MANAGEMENT DISCUSSION AND ANALYSIS

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

Three and Twelve Months ended December 31, 2013 and 2012

The following management discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on March 6, 2014. The discussion and analysis is a review of the financial results of the Corporation based upon accounting principles that are generally accepted in Canada (the issuer's "GAAP"), which includes International Financial Reporting Standards ("IFRS").

The MD&A's focus is primarily a comparison of the financial performance for the three and twelve months ended December 31, 2013 and 2012 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and accompanying notes prepared under IFRS for the years ended December 31, 2013 and 2012. The Corporation's management is responsible for the information disclosed in this MD&A and the accompanying audited consolidated financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Corporation's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Corporation. The MD&A has been prepared as of March 6, 2014. Additional information regarding the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

CORPORATE OVERVIEW

Secure is a TSX publicly traded energy services company that focuses on providing specialized services to upstream oil and natural gas companies operating in the Western Canadian Sedimentary Basin ("WCSB") and the Rocky Mountain Region in the United States. The services provided by the Corporation assist these companies with the handling, processing and sale of crude oil, drilling fluids, recycling services and various complementary services associated with oil and natural gas development and production.

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

Operating under the name Secure Energy Services Inc., the PRD division provides clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service. Secure currently operates twenty facilities throughout western Canada and six facilities in North Dakota, providing these services at its full service terminals ("FST"), landfills and stand-alone water disposal facilities ("SWD").

DRILLING SERVICES DIVISION ("DS")

Operating under the name Marquis Alliance Energy Group Inc. (together with its wholly owned subsidiaries "Marquis Alliance"), the trade name XL Fluid Systems ("XL Fluids"), and the name Target Rentals Ltd. ("Target"), the DS division provides drilling fluid systems and drilling equipment rentals and services. The drilling fluids service line comprises the majority of the revenue for the division which includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen and natural gas. The DS division focuses on providing products and systems that are designed for more complex wells, such as medium to deep wells, horizontal wells and horizontal wells drilled into the oil sands.

ONSITE SERVICES DIVISION ("OS")

The OnSite Services division was established April 1, 2013 as a result of the Frontline Integrated Services Ltd. ("Frontline") acquisition. Operating under the name of Frontline, the operations of the OS division include integrated water solutions through frac pond rentals; "CleanSite" waste container services; environmental services which include pre-drilling assessment planning, drilling waste management, remediation and reclamation of former wellsites, facilities, commercial, and industrial properties, and laboratory services; pipeline integrity (inspection, excavation, repair, replacement and rehabilitation); demolition and decommissioning. These services are offered throughout the WCSB. Environmental services were previously included in the DS division and integrated water solutions (frac pond rentals and water recycling) were previously included in the PRD division. As of April 1, 2013, these services are now included in the OS division.

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

CORPORATE STRATEGY

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

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

SELECTED FINANCIAL HIGHLIGHTS

During 2013, Secure continued to execute on its corporate strategy to deliver solid operational and financial performance resulting in record results both on a quarterly and year to date basis. For the year ended December 31, 2013, revenue (excluding oil purchase and resale) and EBITDA increased 38% to $541.9 million and $137.5 million respectively, while total assets increased 35% to $1,039.7 million over the year ended December 31, 2012, reflecting the continued focus on organic growth and expansion initiatives combined with the execution of strategic acquisitions to strengthen the value chain of services offered by the Corporation. The increase was driven by the commissioning of six new facilities during 2013 and the Rocky Mountain and Judy Creek FSTs that were part of the 2012 capital program in the PRD division; a 19% increase in revenue per operating day and an increased rental fleet including the acquisition of Target in the DS division; and the acquisition of Frontline in the OS division. As a result of the strong performance for the year, a strong balance sheet and stable cash flows, the board of directors have approved an increase to the dividend of $0.05 per share to $0.20 per share on an annualized basis.

The operating and financial highlights for the year ended December 31, 2013 are summarized as follows:

	Year Ended Dec 31,		
($000's except share and per share data)	**2013**	**2012**	**2011**
Revenue (excludes oil purchase and resale)	541,947	392,192	231,051
Oil purchase and resale	950,593	637,248	320,148
Total revenue	**1,492,540**	1,029,440	551,199
EBITDA [1]	**137,512**	99,624	61,964
Per share ($), basic	**1.28**	1.03	0.79
Per share ($), diluted	**1.24**	1.00	0.75
Net earnings for the year	**38,963**	33,052	22,383
Per share ($), basic	**0.36**	0.34	0.28
Per share ($), diluted	**0.35**	0.33	0.27
Funds from operations [1]	**121,014**	87,796	56,002
Per share ($), basic	**1.12**	0.91	0.71
Per share ($), diluted	**1.09**	0.88	0.68
Cash dividends per common share	**0.10**	nil	nil
Capital expenditures [1]	**224,861**	201,587	202,053
Total assets	**1,039,725**	767,911	603,083
Long term borrowings	**159,931**	122,810	119,070
Total long term liabilities	**240,913**	178,902	156,534
Common shares - end of period	**116,574,147**	104,627,002	90,156,688
Weighted average common shares			
basic	**107,747,722**	96,388,929	78,540,224
diluted	**110,586,896**	99,362,698	82,944,975

