and amortization.

G&A expense excluding depreciation and amortization of \$9 million and \$18 million for the three and nine months ended September 30, 2021, increased by \$5 million and \$6 million from the respective 2020 comparative periods. The increase is primarily due to incremental expenses associated with the Tervita business and wage subsidies associated with CEWS received in the prior year periods which were booked as a recovery to G&A expense. The Corporation continues to maintain cost control measures limiting discretionary spending. Excluding depreciation and amortization, G&A expense as a percentage of the segment's services revenue was 7% and 8% for the three and nine months ended September 30, 2021, respectively, compared to 9% and 8% for the three and nine months ended September 30, 2020.

Income Before Tax (Midstream Infrastructure segment)

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Midstream Infrastructure Income (Loss) before Tax	21	5	320	27	9	200

The Midstream Infrastructure segment's income before tax was \$21 million for the three months ended September 30, 2021, compared to \$5 million in the prior year comparative period. The improvement is a result of higher segment profit margin, partially offset by higher G&A expense, depreciation and amortization expense.

For the nine months ended September 30, 2021, the Midstream Infrastructure segment generated income of \$27 million, an increase of \$18 million from the prior year comparative period. The positive variance is primarily due to the same factors described above, partially offset by a \$2 million non-cash loss on the deconsolidation of a crude oil storage business in Cushing, Oklahoma. Refer to Note 7 of the Interim Financial Statements for further information.

ENVIRONMENTAL AND FLUID MANAGEMENT SEGMENT

The Environmental and Fluid Management segment includes a network of industrial landfills, hazardous and non-hazardous waste management and disposal, onsite abandonment, environmental solutions for site remediation and reclamation, bio-remediation and technologies, water treatment & recycling, emergency response, rail services, metal recycling services, as well as fluid management for drilling, completion and production activities. Services offered include 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; reclamation and remediation; and emergency response. Recycling services include the purchase and processing of ferrous and non-ferrous metals recovered from demolition sites and other locations.

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Environmental and Fluid Management Revenue	185	58	219	335	187	79
Cost of sales excluding items noted below	136	44	209	248	147	69
Depreciation, depletion, and amortization	25	7	257	41	43	(5)
Environmental and Fluid Management Cost of Sales	161	51	216	289	190	52
Segment Profit Margin ⁽¹⁾	49	14	250	87	40	118
Segment Profit Margin ⁽¹⁾ as a % of revenue	26%	24%		26%	21%	

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

Revenue (Environmental and Fluid Management segment)

The Environmental and Fluid Management segment revenue increased 219% to \$185 million for the three months ended September 30, 2021, from the 2020 comparative period. The increase was largely driven by the acquisition of Tervita which increased revenue in SECURE's existing environmental management service offerings as well revenue related to services that expand environmental management service offerings to include hazardous and non-hazardous waste disposal facilities, water treatment, metals recycling facilities and rail services.

The revenue increase was also driven by a substantial increase in drilling and completion activity compared to the corresponding 2020 period which had minimal activity resulting from low commodity prices and market instability. The higher activity levels resulted in increased drilling waste volumes at the Corporation's industrial landfills. Environmental management project and consulting work during the three months ended September 30, 2021, continued to benefit from the government stimulus programs introduced in April of the previous year, as well as improved activity in the WCSB from the COVID-19 related declines that were present in the third quarter of 2020. The higher drilling and completion activity along with increased production since the producer production shut-ins in the second quarter of 2020, positively impacted the drilling fluids and production chemicals business.

For the nine months ended September 30, 2021, Environmental and Fluid Management segment revenue increased 79% to \$335 million driven by the same factors described above and higher second quarter activity levels and related revenue, partially offset by the impact of lower drilling and completion activity in the first quarter of 2021, which reduced drilling waste volumes at the Corporation's landfills and demand for fluid management. Additionally, project work in early 2021 was negatively impacted by job shut-downs or deferrals resulting from public health measures taken to limit the spread of COVID-19.

Cost of Sales (Environmental and Fluid Management segment)

Cost of sales excluding DD&A increased 209% and 69% to \$136 million and \$248 million for the three and nine months ended September 30, 2021, respectively, from the corresponding 2020 comparative period. The increase is primarily due to the acquisition of Tervita. In addition, a majority of the Environmental and Fluid Management segment's cost of sales are variable and will fluctuate with corresponding changes in activity levels and job mix. For the current year periods, the Corporation also benefited from its continued focus on managing costs, realized savings from initiatives reducing fixed costs beginning in the second quarter of 2020 and significantly lower leachate disposal costs at the Corporation's landfills due to relatively dry conditions compared to the prior year. In addition, favourable product mix of drilling fluids and production chemicals positively contributed to lower expenses. These positive factors were partially offset by reduced recoveries associated with CEWS recorded in the current year periods compared to comparative 2020 periods.

Operating DD&A expense increased by 257% to \$25 million for the three months ended September 30, 2021 from the 2020 comparative period. The DD&A increase relates primarily to higher landfill cell depletion resulting from higher volumes in the current year period and the incremental depreciation associated with the assets acquired from Tervita and impairment of intangible assets accounted for through the purchase price allocation of the Transaction and immediately written down as the Tervita trade name is no longer being used. Operating DD&A expense decreased by 5% to \$41 million for the nine months ended September 30, 2021, as the increases described above were more than offset by the elimination of amortization expense following the write-off of the segment's intangible asset balance at March 31, 2020 and the non-cash impairment charge of \$16 million recorded against the Corporation's drilling services intangible assets resulting from the severe weakening in crude oil prices in March 2020 and the resulting decline in the demand for drilling services.

Segment Profit Margin (Environmental and Fluid Management segment)

Segment profit margin increased 250% and 118% to \$49 million and \$87 million for the three and nine months ended September 30, 2021, respectively, from the corresponding 2020 comparative periods. For the three and nine months ended September 30, 2021, segment profit margin as a percentage of revenue was 26%, compared to 24% and 21% in the prior year comparative periods. The profit margin improvements are primarily a result of higher revenue contributing to improved fixed cost absorption, favourable product and service mix, and fixed cost reductions following the first quarter of 2020, offset by reduced recoveries associated with CEWS recorded in the current year periods compared to comparative 2020 periods.

General and Administrative Expenses (Environmental and Fluid Management segment)

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	% Change	2021	2020	% Change
G&A expense excluding depreciation and amortization	7	2	250	16	12	33
Depreciation and amortization	-	1	(100)	1	2	(50)
Environmental and Fluid Management G&A Expense	7	3	133	17	14	21
% of Environmental and Fluid Management revenue ⁽¹⁾	4%	3%		5%	6%	

⁽¹⁾ Calculated based on G&A expense excluding depreciation and amortization.

G&A expenses of \$7 million and \$16 million for the three and nine months ended September 30, 2021, respectively, increased \$5 million and \$4 million from the 2020 comparative periods. The increase is primarily due to incremental expenses associated with the Tervita business and wage subsidies associated with CEWS received in the prior year periods which were booked as a recovery to G&A expense. The increase for the nine months ended September 30, 2021 was partially offset by the benefit in 2021 of the full run rate of cost reductions which began to take effect in April 2020.

Excluding depreciation and amortization, G&A expenses as a percentage of the segment's revenue was 4% and 5% for the three and nine months ended September 30, 2021, respectively, compared to 3% and 6% in the comparative prior year periods.

Income Before Tax (Environmental and Fluid Management segment)

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Environmental and Fluid Management Income (Loss) before Tax	15	3	400	27	(23)	(217)

The Environmental and Fluid Management segment income before tax increased by \$12 million to \$15 million for the three months ended September 30, 2021. The positive variance is primarily due to higher segment profit margin as described above, partially offset by higher depreciation. For the nine months ended September 30, 2021, the segment recorded income before tax of \$27 million, compared to a loss before tax of \$23 million for the prior year comparative period. In addition to reduced segment profit margin, the segment's loss before tax for the nine months ended September 30, 2020, included a non-cash impairment charge of \$16 million, as well as costs of \$6 million incurred related to organizational restructuring.

CORPORATE INCOME AND EXPENSES

Corporate Cost of Sales

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Cost of Sales						
Share-based compensation expense	-	1	(100)	1	3	(67)

Corporate cost of sales of \$nil and \$1 million for the three and nine months ended September 30, 2021, respectively, 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 for the three and nine months ended September 30, 2021, is primarily due to a reduction in the Corporation's share-based compensation plan eligibility, and timing of the 2021 grant of units.

Corporate General and Administrative Expenses

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
General and administrative expenses excluding items noted below	13	3	333	22	13	69
Depreciation and amortization	3	1	200	6	4	50
Share-based compensation expense	3	2	50	9	4	125
Total Corporate G&A expenses	19	6	217	37	21	76

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 DD&A and share-based compensation expense increased \$10 million to \$13 million for the three months ended September 30, 2021, from the comparative 2020 period, primarily as a result of a larger Corporate function due to the increased size of the merged business and the impact of CEWS reimbursements received in the prior year period. For the nine months ended September 30, 2021, G&A expenses increased 69% to \$22 million due to the same factors described above offset by lower personnel costs resulting from prior year restructuring efforts which began to take effect in the second quarter of 2020.

Share-based compensation included in G&A expenses of \$3 million and \$9 million for the three and nine months ended September 30, 2021, respectively, increased \$1 million and \$5 million from the corresponding prior year comparative periods. The increase was primarily a result of forfeitures associated with headcount reductions in the prior year period, along with revaluing the liability associated with cash-settled share units at a higher period end share price during the 2021 periods.

Transaction Costs and Restructuring

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Transaction costs	18	-	100	29	-	100
Restructuring costs	-	-	-	-	1	(100)

Transaction costs were recorded to the Corporate segment of \$18 million and \$29 million for the three and nine months ended September 30, 2021, respectively. The transaction costs for the nine months ended September 30, 2021 primarily related to legal and advisory fees of \$21 million for the completion of the Transaction, including the competition review process, and \$8 million of integration costs.

For the nine months ended September 30, 2020, the Corporation recorded \$1 million of restructuring costs related to severance paid to corporate employees or officers as a result of measures taken to reduce the Corporation's cost structure to align with expected industry activity levels.

Interest and Finance Costs

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Interest and finance costs	22	6	267	29	20	45

Interest and finance costs includes interest expense (net of amortization of the fair value premium associated with the 2025 senior secured notes), amortization of financing fees, interest expense on lease liabilities and all realized and unrealized gains or losses related to interest rate swaps on the Corporation's senior secured credit facilities.

Overall interest and finance costs increased 267% and 45% to \$22 million and \$29 million for the three and nine months ended September 30, 2021, respectively, from the 2020 comparative periods. On close of the Transaction, SECURE assumed Tervita's debt which included amounts owing under a revolving credit facility and the 2025 senior secured notes. The assumption of Tervita's debt resulted in an increase to average debt outstanding and a higher weighted average interest rate than the comparative prior year periods. Refer to the Liquidity and Capital Resources section for details of SECURE's debt borrowings.

Other Expense

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Other expense	7	-	100	9	-	100

Other expense includes all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive income, all realized and unrealized gains or losses related to the cross currency swaps to hedge foreign exchange exposure on U.S. dollar denominated debt, loss associated with the loss of control of a former controlling interest and a gain on extinguishment of 2025 senior secured notes.

Foreign Currency Translation Adjustment

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Foreign currency translation gain (loss), net of tax	3	(4)	(175)	(3)	5	(160)

Included in other comprehensive loss for the three months ended September 30, 2021, is a foreign translation gain of \$3 million. The gain 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, at a higher period end rate due to the depreciation of the Canadian dollar relative to the U.S. dollar during the period. For the nine months ended September 30, 2021, the foreign translation adjustment was a loss of \$3 million due to the appreciation 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

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	% Change	2021	2020	% Change
Income taxes						
Current tax expense	-	1	(100)	-	1	(100)
Deferred tax recovery	(8)	(1)	700	(11)	(13)	(15)
Total income tax expense (recovery)	(8)	-	100	(11)	(12)	(8)

For the three and nine months ended September 30, 2021, the Corporation's income tax recovery was \$8 million and \$11 million, respectively, compared to \$nil and \$12 million for the corresponding prior year comparative periods. The variance in the quarter is as a result of higher pre-tax losses in the current year period.

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 and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. This limits the movement of the heavy equipment required for drilling and well servicing activities, and the level of activity of the Corporation's customers may, consequently, be reduced. In addition, the transportation of heavy waste loads is restricted, resulting in smaller loads and a general reduction in the volume of waste delivered to SECURE's facilities. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's midstream infrastructure and fluid management activity levels. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up. Environmental management project activity tends to be lower in the first half of the year due to the previously described factors and challenges of completing excavation work on frozen terrain in the first quarter. 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.

(\$million's except share and per share data)	2021				2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Revenue (excluding oil purchase and resale)	317	117	132	119	103	66	172	157	
Oil purchase and resale	936	395	529	356	349	226	434	596	
Total revenue	1,253	512	661	475	452	292	606	753	
Net (loss) income attributable to shareholders of SECURE ⁽¹⁾	(22)	(15)	(1)	(38)	(5)	(20)	(22)	3	
Per share - basic and diluted	(0.07)	(0.09)	0.00	(0.24)	(0.03)	(0.13)	(0.14)	0.02	
Weighted average shares - basic	306,474,523	160,358,466	159,540,722	158,664,323	158,577,224	158,488,825	158,513,800	157,097,902	
Weighted average shares - diluted	306,474,523	160,358,466	159,540,722	158,664,323	158,577,224	158,488,825	158,513,800	159,430,711	
Adjusted EBITDA ⁽²⁾	105	30	39	37	37	20	42	47	

⁽¹⁾ Prior year amounts have been restated, refer to "Accounting Policies" for additional information.

⁽²⁾ Refer to "Non-GAAP measures" for further information.

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with fluctuating commodity prices impacting industry activity, and SECURE's historical growth and acquisitions, 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 resulting from a lack of pipeline egress out of the WCSB resulted in a pull back on producer budgets for 2019. 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.

The rapid and dramatic decline in crude oil prices at the end of the first quarter of 2020 resulting from oil demand destruction caused by COVID-19 and over supply concerns stemming from failed negotiations between OPEC+ countries on production curtailments began to have an additional adverse impact on the Corporation's results in March 2020, and resulted in negative quarter over quarter variances throughout the remainder of 2020.

During the first half of 2021 and continuing in the third quarter of 2021, higher crude oil prices resulted in improved activity levels across all business units and increased utilization at the Corporation's midstream processing facilities and landfills as higher drilling, completion and production volumes from increased activity levels required treating, processing and disposal.

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 headings '*General Development of the Business*' and '*Description of Business*' in the AIF and Information Circular 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 April 2019, SECURE acquired a 27% interest in a storage facility in Cushing, Oklahoma;
- In October 2019, the Corporation's Pipestone water disposal facility commenced operations. SECURE added three other produced water pipelines in 2019, connecting producer batteries/gas plants to SECURE's midstream infrastructure at Gold Creek (two) and Tony Creek (one); and
- In July 2020, the Corporation's East Kaybob oil pipeline commenced operations.
- The close of the Transaction, whereby SECURE acquired Tervita, significantly impacted the results in the third quarter of 2021 as SECURE increased its Midstream Infrastructure footprint and expanded its Environmental and Fluid Management services offerings.