[1] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

- REVENUE INCREASES 38% OVER 2012
  - Revenue (excluding oil purchase and resale) of $541.9 million for the year ended December 31, 2013 increased 38% compared to the same period in 2012.
    - PRD division revenue (excluding oil purchase/resale) for the year ended December 31, 2013 increased 43% compared to 2012. Revenue increased as a result of increased demand and new facility additions and expansions including five facilities in Canada and three in North Dakota. Crude oil marketing revenue increased 131% for the year ended December 31, 2013 compared to the prior year as a result of increased throughput at the Corporation's pipeline connected FSTs, the Corporation's ability to capitalize on market spread differential opportunities (including maximizing crude oil marketing opportunities available by shipping crude oil via rail), and the Judy Creek FST becoming pipeline connected in the third quarter of 2013.
    - DS division revenue of $308.2 million increased 27% compared to 2012. Drilling Fluids Canadian market share increased from 29% to 32% and revenue per operating day increased by 19% from 2012. Overall there was higher field activity as meters drilled in Canada increased by 4% for the year ended December 31, 2013 compared to the prior year as reported by the Canadian Association of Drilling Contractors ("CAODC"). The acquisition of Target in the second quarter increased the rental fleet and contributed to an increase of 31% in rental revenue for the year.
    - OS division revenue of $54.4 million for the year ended December 31, 2013 increased by 131% over 2012. The acquisition of Frontline on April 1, 2013 significantly contributed to the increase in revenues combined with a 29% increase in environmental projects completed, and a full year of operations for the CleanSite business.
  - Oil purchase and resale revenue in the PRD division increased 49% to $950.6 million for the year ended December 31, 2013 compared to 2012. The increase resulted from increased throughput and crude oil marketing activity at existing facilities and the Judy Creek FST becoming pipeline connected in the third quarter of 2013.
- EBITDA INCREASES TO $137.5 MILLION FROM $99.6 MILLION IN 2012
  - For the year ended December 31, 2013, EBITDA increased 38% as compared to 2012. EBITDA increased in all three divisions through the addition of new facilities, capitalizing on crude oil marketing opportunities, and higher demand in the PRD division, increase in market share and revenue per operating day in the DS division combined with the acquisition of Target, and the acquisition of Frontline combined with an increase in the number of environmental projects in the OS division as detailed above in the revenue highlights.
  - Earnings per share increased to $0.36 from $0.34 in the prior year. Earnings per share increased to $0.36 from $0.34 in the prior year. The growth in earnings per share is lower than the growth in EBITDA because of the addition of amortization and depreciation charges related to the Corporation's continued investment in long term strategic acquisitions and organic projects ahead of their contribution to earnings. In addition, issuance of shares through acquisitions and bought deal financings continue to increase the weighted average number of shares.
- INCREASED CAPITAL SPENDING THROUGH ORGANIC GROWTH AND STRATEGIC AQUISITIONS
  - Organic growth capital totaled $193.8 million for the year ended December 31, 2013 and includes 2012 carryover capital related to the Judy Creek and Rocky FSTs. The Corporation increased its 2013 capital expenditure program from $155.0 million to $195.0 million during the year and in the fourth quarter announced the 2014 capital expenditure budget of $225.0 million. Major expenditures for the year ended December 31, 2013 included:
    - 2012 carry over capital for the Rocky and Judy Creek FSTs, that were completed and commissioned during the second and third quarters of 2013;

- Growth capital consisting of eight new PRD facilities with construction commencing or completed in 2013:
    - Three FSTs – Kindersley FST (phase one treating and disposal) which was commissioned in late December, 2013, Edson, and Keene (North Dakota) which are expected to be opened at the start of the second quarter of 2014;
    - Three SWDs – Kaybob and Stanley (North Dakota) were completed and commissioned during the third and fourth quarter of 2013, Keene (North Dakota) was completed and commissioned in the fourth quarter;
    - Two landfills - Saddle Hills and 13 Mile (North Dakota) were completed and opened during the fourth quarter of 2013; and
- Expansion capital consisting of:
    - Landfill cells were completed during the year at Pembina, Fox Creek and South Grande Prairie;
    - Second treaters at Fox Creek FST and Drayton Valley FST were completed, commissioned and were fully operational in the second half of 2013;
    - Second disposal well at 13 Mile (North Dakota) was completed and commissioned in the fourth quarter;
- Various long lead purchases for 2014 PRD capital projects and rental equipment for the DS division. Both the PRD and DS divisions continue to heavily invest in business development, including research and development activities, pilot projects for water and oil recycling, and front end development for 2014 projects.