In addition to the above, SECURE has completed several improvements and expansions to increase capacity capabilities at existing facilities, including construction of produced water pipelines at existing facilities, primarily in the Montney and Duvernay regions of Alberta, and in the Bakken region of North Dakota.

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, to sustain the business for the long-term.

Management considers capital to be the Corporation's current assets less current liabilities, debt borrowings (Revolving credit facility, 2025 senior secured notes and 2026 unsecured notes) 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 EBITDA as defined in the Corporation's lending agreements.

Debt Borrowings

Prior to the closing of the Transaction, SECURE's senior secured credit facilities consisted of a \$600 million first lien credit facility ("First Lien Facility") with a syndicate of ten financial institutions (with a maturity date of June 30, 2023), a \$130 million second lien credit facility ("Second Lien Facility") with a syndicate of three financial institutions (with a maturity date of July 31, 2022) and two bilateral Letter of Credit Facilities totaling \$75 million ("\$75 million LC Facilities") with two financial institutions.

On July 2, 2021, in connection with the closing of the Transaction, SECURE entered into the \$800 million three-year Revolving Credit Facility with nine financial institutions (with a maturity date of July 2, 2024). The Revolving Credit Facility was used to replace and repay SECURE's First Lien Facility and Second Lien Facility, Tervita's first lien credit facility, and letters of credit outstanding against the \$75 million LC Facilities. SECURE also entered into the \$30 million new SECURE LC Facility guaranteed by Export Development Canada. At September 30, 2021, a total of \$24 million of letters of credit have been issued against the new SECURE LC Facility.

On June 30, 2021, The Corporation closed the offering of \$200 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026. The net proceeds of the offering were deposited into an escrow account pending the satisfaction of certain conditions, including the completion of the Transaction. The escrow release conditions were satisfied on July 2, 2021.

On July 16, 2021, SECURE used a portion of these proceeds to fund the redemption of US\$100 million 2025 senior secured notes, at a redemption price of 105.50%, plus accrued and unpaid interest. The remaining proceeds have been used to repay indebtedness, pay fees and expenses incurred in connection with the 2026 unsecured notes issuance and for general corporate purposes.

On October 4, 2021, we closed an additional private offering of \$140 million aggregate principal amount of 2026 unsecured notes at an issue price of \$100.75, representing a yield of approximately 7% and the proceeds were primarily used to redeem another US\$100 million in aggregate principal amount of the 2025 senior secured notes at a redemption price of 105.5% plus accrued but unpaid interest to, but not including, the redemption date. The redemptions occurred on October 7 and 8, 2021. The impact of this financing transaction is not reflected in the results included in the interim Financial Statements or this MD&A.

The Corporation's debt borrowings as at September 30, 2021 consisted of:

- \$800 million Revolving Credit Facility maturing July 2024. Total amount drawn totaled \$451 million. LCs issued against the Revolving Credit Facility in the amount of approximately \$68 million reduce the amount available to be drawn under the facility.
- \$30 million new SECURE LC Facility. At September 30, 2021, SECURE has currently issued LCs in the amount of approximately \$24 million against this new SECURE LC Facility.
- US\$400 million aggregate principal amount of 2025 senior secured notes.
- \$200 million aggregate principal amount of 2026 unsecured notes.

Amounts borrowed under the Revolving Credit Facility bear interest at the Corporation's option of either the Canadian prime rate plus 1.50% to 3.00% or the bankers acceptance rate plus 2.50% to 4.00%, depending, in each case, on the ratio of Total Debt to EBITDA as defined in the Revolving Credit Facility. Interest on \$130 million of the Revolving Credit Facility has been fixed at 5.5% per annum through the use of interest rate swaps until July 31, 2022 as a result of the previous Second Lien Facility.

The interest payments on the 2025 senior secured notes and 2026 unsecured notes occur in June and December during the term of the debt. This will typically result in lower discretionary free cash flow generated in the second and fourth quarter.

The Corporation has entered into cross currency swaps to hedge foreign exchange exposure on the U.S. dollar denominated 2025 senior secured notes, fixing the exchange rate on US\$300 million principal repayments and a portion of the interest payments. The liability balance of these derivative contracts amounted to \$19 million at September 30, 2021 and was recorded in other liabilities on the statements of financial position.

Revolving Credit Facility Covenants

The Revolving Credit Facility is subject to customary terms, conditions and covenants, including the following financial covenants:

- the Senior Debt to EBITDA ratio is not to exceed (i) 3.0 to 1.0 for the first fiscal quarter immediately following the effective date (September 30, 2021) and the next two fiscal quarters immediately thereafter (December 31, 2021 and March 31, 2022) and (ii) 2.75 to 1.0 at the end of each fiscal quarter thereafter;
- the Total Debt to EBITDA ratio is not to exceed (i) 4.75 to 1.0 for the first fiscal quarter immediately following the effective date and the next two fiscal quarters immediately thereafter and (ii) 4.5 to 1.0 at the end of each fiscal quarter thereafter; and
- the Interest Coverage Ratio (defined as EBITDA to Interest charges) is not less than 2.5 to 1.0.

The Revolving Credit Facility also requires that the aggregate principal amount of all senior secured and unsecured notes and the principal amount outstanding under the Revolving Credit Facility will not exceed \$1.5 billion.

Total Debt as defined by the Revolving Credit Facility includes the aggregate of all debt (including lease liabilities) minus the aggregate amount of readily available cash, cash equivalents and investment grade securities in excess of \$5 million. Senior Debt is defined as Total Debt excluding the principal amount outstanding under the 2025 senior secured notes and the principal amount outstanding under any unsecured notes.

EBITDA is defined in the Revolving Credit Facility as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis. Interest charges are defined to include interest expense on Total Debt.

At September 30, 2021, the Corporation was in compliance with all financial covenants contained in the Revolving Credit Facility.

The following table outlines SECURE's Senior and Total Debt to trailing twelve-month EBITDA ratio, calculated in accordance with the Corporation's credit facilities, at September 30, 2021, and December 31, 2020:

	Sept 30, 2021	Dec 31, 2020	%Change
Senior Debt to EBITDA	1.6	2.2	(27)
Total Debt to EBITDA	3.5	3.2	9
Interest coverage	3.1	6.4	(52)

The covenant ratio calculations at September 30, 2021 were calculated based on leases accounted for in accordance with IFRS 16, *Leases* as compared to International Accounting Standard 17, *Leases* for the December 31, 2020 covenant ratio calculations.

Issued capital

Issued capital of \$1.7 billion increased 61% at September 30, 2021, compared to December 31, 2020, as a result of shares issued as consideration in the Transaction and the shares issued through the conversion of restricted share units and performance share units into common shares under the Corporation's Unit Incentive Plan during the nine months ended September 30, 2021.

Liquidity risk

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.

Market events that resulted in low and volatile oil prices beginning in March 2020 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 and naturally declining production due to reduced reinvestment. SECURE's business is highly concentrated on production volumes or related services that historically 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 the Corporation's 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, interest payments, 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 moved to a quarterly dividend, with the first payment of \$0.0075 (0.75 cents) per common share made 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, tax, transaction and implementation costs, and will look for opportunities to return additional capital after the successful integration with Tervita and as business conditions warrant.

To meet financial obligations, the Corporation may further adjust the amount of its dividends, draw on the Revolving Credit Facility up to the covenant restrictions, divest assets, issue subordinated debt, or obtain equity financing. The declaration and payment of dividends is at the discretion of the Board and is dependent upon, among other things, financial performance, compliance with debt covenants and the factors referred to under the heading "*Risk Factors*" in the AIF. 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 15 of the Interim Financial Statements for details of the Corporation's contractual obligations and contingencies at September 30, 2021.

The following provides a summary and comparison of the Corporation's operating, investing and financing cash flows for the three and nine months ended September 30, 2021 and 2020.

Net Cash Flows from Operating Activities

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Net cash flows from operating activities	1	38	(97)	46	107	(57)

The Corporation generated cash flows from operating activities of \$1 million for the three months ended September 30, 2021, a decrease of \$37 million from the prior year comparative period. Higher Adjusted EBITDA in the current year period was more than offset by transaction costs incurred and an outflow associated with the increased investment in non-cash working capital associated with the acquisition of Tervita and higher activity levels compared to a recapture of non-cash working capital in the third quarter of 2020. For the nine months ended September 30, 2021, the Corporation generated cash flows from operating activities of \$46 million, a decrease of 57% from the 2020 comparative period. The decrease was driven by the same factors described above. At September 30, 2021, SECURE carried total net working capital, excluding cash, of \$107 million compared to \$57 million at December 31, 2020.

Investing Activities

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Capital expenditures ⁽¹⁾						
Growth capital expenditures	3	9	(67)	10	56	(82)
Sustaining capital expenditures	10	1	900	16	6	167
Total capital expenditures	13	10	30	26	62	(58)

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

The Corporation's capital expenditures increased by \$3 million and decreased by \$36 million for the three and nine months ended September 30, 2021, respectively, from the corresponding 2020 comparative periods. Of the total spend, \$10 million and \$16 million related to sustaining capital expenditures during the three and nine months ended September 30, 2021, in line with SECURE's expectations and capital budget. Growth capital of \$3 million and \$10 million for the three and nine months ended September 30, 2021, related largely to connecting an additional segment of the East Kaybob oil pipeline.

In the prior year comparative periods, costs incurred related to progressing construction of the East Kaybob oil pipeline system; 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.

During the three and nine months ended September 30, 2021, SECURE closed the Transaction. The Transaction was funded through the issuance of approximately 147.6 million common shares with a fair value of \$621 million based on the June 30, 2021, closing share price of \$4.21, as reported by the TSX. For the purchase price allocation and additional information related to the Transaction, refer to Note 3 of the Interim Financial Statements.

Financing Activities

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2021	2020	%Change	2021	2020	%Change
Repayment on credit facilities	(50)	(32)	56	(66)	(23)	187
Redemption of 2025 senior secured notes	(132)	-	100	(132)	-	100
Issuance of unsecured notes	-	-	100	200	-	100
Change in restricted cash	206	-	100	-	-	100
Financing fees	(10)	-	100	(15)	-	100
Settlement of debt-related derivatives	(4)	-	100	(4)	-	100
Lease liability principal payments	(7)	(4)	75	(12)	(13)	(8)
Dividends	(2)	-	100	(5)	(15)	(67)
Repurchase and cancellation of shares under NCIB	-	-	100	-	(2)	100
Sublease payments received	1	-	100	1	-	100
Changes in non-cash working capital	1	-	100	1	-	100
Net cash flows from (used in) financing activities	3	(36)	(108)	(32)	(53)	(40)

During the three months ended September 30, 2021, the Corporation's debt structure changed as a result of the Transaction and closing of other financing transactions. Refer to the Debt borrowings section above for additional information of the financing activities during the quarter.

The Corporation currently pays a quarterly dividend of \$0.0075 (0.75 cents), resulting in a spend of \$2 million and \$5 million for the three and nine months ended September 30, 2021, respectively. On September 15, 2021, the Corporation declared the next quarterly dividend of \$0.0075 (0.75 cents), which was paid to shareholders of record on October 1, 2021.

Management and the Board of Directors of the Corporation will 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, tax and transaction and implementation costs associated with the Transaction.

During the second quarter of 2020, SECURE renewed the normal course issuer bid ("NCIB") whereby the Corporation could repurchase up to a maximum of 10,796,069 common shares of the Corporation from May 28, 2020 to May 27, 2021, subject to daily limits in accordance with the terms of the NCIB. The NCIB expired on May 27, 2021, and was not renewed. There were no repurchases under the NCIB during the three and nine months ended September 30, 2021. For the three months and nine months ended September 30, 2020, the Corporation repurchased and cancelled 336,500 common shares.

CONTRACTUAL OBLIGATIONS

Refer to Note 15 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.

Oil Prices and the COVID-19 Pandemic

The dramatic decline in oil prices in March 2020, and the ongoing COVID-19 pandemic resulted in an unprecedented global crisis. The prudent response from SECURE's customers was to significantly reduce capital spending in 2020. This decision impacted both drilling and completions activity in 2020 and production volumes that were shut-in due to uneconomic crude oil prices or that naturally declines due to lower capital spending.

Many jurisdictions continue to expand mass vaccination programs at an accelerated pace, with nearly 90% of eligible Canadians having received at least one dose as of September 30, 2021. Despite the ongoing vaccination of the majority of the population, there can be no certainty that vaccinations will successfully control the spread of COVID-19 and its variants and consequently reduce its impact on SECURE's business and the impact of the COVID-19 pandemic on the world economy may continue or increase until immunization rates in developing countries improve.

While oil prices have stabilized at the highest levels seen in several years, demand is normalizing and many provinces and territories, including Alberta, continue to ease restrictions as infection rates decline; the situation remains fluid as COVID-19 and its variants, some of which may be more transmissible and carry increased health risks, continue to be a concern. Governments are continuing to closely monitor the spread of COVID-19 and its variants, which may lead to the maintenance or reintroduction of emergency measures to counter any resurgence of such viruses. Accordingly, ongoing uncertainty with respect to the pandemic may continue to have significant adverse impacts on the Corporation, including, but not limited to:

- Public health measures effected by local governments to protect the health system and slow the spread of COVID-19 could result in the temporary suspension of operations which could have material impacts on the Corporation's financial results;

- 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 of the COVID-19 pandemic on the economy and the financial effect on the Corporation is not known at this time and depends on a variety of factors including (i) the severity, transmission rate and resurgence of the COVID-19 virus or its variants, (ii) the timing, extent and effectiveness of containment actions, including the approval, availability, effectiveness, uptake, and distribution rate of vaccines, (iii) the speed and extent to which normal economic and operating conditions resume worldwide, and (iv) the impact of these and other factors on our stakeholders, particularly those upon whom we have a major reliance, including our customers, vendors and employees. Estimates and judgments made by management in the preparation of the Interim Financial Statements are subject to a higher degree of measurement uncertainty during this volatile period. For a full discussion of SECURE's risks related to the COVID-19 pandemic, see "*Risk Factors – COVID-19 Pandemic*" in the AIF.

Credit Ratings

During the second quarter of 2021, SECURE received its first public credit ratings following the announcement of the Transaction and in connection with the 2026 unsecured note offering. In the third quarter, SECURE also received credit ratings on the 2025 senior secured notes as SECURE became the obligor upon completion of the Transaction. Credit ratings are intended to provide an independent measure of the credit quality of an issue of securities and are subject to ongoing evaluation by credit rating agencies. The credit rating assigned by a rating agency is not a recommendation to purchase, hold or sell securities nor does the rating comment on market price or suitability for a particular investor. A rating may not remain in effect for any given period of time and may be revised or withdrawn entirely by a rating agency at any time in the future, if, in its judgment, circumstances so warrant. There can be no assurance that a credit rating will be maintained in the future. Downgrades in SECURE's credit rating could adversely affect SECURE's business, cash flows, financial condition, operating results and share and debt prices.