- During the year, the Corporation completed two strategic acquisitions:
    - On April 1, 2013 the Corporation acquired Frontline for an aggregate purchase price of $22.4 million. Frontline's core services include pipeline integrity; remediation and reclamation; and demolition and decommissioning performed throughout Western Canada. The Frontline acquisition created the OnSite Services division, which includes environmental services and the integrated water solutions group.
    - On July 2, 2013, the Corporation acquired Target for an aggregate purchase price, including assumed debt, of $40.1 million. Target was a privately owned oilfield service company headquartered in Grande Prairie, Alberta that offers equipment rental and support services in both the drilling and completions sectors. Their core service is the supply of a patented dual containment fluid storage tank system for oil based drilling fluid applications. The "Target Tank" system provides customers with a safe, environmentally responsible, cost effective solution to storing oil based drilling fluids and other sensitive fluids at the drill site.
- BRAZEAU SWD UPDATE
    - During the fourth quarter, the Corporation completed the repairs to the facility as a result of the lightning strike in the second quarter of 2013 and the SWD is now operational.
- SOLID BALANCE SHEET
    - On October 29, 2013, the Corporation entered into an amended and extended $400.0 million revolving credit facility (the "credit facility"). The previous revolving credit facility was increased from $300.0 million to $400.0 million and includes an accordion feature which if exercised, would increase the credit facility by $50.0 million with the consent of the lenders. The credit facility consists of a $390.0 million extendible revolving term credit facility and a $10.0 million revolving operating facility. The credit facility was extended along with an interest rate reduction of 25 basis points.

- On November 20, 2013, the Corporation entered into an agreement on a bought deal basis (the "offering") with a syndicate of underwriters, pursuant to which the underwriters agreed to purchase for resale to the public 7,166,123 common shares (including overallotment) of the Corporation at a price of $15.35 per common share for gross proceeds of $110.0 million. The proceeds of the offering will be used by the Corporation to fund capital expenditures and for general working capital and corporate purposes.
- During the year, the Corporation announced it would begin paying a dividend commencing May 1, 2013. In conjunction with the dividend, the Corporation also announced the adoption of a Dividend Reinvestment Plan ("DRIP"). The DRIP provides eligible shareholders with the opportunity to reinvest their cash dividends into the Corporation.
- Secure's debt to EBITDA ratio was 1.38 as of December 31, 2013 compared to 1.51 as of December 31, 2012.

- SUBSEQUENT EVENTS
  - Subsequent to year end, Secure executed two strategic acquisitions for an aggregate purchase price of approximately $28.7 million, paid in cash and shares of the Corporation. These acquisitions fall into the OS division with assets that will grow the Corporation's integrated water solutions service line and establish an onsite market presence in the US. This is a continuation of the Corporation's strategy to add complementary services along the energy services value chain.
  - In January of 2014, Secure entered into a purchase agreement for a mineral products plant in Alberta for total consideration of $12.0 million. The mineral products plant mainly processes barite which is a product used in drilling fluids. The mineral products plant allows Secure to vertically integrate the operations into the DS division to improve supply logistics and quality. The transaction is pending and is anticipated to close in April of 2014.

FOURTH QUARTER 2013 HIGHLIGHTS

($000's except share and per share data)	Three Months Ended December 31, 2013	2012	% Change
Revenue (excludes oil purchase and resale)	**155,427**	108,356	43
Oil purchase and resale	**232,522**	170,501	36
Total revenue	**387,949**	278,857	39
EBITDA [(1)]	**42,108**	28,360	48
Per share ($), basic	**0.38**	0.27	41
Per share ($), diluted	**0.37**	0.26	42
Net earnings for the period	**11,545**	10,634	9
Per share ($), basic	**0.10**	0.10	-
Per share ($), diluted	**0.10**	0.10	-
Funds from operations [(1)]	**35,339**	24,785	43
Per share ($), basic	**0.32**	0.24	33
Per share ($), diluted	**0.31**	0.23	35
Cash dividends per common share	**0.04**	nil	100
Total assets	**1,039,725**	767,911	35
Long term borrowings	**159,931**	122,810	30
Total long term liabilities	**240,913**	178,902	35
Common shares - end of period	**116,574,147**	104,627,002	
Weighted average common shares			
basic	**110,706,772**	104,530,375	6
diluted	**113,700,987**	107,456,318	6

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

- Revenue (excluding oil purchase and resale) of $155.4 million for the three months ended December 31, 2013 increased 43% compared to the same period in 2012.
    - PRD division revenue (excluding oil purchase/resale) for the three months ended December 31, 2013 increased 46% compared to the same period in 2012. Revenue for the quarter increased as a result of increased demand and new facility additions and expansions subsequent to the fourth quarter of 2012. Disposal volumes increased 36% over the comparative quarter of 2012 as a result of the Corporation commissioning landfills in the fourth quarter at 13 Mile, North Dakota and Saddle Hills combined with cell expansions at the Fox Creek and South Grande Prairie landfills.
    - DS division revenue of $86.3 million increased 32% compared to the same period in 2012. DS Canadian revenue per operating day increased 22% over the prior year quarter combined with an overall higher field activity level as reported by the CAODC as average rig count increased 6% over the comparative quarter of 2012. In addition, meters drilled in Canada increased by 8% in the fourth quarter of 2013. The acquisition of Target in the second quarter contributed to an increase of 43% in rental revenue in the quarter.
    - OS division revenue of $17.6 million for the three months ended December 31, 2013 increased by 134% over the same period in 2012. The acquisition of Frontline on April 1, 2013 significantly contributed to the increase in revenue, combined with an increase in environmental projects completed resulting in an increase of 44% for the quarter, and a full quarter of operations for the CleanSite business which began operations in the fourth quarter of 2012.

- EBITDA increased 48% over 2012 fourth quarter
    - For the three months ended December 31, 2013, EBITDA increased 48% as compared to the same period in 2012. EBITDA increased in all three divisions through the addition of new facilities, capitalizing on crude oil marketing opportunities, and higher demand in the PRD division, increase in revenue per operating day in the DS division, combined with the acquisition of Target, contributed to higher margins for the quarter, and the increase in environmental project work and the acquisition of Frontline in the OS division as detailed above in the revenue highlights.

OUTLOOK

The rig count in the fourth quarter of 2013 was up 6% from the previous year as a result of increased winter drilling activity, driven in part by resource play development. In addition, meters drilled in Canada increased 4% over the prior year. The increase in the number of meters drilled as a result of a continued emphasis on horizontal drilling is a positive indicator for the Corporation as it is anticipated it will create higher demand for the Corporation's products and services. Secure views meters drilled as a better indicator than the number of wells drilled of future macro trends impacting the Corporation's results.

Market indicators suggest activity will rise in 2014 given the active capital markets in the fourth quarter of 2013 and stronger balance sheets heading into 2014. This is expected to result in increased capital budgets by producers with spending plans trending higher into 2014 compared to 2013. In addition, alternatives to crude transport such as rail have positively impacted activity levels. The longer term fundamentals of the North American oil and gas market are positive which will drive customer demand for the services the Corporation's offers.

In the first quarter of 2014, the Corporation expects activity levels to remain strong in both the PRD division and the DS division as a result of an expected increase in the number of wells and meters drilled. The OS activity will also be strong as some project delays in the fourth quarter of 2013 will carry into the first quarter of 2014. An early or late spring break up period can impact revenue in all three divisions.

Secure recently announced its 2014 capital expenditure program of $225.0 million, the largest in the Corporation's history. Spending on 2014 capital initiatives will have a minimal impact on 2014 results, which is typical for these projects considering the approval and construction timelines. Material cash flow effects from these projects will be seen in 2015. Included in the capital program is $20.0 million of carry over capital from 2013 projects related to the Edson, and Keene FSTs. $135.0 million of growth capital is allocated to the PRD division for completion of the Corporation's first full service rail facility, one FST, two SWDs, one landfill, and conversion of two existing SWDs to FSTs; $45.0 million for expansion capital; and $5.0 million for normal course maintenance capital. $14.0 million has been allocated to the DS division for growth capital consisting of an oil based mud blending plant and rental equipment. $6.0 million is allocated to the OS division for growth capital consisting of heavy duty equipment and specialized tools for ongoing OnSite projects.

Following the completion of the $110.0 million offering and expansion of the credit facility by $100.0 million in the fourth quarter, along with increasing cash flows from operations, the Corporation is well positioned to fund its capital program for 2014. Secure has a strong balance sheet that will allow the Corporation to continue in growth mode, capitalize on opportunities in underserviced markets, and meet demand as it increases.

In 2014, Secure will continue to execute on its strategy of helping customers with new facilities and services in both under-serviced and capacity constrained markets, reduce waste, recycle and reuse fluids at Secure facilities and to provide full cycle environmental and midstream solutions in the energy services market. Secure's construction of five new facilities in Canada and three new facilities in the United States during 2013 will provides a solid platform for growth into 2014 and beyond.

Finally, Secure was strengthened at all levels through a focus on health and safety, with reportable incidents well below industry standards in 2013. These are numbers that Secure is proud of and will strive to improve this record in 2014. The commitment to talent development and recruitment of the right people enabled us to grow to over 1,000 employees. The Corporation strives to keep its agile and disciplined entrepreneurial culture to ensure that Secure's abundant opportunities are adequately financed and executed by the right people. Secure is excited about the future and providing safe and innovative solutions that create continued value for our customers and shareholders.

NON-GAAP MEASURES AND OPERATIONAL DEFINITIONS

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

Operating margin

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

Operating days

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

Canadian Market Share

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

EBITDA

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

	Three Months Ended Dec 31,			Year Ended Dec 31,		
($000's)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Net Earnings	**11,545**	10,634	9	**38,963**	33,052	18
Add:						
Depreciation, depletion and amortization	**20,513**	12,236	68	**67,345**	42,283	59
Share-based payments	**2,520**	1,407	79	**8,411**	5,383	56
Current tax expense	**4,548**	2,239	103	**12,624**	7,286	73
Deferred income tax expense	**46**	(77)	(160)	**3,598**	5,855	(39)
Interest, accretion and finance costs	**2,727**	1,921	42	**7,433**	5,765	29
Other expenses/ (income)	**209**	-	100	**(862)**	-	100
EBITDA	**42,108**	28,360	48	**137,512**	99,624	38

Capital Expenditures

Expansion, growth or acquisition capital are capital expenditures with the intent to expand or restructure operations, enter into new locations or emerging markets, or complete a business acquisition. Sustaining capital refers to capital expenditures in respect of capital asset additions, replacements or improvements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion capital involves judgment by management.