Greenhouse Gas Emissions Regulations

On March 25, 2021, the Supreme Court of Canada ("SCC") released its judgment confirming the constitutionality of Canada's national carbon-pricing regime, the *Greenhouse Gas Pollution Pricing Act*. Certain Canadian provinces, including Alberta and Saskatchewan, had previously launched constitutional challenges to the federal backstop and as Canada's highest appeal court, the SCC's decision is the final ruling on this matter. The implementation of the federal backstop in certain provinces in which SECURE operates may materially impact its current or future business (including, without limitation, increasing costs of compliance) and could have an adverse effect on SECURE's operations, margins, profitability and results.

On July 12, 2021, the federal government formally submitted Canada's enhanced Nationally Determined Contribution ("NDC") to the United Nations, committing Canada to cut its greenhouse gas emissions by 40-45 percent below 2005 levels by 2030. Canada's NDC submission outlines a series of investments, regulations and measures that the country is taking in pursuit of its ambitious target. It includes input from provincial, territorial and Indigenous partners. The federal government additionally confirmed that the minimum price on carbon pollution will increase by \$15 per tonne each year starting in 2023 through to 2030. The federal backstop will be updated to ensure all provincial and territorial pricing systems are comparable in terms of stringency and effectiveness. Provinces and territories will continue to have the flexibility to implement a system that makes sense for their circumstances as long as they align with the benchmark. The increased costs of compliance associated with the federal backstop may have a material impact on SECURE's business and financial position. For a full discussion of SECURE's risks related to the implementation of the national carbon pricing regime, see "*Risk Factors – Governmental Regulation – GHG Emissions*" in the AIF.

Indigenous Peoples Consultation, Claims and Relationship

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of ongoing litigation. In a recent decision by the British Columbia Supreme Court, the court found that the province's mechanisms for assessing and taking into account cumulative effects were lacking and contributed to the breach of its obligations under Treaty 8. Amongst other things, the court declared that the Province of British Columbia could not continue to authorize activities that breach the Treaty, or that unjustifiably infringe the Treaty 8 Nation's exercise of its treaty rights. This declaration was suspended for six months to enable the parties to negotiate a path forward. While this recent decision does not currently impact SECURE's operations directly, it is expected to contribute to the development of Canadian law. In addition, Canada and the Province of British Columbia have enacted legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples which obliges the government to take steps to align their respective laws with the Declaration, such steps may result in amendments to regulatory approval processes.

Any such developments in the law may have a material effect on SECURE's business, financial condition and reputation. This includes risk related to the failure to satisfy the duty to consult and provide any associated accommodations which may adversely affect SECURE's, or its customers', ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For a full discussion of SECURE's risks related to Indigenous relations, see "*Risk Factors – Indigenous Peoples Consultation, Claims and Relationships*" in the AIF.

Competition Act Matters

SECURE has been engaged in discussions with the Competition Bureau relating to the review of the Transaction under the Competition Act. On June 29, 2021, the Commissioner of Competition (the "Commissioner") served SECURE with a notice of application to block the closing of the Transaction under Section 92 of the Competition Act. The Commissioner also served SECURE with an application under Section 104 of the Competition Act, which sought an interim order from the Competition Tribunal to block the closing of the Transaction. The Commissioner also made an interim application to prevent closing of the Transaction pending the outcome of the application under Section 104 of the Competition Act, but the Commissioner's application was denied by the Competition Tribunal on July 1, 2021, and the Commissioner's emergency appeal of that decision was rejected by the Federal Court of Appeal on July 2, 2021. The Transaction closed on July 2, 2021, and the Commissioner amended his application under Section 104 of the Competition Act to seek the unwinding of the Transaction, in the alternative an order for SECURE to hold separate the former business of Tervita, or in the further alternative an order for SECURE to not proceed with any further integration of Tervita's operations and to preserve all assets until such time as the application under Section 92 of the Competition Act is disposed of. On August 16, 2021, the Competition Tribunal rejected the Commissioner's application under Section 104 of the Competition Act and SECURE is currently not subject to any order in respect of the Transaction which restricts the ongoing integration of Tervita's operations or impacts SECURE's ability to carry on the combined company's business in the ordinary course. The Commissioner's application under Section 92 of the Competition Act is scheduled to be heard by the Competition Tribunal in the second quarter of 2022.

SECURE believes that the Transaction will be beneficial to customers and result in significant cost savings and other efficiencies that will benefit SECURE, its customers, and the Canadian economy. In connection with, or as a result of, a challenge by the Commissioner of the Transaction under the Competition Act, including the Commissioner's pending application under Section 92 of the Competition Act and any applications related thereto (collectively, "the Applications"), SECURE may be required to divest certain of its assets or be subject to another remedy (including a behavioral remedy) which in any case may adversely affect SECURE's ability to achieve the anticipated benefits of the Transaction and financial projections related thereto. SECURE may incur significant costs in connection with its defense of the Applications and any additional challenge by the Commissioner to the Transaction. SECURE believes the resolution of such proceedings will not be material to the Corporation's asset base or Adjusted EBITDA.

Risks Related to Tervita's Business and the Transaction

Competitive Conditions and Retention of Tervita's Customers

SECURE's business is dependent on the willingness of its customers to outsource their waste management and other environmental services generally, and to SECURE specifically, rather than to its competitors. Following the Transaction, it is possible that SECURE will not maintain all existing relationships with Tervita's customers. Currently, numerous internal waste treatment, recovery and disposal options are available to oil and gas companies. In addition, most oilfield operators, including many of SECURE's customers, have numerous suspended wells that could be licensed for use in the disposition of internally generated waste and third-party waste in competition with SECURE and other facilities that could be used to recover oil through oilfield waste processing. Further, merger and acquisition activity amongst oil and gas exploration and production companies may reduce demand for SECURE's services. Companies that acquire SECURE's customers may have preferred supplier relationships with oilfield service providers other than SECURE or combined companies may have the resources to internalize the services currently provided by SECURE. Oil and gas production companies in the industries SECURE services, including its current customers, could decide to process and dispose of their waste internally for any reason, and this could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. For a full discussion of SECURE's risks related to competition, see "*Risk Factors – Competitive Conditions*" and "*Risk Factors – Contract Bidding Success and Renewal of Existing Contracts*" in the AIF.

Environmental Obligations

Several of SECURE's operations acquired in the Transaction require complex and detailed environmental and other permits and authorizations to establish, operate, expand and ultimately decommission the sites, including the engineered landfill and water treatment businesses. For certain sites, SECURE is required under applicable laws, regulations, and/or permits to conduct periodic monitoring, and internal and third-party testing. Such permits involve lengthy timelines and significant employee effort to complete and SECURE may experience a delay in obtaining, be unable to obtain or renew, or suffer the suspension or revocation of required permits or regulatory authorizations. Regulatory agencies may also impose more stringent or burdensome restrictions or obligations on operations when SECURE seeks to renew or amend its permits. For example, permit conditions may limit the amount or types of waste SECURE can accept, require it to make material expenditures to upgrade its facilities, implement burdensome and expensive operational or monitoring programs or increase the amount of financial assurance that it provides to cover future facility closure costs. Any delay or inability to acquire such permits or authorizations, or renew them in a timely fashion on substantially similar terms, could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. In addition, governmental authorities or other third parties may bring claims against SECURE if it fails to comply with environmental laws, regulations or permits or cause environmental damage, which may result in suspension or revocation of necessary permits and authorizations, civil or criminal liability and the imposition of fines, penalties and damages claims. For a full discussion of SECURE's risks related to environmental protection and health and safety, see "*Risk Factors – Environmental Protection & Health and Safety*" in the AIF.