ADDITIONAL GAAP MEASURES

Funds from operations

Funds from operations refer to cash flow from operations before changes in non-cash working capital. Secure's management views cash flow from operating activities before changes in non-cash working capital balances as a measure of liquidity and believes that funds from operations is a metric used by many investors to assess the financial performance of the Corporation. Any use of cash from an increase in working capital in a particular period will be financed by existing cash or by the credit facility.

	Three Months Ended Dec 31,			Year Ended Dec 31,		
($000's)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Cash from operating activities	**18,766**	47,426	(60)	**99,602**	99,266	-
Add (deduct):						
Non-cash w orking capital changes	**16,573**	(22,641)	(173)	**21,412**	(11,470)	(287)
Funds from operations	**35,339**	24,785	43	**121,014**	87,796	38

RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2013

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

Note: Due to the creation of the OS Division April 1, 2013, certain reclassifications of revenues and expenses between the divisions have occurred. Accordingly, any reclassification in 2013 was restated in the prior year to conform to current period presentation. More specifically, the DS division environmental services business and the PRD division integrated water solutions business have been combined with Frontline to form the OS division.

	Year Ended December 31,		
($000's except per share data)	**2013**	**2012**	**% Change**
Revenue	**1,492,540**	1,029,440	45
Operating expenses	**1,360,930**	929,048	46
General and administrative	**60,372**	44,518	36
Business development	**9,482**	3,916	142
Interest, accretion and finance costs	**7,433**	5,765	29
Total expenses	**1,438,217**	983,247	46
Other income	**862**	-	100
Earnings for the year before income taxes	**55,185**	46,193	19
Income taxes			
Current income tax expense	**12,624**	7,286	73
Deferred income tax expense	**3,598**	5,855	(39)
	16,222	13,141	23
Net earnings for the year	**38,963**	33,052	18
Other comprehensive income/(expense)			
Foreign currency translation adjustment	**5,515**	(1,322)	(517)
Total comprehensive income	**44,478**	31,730	40
Earnings per share			
Basic	**0.36**	0.34	6
Diluted	**0.35**	0.33	7

PRD DIVISION OPERATIONS – YEAR ENDED DECEMBER 31, 2013

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

Processing, recovery and disposal services:

Processing services are primarily performed at FSTs and include waste processing and crude oil emulsion treating. Secure's FSTs that are connected to oil pipelines provide customers with an access point to process and/or treat their crude oil for shipment to market. The crude oil or oilfield waste is delivered by customers to Secure by tanker truck or by a vacuum truck. The FST will process oilfield waste to separate out solids, water and crude oil. Crude oil that does not meet pipeline specifications is processed through a crude oil emulsion treater. Recovery services include revenue from the sale of oil recovered through waste processing, crude oil handling, terminalling and marketing. Clean crude oil and treated crude oil are stored on site temporarily until the volumes are ready to be shipped through gathering or transmission pipelines. Disposal services include produced and waste water disposal services through a network of class 1B disposal wells and disposal of oilfield solid wastes at the Corporation's landfills.

Oil purchase/resale service:

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

	Year Ended Dec 31,		
($000's)	**2013**	**2012**	**% Change**
Revenue			
Processing, recovery and disposal services (a)	**179,343**	125,833	43
Oil purchase and resale service	**950,593**	637,248	49
Total PRD division revenue	**1,129,936**	763,081	48
Operating Expenses			
Processing, recovery and disposal services (b)	**68,385**	48,601	41
Oil purchase and resale service	**950,593**	637,248	49
Depreciation, depletion, and amortization	**44,607**	29,114	53
Total operating expenses	**1,063,585**	714,963	49
General and administrative	**23,247**	12,392	88
Total PRD division expenses	**1,086,832**	727,355	49
Operating Margin (1) (a-b)	**110,958**	77,232	44
Operating Margin (1) as a % of revenue (a)	**62%**	61%	

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

Revenue (PRD division)

Revenue from processing, recovery and disposal for the year ended December 31, 2013 increased 43% to $179.3 million from $125.8 million in 2012.

Processing: For the year ended December 31, 2013, processing volumes increased 20% from 2012. Part of the increase relates to the addition of the following new facilities and services added after the third quarter of 2012 ("new facilities and services"): completion of the Crosby SWD in North Dakota in December 2012; Fox Creek Landfill in December 2012; Edson temporary water injection facility in January 2013; Rocky and Judy Creek FSTs in May 2013; Kaybob SWD in August 2013; Stanley SWD in North Dakota in September 2013; 13 Mile Landfill in North Dakota in October 2013; Keene SWD in North Dakota and Saddle Hills Landfill in November 2013; and the Kindersley FST in December 2013. Also contributing to the increase in revenue was an increase in overall demand for the PRD division's services.

Recovery: Revenue from recovery includes revenue from the sale of oil recovered through waste processing, crude oil handling, marketing and terminalling. Revenue from recovery for the year ended December 31, 2013 increased by 63% from 2012. A significant portion of the increase in recovery revenue for the year ended December 31, 2013 is a result of the Corporation's ability to capitalize on crude oil marketing opportunities at its FSTs, higher throughput and an average 4% increase in the price of crude oil over 2012. Crude oil marketing revenue increased by 131% for the year ended December 31, 2013, from 2012. Increased oil throughput at the Corporation's pipeline connected FST's, in conjunction with the Corporation's ability to capitalize on market spread differential opportunities (including maximizing crude oil marketing opportunities available by shipping crude oil via rail), led to the significant increases in revenue from this service line as compared to 2012. In addition, the Corporation's Dawson FST was fully operational in 2013, and the Judy Creek FST was pipeline connected and fully operational in the third quarter of 2013.

Disposal: Secure's disposal volumes increased by 40% for the year ended December 31, 2013 from 2012. The following FSTs and landfills opened in the year contributed to the increase in volumes: Fox Creek Landfill in December 2012; Rocky and Judy Creek FST's in May 2013; 13 Mile Landfill in North Dakota in October 2013; and Saddle Hills Landfill in November 2013.

Oil purchase/resale service: Revenue from oil purchase and resale services increased 49% to $950.6 million over the prior year. The increase in the year is due to increased pipeline capacity added in the year at the Judy Creek FST in the third quarter, a 4% increase in crude oil prices, increased oil throughput at the Corporation's pipeline connected FSTs, and increasing crude oil volumes shipped via rail. The revenue from this service line will fluctuate monthly based on the factors described above.

Operating Expenses (PRD division)

Operating expenses from processing, recovery and disposal services for the year ended December 31, 2013 increased 41% to $68.4 million from $48.6 million for 2012. The increase in operating expenses for the year relate to the new facilities, expansions added organically, and the increases in both processing and disposal volumes at the Corporation's existing facilities.

A majority of the increase in operating expenses is a direct result of new facilities commissioned in the year. The five facilities in Canada and three in the US accounted for 62% of the increase over the comparative period in 2012. Commissioning expenses related to staffing and training for the opening of the eight new facilities in the year contributed to a 7% increase in operating expenses. The remaining increase in operating expenses directly correlates with the increase in revenue.

Trucking expenses increased 88% from the comparative period of 2012 as a result of additional trucking costs incurred to move crude oil from FSTs that are not pipeline connected and to move crude oil shipped by rail from the Silverdale FST. The increase can also be attributed to an increase in processed volumes at the Corporation's FSTs, as the solid waste is transferred to the Corporation's landfills for disposal.

Operating margin as a percentage of revenue for the year ended December 31, 2013 was 62% compared to 61% for 2012. The 1% increase to operating margin for the year ended December 31, 2013 is a result of improvements in operating efficiencies at the facilities, increases in recovery including crude oil marketing activities at the Corporation's pipeline connected FSTs, and from volumes managed by rail at the Silverdale FST.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the year ended December 31, 2013 increased to $44.6 million from $29.1 million for 2012. The increase is due to the addition of new facilities, expansions at existing facilities and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase, there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

General and administrative ("G&A") expenses for the year ended December 31, 2013 increased 88% to $23.2 million from $12.4 million in 2012. For the year ended December 31, 2013, G&A increased to 13% of revenue (excluding oil purchase/resale) from 10% in 2012. Major drivers of the increase on year to date comparatives is a 58% increase in wages and salaries to support the opening of new facilities and growth at existing facilities both in Canada and the US, a $1.5 million increase in building and lease costs to accommodate growth of staff in Canada, a 132% increase in facility costs to support growth in North Dakota with the addition of four new facilities over the prior year, and a $0.9 million increase in information technology expenses related to information technology systems and licensing of software to support the growth of the division and consolidate software systems used in the head office and the field to gain operational efficiencies. The increase in G&A is reflective of management's intention to prepare for the growth of the new and expanding facilities as well as the growth in the US PRD operations. It is management's expectation that G&A as a percentage of revenues will decrease as operations increase.

DS DIVISION OPERATIONS – YEAR ENDED DECEMBER 31, 2013

The DS division's main geographic area of operations is the WCSB; while activity levels in the United States increased with the acquisition of IDF, providing a presence in the Niobrara play in Colorado, and through additions to the fleet of rental equipment in Colorado and North Dakota. WCSB operations are coordinated from the Calgary, Alberta office, while U.S. operations are coordinated through the Denver, Colorado office.

Drilling services:

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

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

	Year Ended Dec 31,		
($000's)	**2013**	**2012**	**% Change**
Revenue			
Drilling services (a)	**308,160**	242,812	27
Operating expenses			
Drilling services (b)	**230,400**	185,185	24
Depreciation and amortization	**17,762**	12,308	44
Total DS division operating expenses	**248,162**	197,493	26
General and administrative	**23,549**	23,011	2
Total DS division expenses	**271,711**	220,504	23
Operating Margin [1] (a-b)	**77,760**	57,627	35
Operating Margin % [1]	**25%**	24%	

[1] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Revenue (DS division)

Revenue from the DS Division for the year ended December 31, 2013 increased 27% to $308.2 million from $242.8 million in 2012. The significant increase in revenue for the year ended December 31, 2013 is the result of a combined 26% increase in drilling fluids service line revenue and a 42% increase in revenue for the equipment rentals service line from 2012. Major drivers for the drilling fluids service line revenue increases in the year are due to increased market share, an increase in meters drilled, increase in revenue per operating day, and an increase in SAGD activity. The increase in the equipment rentals service line is a result of a 5% increase in equipment utilization over 2012, an increase in rental equipment market share as the division increased its rental fleet size, and the addition of Target on July 2, 2013.