Crude Oil Marketing - Changes in Industry Practices related to Crude Oil Equalization

Prior to the Transaction, Tervita's energy marketing division derived a material portion of its revenue from the collection of Canadian industry mandated equalization penalties applicable to crude oil with a density outside of the required band of the oil and gas industry crude oil equalization scale. The crude oil equalization scale is determined twice annually by the Crude Oil Logistics Committee (the "COLC"). The COLC is a Canadian oil and gas industry committee comprised of members drawn from oil and gas producers, crude oil pipeline companies, terminal operators, industry associations and regulators. Changes to the equalization scale, and the amount of the equalization penalty, or changes to the industry practice related to crude oil equalization, which are all beyond SECURE's control, could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. For a full discussion of SECURE's risks related to crude oil marketing, see *"Risk Factors – Crude Oil Marketing and Commodity Price Risk – Trading"* in the AIF.

Increased Seismic Activity

Various studies have identified links between increases in seismic activity and hydraulic fracturing and the injection/disposal of water associated with oil and gas production. This linkage could result in new operational limits or closure of disposal wells in areas where events become significant (magnitude and frequency), including areas in which SECURE now owns and operates disposal wells following the Transaction. If the operation of disposal wells becomes more heavily regulated, or if disposal wells become unavailable as a result of regulation, SECURE will need to identify alternative disposal locations or develop technologies and methods to increase water reuse and recycling of wastewater from oil, natural gas and natural gas liquids drilling sites, both of which are likely to increase costs and require substantial capital investments. If SECURE's operations are suspended or terminated at disposal wells, its business, financial condition, results of operations and cash flows or ability to make required payments on debt outstanding may be materially adversely impacted. Additionally, SECURE could incur liability for seismic damages or be affected by related regulation. For a full discussion of SECURE's risks related to fracturing regulations, see *"Risk Factors – Governmental Regulation – Fracturing Regulations"* in the AIF.

Scrap Metal Price Volatility

Scrap metals pricing is subject to fluctuations associated with the supply and demand for steel in general. Low demand for new steel (for example as a result of a weak automobile sector or low infrastructure spending) will adversely affect the demand for scrap metal, a major input in North American new steel production. The market price for scrap metal will also be affected by overseas supplies of steel. The vast majority of Canadian scrap metal is shipped to the United States. As a result, if SECURE's metals recycling division is unable to access the U.S. market due to a prolonged rail service interruption, worsening trade relations or for other reasons, SECURE's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding could be materially adversely affected.

Exposure to U.S. Environmental Regulations as a result of Tervita's Past Operations

As a result of the Transaction, SECURE is now subject to a broad range of U.S. federal, state and local environmental laws, rules and regulations as a result of Tervita's past operations and facilities. These laws, rules and regulations regulate, among other things, the generation, use, discharge, management, transportation, treatment, recycling, storage, import, export and disposal of non-hazardous, hazardous, toxic, and other regulated materials, land use and reclamation, the establishment, operation, decommissioning, closure, abandonment and restoration of facilities or of natural resources, relating to worker and public health, and safety and to the protection of the environment and natural resources, and the reporting, investigation and remediation of releases of, and exposure to, regulated substances. Noncompliance with these laws, rules, regulations and other requirements can result in significant fines or penalties, or the suspension or revocation of regulatory permits, limitations on SECURE's operations, may require SECURE to make additional expenditures or could otherwise have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or our ability to make required payments on our outstanding debts. Contamination identified at, or migrating from facilities in the U.S. formerly owned or operated by SECURE or its predecessors in interest, including assets divested in

2016, may cause SECURE to incur liabilities or require it to investigate or undertake remedial action pursuant to applicable environmental laws and regulations or orders or other actions by governmental authorities. Liability may be imposed without regard to whether Tervita knew of, or caused, the contamination and, in some cases, liability may be joint or several. SECURE may also be subject to liability for remediation of third-party contaminated sites where SECURE or its predecessors in interest have sent waste for treatment or disposal. Moreover, current and future remedial obligations, environmental claims or any other environmental liabilities related to Tervita's past facilities or operations in the U.S. could materially adversely affect SECURE's business (including its reputation), ability to retain or attract customers, ongoing operations, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

Increase of Operation Costs relating to Commodity Prices

The price and supply of fuel is unpredictable and fluctuates based on events outside of SECURE's control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns, weather events and environmental concerns. As a result of the Transaction, SECURE needs a significant amount of fuel to run its operations and any price escalations or reductions in supply could materially reduce SECURE's profit margins if it is unable to correspondingly increase the price of its services. For a full discussion of SECURE's risks related to commodity prices, see "*Risk Factors – Commodity Price Risk – Non-Trading*" in the AIF.

Third-Party Ownership of Facilities

Some of the engineered landfills SECURE now operates as a result of the Transaction are owned by third parties but operated by SECURE under contract. If SECURE breaches the terms of such contracts, they could be terminated or SECURE could be subject to penalties. SECURE also cannot ensure that the parties for whom it contract will honor the terms of their contracts or that they will renew the current contracts upon their expiry on commercially reasonable terms or at all. Any default by SECURE under such contracts or any failure by the third parties to honor or renew SECURE's current contracts could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

New Significant Shareholder

As a result of the Transaction, Solus Alternative Asset Management LP ("Solus"), is now a significant SECURE shareholder as it owns more than 10% of the shares outstanding. As a result, Solus may have the ability to influence all matters submitted to SECURE's shareholders for approval, including, without limitation, the election and removal of directors, amendments to SECURE's articles and by-laws and certain fundamental corporate transactions. The interests of such a large shareholder in SECURE's business, operations and financial condition from time to time may not be aligned with, or may conflict with, the interests of the other SECURE shareholders. Further, Solus may in the future own businesses that directly or indirectly compete with SECURE or do business with any potential or actual suppliers or customers of SECURE.

Possible Failure to Realize Anticipated Benefits of the Transaction

The Transaction was entered into to create a stronger midstream infrastructure and environmental solutions business and realize certain benefits including, among other things, greater scale and significant annual integration cost savings. Achieving the benefits of the Transaction depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and cost savings from integrating the respective businesses of SECURE and Tervita.

Realizing the benefits of the Transaction also depends on the ability of the Corporation to achieve the anticipated growth and cost savings opportunities without adversely affecting current revenues and investments in future growth. If the Corporation is not able to successfully achieve its growth and cost savings objectives, the anticipated benefits of the Transaction may not be realized fully, or at all, or may take longer to realize than expected, which may have an adverse effect on SECURE's business, financial condition and reputation. A variety of factors, including those risk factors set forth in the Joint Information Circular, may adversely affect the ability to achieve the anticipated benefits of the Transaction.