Drilling fluids revenue per operating day for the year ended December 31, 2013 increased to $6,430 from $5,419 in 2012. The increase in revenue per day for the year can be attributed to a 23% increase in meters drilled for the Corporation which led to higher product usages, increased probability of lost circulation events and a higher usage of specialty chemicals. In addition, the Corporation realized a 23% increase in the proportion of SAGD wells relative to 2012. SAGD wells are more complex and require more costly drilling fluids which contribute to the increase in revenue per operating day. For any given quarter, revenue per operating day can fluctuate significantly due to changes in the product mix, the type of well that is being drilled, and the timing of specific drilling events such as the loss of well bore control either due to pressure or lost circulation.

WCSB market share increased by 3% for the year ended December 31, 2013 to 32% from 29% for 2012. The CAODC average monthly rig count for Western Canada provides the basis for market share calculations. Operating rig days for the year ended December 31, 2013 were 39,991 compared to 37,203 for the 2012 comparative period. Market share has continued to increase as a result of the addition of the Drayton Valley blending plant, increase in SAGD wells drilled where the Corporation has a higher market share than other operating areas, and the successful integration of the XL and New West Drilling Fluids Inc. (“New West”) acquisitions.

Operating Expenses (DS division)

Operating expenses for the DS Division for the year ended December 31, 2013 increased 24% to $230.4 million from $185.2 million for 2012. As a percentage of revenue, operating expenses for the year were 75%, a 1% decrease over the comparative period of 2012. DS division operating margins can vary due to changes in product mix, well type, geographic area, and nature of activity. As wells become longer in reach, more specialized products are used which tend to have higher product margin. Equipment rental operating expenses decreased on the basis of a percentage of revenue driven by the increased rental fleet from the acquisition of Target and an overall increase in fleet utilization.

For the year ended December 31, 2013, operating margins increased to 25% from 24% in 2012. The 1% increase can be attributed to the shift in product mix. Equipment rentals, which have higher operating margins, made up a larger portion of DS revenue in 2013 as a result of the addition of Target and an increase in fleet utilization.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the year ended December 31, 2013 increased to $17.8 million from $12.3 million in 2012. Depreciation and amortization expense increased compared to the prior year as a result of a larger fixed asset base driven by capital additions to the rental fleet combined with the acquisition of Target.

General and Administrative (DS division)

G&A expense for the year December 31, 2013 increased to $23.5 million from $23.0 million in 2012. As a percentage of revenue for the year ended December 31, 2013, G&A expenses were 8% compared to 10% for 2012. The increase of $0.5 million is a result of supporting the US operations and the acquisition of Target.

OS DIVISION OPERATIONS

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

	Year Ended Dec 31,		
($000's)	**2013**	**2012**	**% Change**
Revenue			
Onsite services (a)	**54,444**	23,547	131
Operating expenses			
Onsite services (b)	**44,152**	15,730	181
Depreciation and amortization	**4,020**	346	1,062
Total OS division operating expenses	**48,172**	16,076	200
General and administrative	**5,784**	3,857	50
Total OS division expenses	**53,956**	19,933	171
Operating Margin (1) (a-b)	**10,292**	7,817	32
Operating Margin % (1)	**19%**	33%	

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

Revenue (OS division)

Revenue for the year ended December 31, 2013 increased 131% to $54.4 million from $23.5 million for 2012 and is primarily due to the acquisition of Frontline effective April 1, 2013. The prior year comparative figures include environmental services revenue and integrated water solutions revenue. The environmental services and integrated water solutions groups were previously included in other divisions but were allocated into the OS division in conjunction with the Frontline acquisition. Environmental services revenue for the year ended December 31, 2013 increased 46% over 2012 due to an increase in the number of environmental projects completed and the start-up of the CleanSite business in the fourth quarter of 2012.Frontline utilization remained strong for the year despite a few projects being impacted by wet weather in both the second and the fourth quarter of 2013. Wet weather impacts the mobilization of equipment to the customer site, increases overhead and delays the start of projects. In addition, Frontline completed $5.4 million of internal projects for the PRD division, of which intercompany profits are eliminated.

Operating Expenses (OS division)

Operating expenses for the year ended December 31, 2013 increased to $44.2 million from $15.7 million for 2012. The acquisition of Frontline contributed to the year to date increases as the number of projects completed that were previously delayed due to the wet weather conditions experienced in the second and fourth quarter added to increased mobilization and overhead costs for the year, and mobilization costs for projects that are anticipated to be completed in the first quarter of 2014 were incurred.