Integration of SECURE's and Tervita's Businesses

The ability of the Corporation to realize certain anticipated benefits such as growth opportunities and cost savings as a result of the Transaction, will require the dedication of substantial effort, time and resources on the part of management which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. In addition, the ongoing integration process could result in the disruption of existing relationships with suppliers, employees, customers and other constituencies in respect of each company prior to the completion of the Transaction. There can be no assurance that management will be able to integrate the operations of each of the businesses successfully or achieve any of the growth opportunities, cost savings or other benefits that are anticipated to result from the Transaction. Strategic decisions and the integration of the two companies will present challenges to management, including the integration of systems and personnel of the two companies which may be geographically separated, unanticipated liabilities and unanticipated costs. It is possible that the ongoing integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with customers, suppliers, employees or to achieve the anticipated benefits of the Transaction. The performance of the Corporation's operations could be adversely affected if the Corporation cannot retain key employees to assist in the ongoing integration and operation of Tervita's and SECURE's previously standalone businesses. Difficulties in the integration of the businesses, which may result in significant costs and delays, also include: coordinating corporate and administrative infrastructures and harmonizing insurance coverage; integrating and unifying the services available to customers and coordinating marketing efforts; unanticipated issues in coordinating accounting, information technology, communications, administration and other systems; difficulty addressing possible differences in corporate cultures and management philosophies; legal and regulatory compliance, including effecting actions that may be required in connection with obtaining regulatory approvals; creating and implementing uniform standards, controls, procedures and policies; maintaining existing agreements and relationships with customers and suppliers and avoiding delays in entering into new agreements with prospective customers and suppliers; and unforeseen and unexpected liabilities related to the Transaction. Any inability of management to successfully integrate the operations could have a material adverse effect on the business, financial condition and results of operations of SECURE.

SECURE's Business Mix is Different as a result of the Transaction

Prior to the Transaction, SECURE's business was focused on providing customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States. SECURE's core midstream infrastructure operations generated cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE also provided 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. Tervita's standalone business prior to the Transaction involved a broad and integrated array of services and environmental management solutions for customers in the energy, industrial, and natural resource sectors, predominantly in western Canada. Tervita's energy services business focused primarily on the upstream and midstream segments of the oil and gas industry through two service lines: facilities and energy marketing. Tervita's industrial services business provided comprehensive environmental solutions through four service lines: waste services, metals recycling and rail services, water services and environmental services. As a result of the Transaction, SECURE's business entails a combination of SECURE and Tervita's previous businesses, which will result in a different business mix than the previous standalone businesses of SECURE and Tervita, respectively, and which may subject SECURE to different business risks than those which were previously applicable to SECURE and Tervita as separate entities. As a result of SECURE's changing risk profile, SECURE may be subject to review of its credit ratings, which may result in a downgrade or negative outlook being assigned to the Corporation. As a result of the Transaction, the Corporation faces the same risks that each of Tervita and SECURE faced prior to the completion of the Transaction, in addition to other risks.

Pro Forma Financial Information may not be Indicative of SECURE's Future Financial Condition or Results of Operations

The unaudited *pro forma* financial information contained in the Joint Information Circular was presented for illustrative purposes only as of its respective dates and may not be indicative of the future financial condition or results of operations of SECURE following completion of the Transaction for several reasons. The unaudited *pro forma* financial information was derived from the respective historical financial statements of SECURE and Tervita, and certain adjustments and assumptions made as of the dates indicated therein were made to give effect to the Transaction. The information upon which these adjustments and assumptions were made was preliminary and such adjustments and assumptions are difficult to make with complete accuracy. Moreover, the unaudited *pro forma* financial information does not include, among other things, estimated costs or cost savings, adjustments related to restructuring or integration activities, or future acquisitions or disposals not yet known or probable. Therefore, the *pro forma* financial information contained in the Joint Information Circular was presented for informational purposes only and is not necessarily indicative of what SECURE's actual financial condition or results of operations would have been had the Transaction been completed on the dates indicated. Accordingly, the combined business, assets, results of operations and financial condition may differ significantly from those indicated in the unaudited *pro forma* financial information.

OUTSTANDING SHARE CAPITAL

As at October 28, 2021, there are 308,110,429 common shares issued and outstanding. In addition, as at October 28, 2021, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at October 28, 2021	Issued	Exercisable
Share Options	50,000	50,000
Restricted Share Units	1,658,715	-
Performance Share Units	3,426,902	-

OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2021 and December 31, 2020, the Corporation did not have any material off-balance sheet arrangements.

FINANCIAL AND OTHER INSTRUMENTS

As at September 30, 2021, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, interest payable, Revolving Credit Facility, 2026 unsecured notes, 2025 senior secured notes, lease liabilities and derivative instruments. Excluding the Revolving Credit Facility, 2026 unsecured notes, 2025 senior secured notes, the fair values of these financial instruments approximate their carrying amount due to the short-term maturity of the instruments. Revolving Credit Facility's carrying value approximate its fair values due to the variable interest rates applied, which approximate market interest rates. The fair value of 2026 unsecured notes, 2025 senior secured notes are influenced by changes in risk-free interest rates and the market assessment of credit risk.

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.

Of the Corporation's financial instruments, cash, accounts receivable and accrued receivables 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. A significant portion 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.

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 Revolving Credit Facility are managed through a combination of bankers' acceptance loans and U.S. dollar London Inter-bank Offered Rate ("LIBOR") loans which bear interest at a floating interest rate and the senior secured notes are U.S. dollar denominated debt. To the extent that the Corporation borrows under the Revolving Credit Facility, the Corporation is at risk to rising interest rates and foreign exchange rates in addition to its exposure to rising foreign exchange rates with respect to its senior secured notes. Exposure to foreign exchange rate changes is mitigated using cross currency swaps to hedge foreign exchange exposure on U.S. denominated debt, fixing the exchange rate on the U.S. 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 \$130 million of funds drawn on its credit facilities until July 31, 2022.

ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Interim Financial Statements are the same as those set out in the Annual Financial Statements, except for as stated below. SECURE's significant accounting policies are set out in Note 2 of the Annual Financial Statements. There were no revised standards or amendments to IFRS issued that materially impacted the Interim Financial Statements.

Voluntary Change in Accounting Policy

Under the Corporation's previous accounting policy, SECURE used a risk-free interest rate based on the Bank of Canada published bond rates in the measurement of the present value of its asset retirement obligations. Effective July 1, 2021, the Corporation elected to change its policy for the measurement of asset retirement obligations to utilize a credit-adjusted risk-free interest rate. The use of a credit-adjusted risk-free rate results in reliable and more relevant information for the readers of the Consolidated Financial Statements as this methodology provides a more accurate representation of the value at which such liabilities could be transferred to a third party, provides a better indication of the risk associated with such obligations, and increases the comparability of the Corporation's financial statements to those of its peers.

Management has applied the voluntary change in accounting policy retrospectively. The Interim Financial Statements have been restated to reflect adjustments made as a result of this change. The tables below present the impact of the change in accounting policy to the consolidated statement of financial position, the consolidated statement of comprehensive loss and the statement of cash flows, for each of the line items impacted.

a) Impacts on the Consolidated Statements of Financial Position

As at	Sept 30, 2021		Dec 31, 2020		Jan 1, 2020		
	Adjustments	Previous policy	Adjustments	Restated	Previous policy	Adjustments	Restated
Assets							
Property, plant and equipment	(44)	1,155	(48)	1,107	1,233	(41)	1,192
Liabilities and equity							
Asset retirement obligations	(49)	108	(53)	55	94	(44)	50
Deferred tax liabilities	(1)	24	-	24	49	(1)	48
Deficit	6	(429)	5	(424)	(326)	4	(322)

b) Impacts on the Consolidated Statements of Comprehensive Loss

	For the nine months ended Sept 30, 2021	For the three months ended Sept 30, 2020			For the nine months ended Sept 30, 2020		
	Adjustments	Previous policy	Adjustments	Restated	Previous policy	Adjustments	Restated
Cost of sales ⁽¹⁾	(2)	436	(1)	435	1,326	(2)	1,324
Interest, accretion and finance costs	1	7	-	7	21	2	23
Deferred tax recovery	-	(1)	-	(1)	(13)	-	(13)
Net loss	1	(5)	-	(5)	(48)	1	(47)

⁽¹⁾ The change in accounting policy impacted depreciation and depletion which is included in cost of sales

c) Impacts on the Consolidated Statements of Cash Flow

	For the nine months ended Sept 30, 2021	For the three months ended Sept 30, 2020			For the nine months ended Sept 30, 2020		
	Adjustments	Previous policy	Adjustments	Restated	Previous policy	Adjustments	Restated
Net loss	1	(5)	-	(5)	(48)	1	(47)
Non-cash operating activities	(1)	37	-	37	126	(1)	125

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the Corporation's Annual Financial Statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the condensed consolidated financial statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Corporation's Interim Financial Statements have been set out in Note 3 of the Corporation's Annual Financial Statements.

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 three and nine months ended September 30, 2021, 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 September 30, 2021. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at September 30, 2021, with the exception of the scope limitation discussed below.

On July 2, 2021, SECURE and Tervita closed the Transaction. As permitted by and in accordance with NI 52-109, Management has limited the scope and design of ICFR and DC&P to exclude the controls, policies and procedures in respect of the business acquired from Tervita. Such scope limitation is primarily due to the time required for Management to assess the ICFR and DC&P relating to Tervita in a manner consistent with SECURE's other operations. Further integration will take place throughout the year as processes and systems align.

Current assets and non-current assets attributable to the Tervita business represented \$180 million and \$1.5 billion, respectively, of SECURE's total current and non-current assets at September 30, 2021. Current liabilities and non-current liabilities attributable to the Tervita business represented \$147 million and \$924 million, respectively, of SECURE's total current and non-current liabilities at September 30, 2021. Revenue and net loss before tax attributable to the Tervita business represented \$452 million and \$28 million, respectively, of SECURE's revenue and net loss before tax for the three months ended September 30, 2021.

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.

With the closing of the Transaction, all litigation between SECURE and Tervita has been discontinued.

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 "achieve", "advance", "anticipate", "believe", "can be", "capacity", "commit", "continue", "could", "deliver", "drive", "enhance", "ensure", "estimate", "execute", "expect", "focus", "forecast", "forward", "future", "grow", "integrate", "intend", "may", "maintain", "objective", "ongoing", "opportunity", "outlook", "plan", "position", "potential", "prioritize", "realize", "result", "seek", "should", "strategy", "target" "will", and similar expressions, as they relate to SECURE, its management, or the combined company, are intended to identify forward-looking statements. Such statements reflect the current views of SECURE 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: the expected benefits of the Transaction and the Corporation following completion of the Transaction, including expectations with respect to the strength the Corporation; the Corporation's access to capital markets and the resulting effect on its future growth and acquisition plans; the relevance of SECURE's credit ratings to debt investors and capital market participants; the complementary nature of the Corporation's asset base and environmental service lines, and the ability to enhance scale and increase utilization as a result thereof; SECURE's ability to partner with its customers to execute on growth projects; the Corporation's expected discretionary free cash flow profile; expected annual integration cost savings from the Transaction and the methods and timing thereof; improvements to SECURE's cost structure to serve a growing customer base; debt repayment plans; ongoing cooperation with the Competition Bureau and Competition Tribunal; the

Applications and SECURE's contestation thereof and costs related thereto; possible divestitures or other remedies as a result of the Applications or other challenges by the Commissioner; the benefit of the Transaction to SECURE, its customers, and the Canadian economy; the impact of the Applications on SECURE's business; the resolution of any proceedings under the Competition Act and the materiality thereof, including the impact on the Corporation's asset base and Adjusted EBITDA; prioritizing the advancement of SECURE's ESG goals; governance practices and priorities of SECURE's new board of directors; plans to reduce carbon intensity in half by 2030 and achieving net zero emissions by 2050; SECURE's ability to deliver economic and environmental benefits; future ESG goals and the ability of the Transaction to accelerate SECURE's environmental and social sustainability initiatives; Canada's energy industry's ability to win the race to the lowest emissions by 2050 and operate with the highest ESG standards in the world; maintaining strict cost control measures and a prudent approach to capital spending; SECURE's capital structure and benefits thereof; the outlook for oil and liquids prices; the oil and natural gas industry in Canada and the U.S., including expectations about crude oil and natural gas prices, and drilling, completion and production activity levels in the Corporation's operating areas for the remainder of 2021 and beyond, and the related impact on SECURE's business, operations and financial results; increased year over year discretionary free cash flow; the effect of the current economic conditions on the future demand for SECURE's services and the impact on SECURE's cash flows and impairment charges on long-term assets; SECURE's financial resiliency and corporate priorities, including the integration of Tervita's business, debt repayment, and strategies to achieve such priorities; increased contribution to Adjusted EBITDA from the realization of synergies and the timing thereof; the benefits of contracted and/or fee-for-service contracts on SECURE's cash flow and the expected stability of such sources; the anticipated focus of the Corporation's growth capital expenditures; capacity at the Corporation's existing facilities; the impact the Canadian Federal Government's orphan and inactive well fund may have to the business, operations and results of the Corporation; increased abandonment and reclamation activity in the oil and gas industry and the related effect on SECURE's results of operations and the timing thereof; the Corporation's 2021 capital budget and the future evaluation of the Corporation's capital project opportunities; future dividend plans and opportunities to increase dividend payments after the successful integration of the businesses and operations of SECURE and Tervita; 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; the sufficiency of the Corporation's liquidity and expectations that our capital investment, working capital, debt repayment, share repurchases and cash dividends will be funded from internally generated cash flows; the Corporation's credit risk levels; 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 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 resolution of Applications made under the *Competition Act* on terms acceptable to SECURE; SECURE's ability to successfully integrate the previous standalone businesses of SECURE and Tervita; sources of funding that each of SECURE and Tervita have relied upon in the past continue to be available to SECURE on terms favorable to SECURE; the impact of COVID-19, including 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; SECURE's ability to retain Tervita's previous customers; that counterparties comply with contracts in a timely manner; that there are no unforeseen events preventing the performance of contracts or the completion and operation of the relevant facilities; that there are no unforeseen material costs in relation to the Corporation's facilities and operations; that prevailing regulatory, tax and environmental laws and regulations apply; increases SECURE's share price and market capitalization over the long term; SECURE's ability to repay debt and return capital to shareholders; SECURE's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; and other risks and uncertainties described from time to time in filings made by SECURE with securities regulatory authorities.

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: SECURE's ability to realize the anticipated benefits of, and synergies and savings from, the Transaction and the timing thereof; actions taken by government entities or others seeking to prevent or alter the terms of the Transaction; the ongoing evaluation of SECURE's credit ratings; legal claims resulting from the completion of the Transaction; negative reactions to the Transaction, including from customers, suppliers or employees; potential undisclosed liabilities unidentified during the due diligence process; the accuracy of the *pro forma* financial information of the Corporation; the interpretation of the Transaction by tax authorities; the success of business integration of the previous standalone businesses of SECURE and Tervita; the entry into new business activities and the resulting business mix of the Corporation upon completion of the Transaction; the focus of management's time and attention on the Transaction and other disruptions arising from the Transaction; and those factors referred to under the heading "Risk Factors" in the AIF and the Joint Information Circular. In addition, the effects and impacts of the COVID-19 outbreak, the efficacy of vaccinations in reducing the spread of COVID-19 and its variants, 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 applicable securities laws, SECURE does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

Additional information, including the AIF and the Joint Information Circular, is 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. The AIF and the Joint Information Circular, and any information on the Corporation's website, do not constitute part of this MD&A.