Environmental services operating expenses for the year ended December 31, 2013 increased 67% over 2012 due to the startup of the CleanSite business in the fourth quarter of 2012 and the increase in the number of environmental projects completed in the year which increased third party pass through costs.

Operating margin for the year ended December 31, 2013 was reduced to 19% as a result of combining the Frontline services in the second quarter of 2013 with that of the environmental services group. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up and other services in any given period.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the year ended December 31, 2013 increased to $4.0 million from $0.3 million for 2012. The majority of the increase in depreciation in relation to 2012 is due to the acquisition of Frontline. Depreciation and amortization of tangible and intangible assets added from the acquisition began on April 1, 2013. Depreciation and amortization in the prior year related to the environmental and integrated water solutions business lines.

General and Administrative (OS division)

G&A expenses for the year ended December 31, 2013 increased to $5.8 million from $3.9 million for 2012. G&A expenses increased due to the Frontline acquisition, increased demand for Frontline services, and increases in environmental service activity associated with the startup of the "CleanSite" business in the fourth quarter of 2012.

PRD DIVISION OPERATIONS – FOURTH QUARTER ENDED DECEMBER 31, 2013

	Three Months Ended Dec 31,		
($000's)	**2013**	**2012**	**% Change**
Revenue			
Processing, recovery and disposal services (a)	**51,586**	35,269	46
Oil purchase and resale service	**232,522**	170,502	36
Total PRD division revenue	**284,108**	205,771	38
Operating Expenses			
Processing, recovery and disposal services (b)	**20,857**	13,346	56
Oil purchase and resale service	**232,522**	170,502	36
Depreciation, depletion, and amortization	**13,749**	8,968	53
Total operating expenses	**267,128**	192,816	39
General and administrative	**5,982**	3,961	51
Total PRD division expenses	**273,110**	196,777	39
Operating Margin (1) (a-b)	**30,729**	21,923	40
Operating Margin (1) as a % of revenue (a)	**60%**	62%	

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

Revenue (PRD division)

Revenue from processing, recovery and disposal for the three months ended December 31, 2013 increased 46% to $51.6 million from $35.3 million in the comparative period of 2012.

Processing: For the three months ended December 31, 2013, processing volumes increased 32% from the comparative period in 2012. Part of the significant increase relates to the addition of new facilities and expansions at current facilities as described in the results for the year ended December 31, 2013. Also contributing to the increase in revenue was an increase in overall demand for the PRD division's services.

Recovery: Revenue from recovery for the three months ended December 31, 2013 increased by 55% from the comparative period in 2012. A significant portion of the increase in recovery revenue for the three months ended December 31, 2013 is a result of the Corporation's ability to capitalize on crude oil marketing opportunities at its FSTs, higher throughput and an increase in the price of crude oil of 12% as compared to the fourth quarter of 2012. Crude oil marketing revenue increased by 111% for the three months ended December 31, 2013, from the comparative period of 2012. Increased oil throughput at the Corporation's pipeline connected FSTs, in conjunction with the Corporation's ability to capitalize on market spread differential opportunities (including maximizing crude oil marketing opportunities available by shipping crude oil via rail), led to the significant increases in revenue from this service line as compared to the same period of 2012. In addition, the Corporation's Judy Creek FST was pipeline connected and fully operational in the third quarter of 2013 which contributed to an increase in the quarter.

Disposal: Secure's disposal volumes increased by 36% for the three months ended December 31, 2013 from the comparative period of 2012. As described above, the increase is due to higher demand for the PRD division's services and commissioning of the landfills at 13 Mile, North Dakota and Saddle Hills combined with cell expansions at Fox Creek and South Grande Prairie in the fourth quarter of 2013.

Operating Expenses (PRD division)

Operating expenses from PRD services for the three months ended December 31, 2013 increased 56% to $20.9 million from $13.3 million for the comparative period of 2012. The increase in operating expenses for the fourth quarter relate to the new facilities, expansions added organically, and the increase in both processing and disposal volumes at the Corporation's existing facilities. This includes the upfront commissioning costs in the fourth quarter associated with opening 13 Mile Landfill, Keene SWD, Brazeau SWD, Saddle Hills Landfill, and the Kindersley FST (phase one treating and disposal). The new facilities accounted for 63% of the increase over the comparative period in 2012. In addition, trucking expenses increased 90% from the comparative period of 2012 as a result of additional trucking costs incurred to move crude oil from FSTs that are not pipeline connected and to move crude oil shipped by rail from the Silverdale FST. The increase is also a result of higher processed volumes at the Corporation's FSTs as solid waste is transferred to the Corporation's landfills for disposal.

In the fourth quarter of 2013, one-time, non-recurring maintenance costs were incurred which account for approximately $1.6 million in additional operating expenses for the quarter. During the fourth quarter, two of the Corporation's disposal wells were down for non-recurring maintenance. As a result of the down time, produced water and waste water was diverted to Secure's other facilities resulting in increased trucking costs for the Corporation. In addition, the Corporation also incurred costs at one of its Landfills for liner repairs. Both of the above one-time costs are considered non-recurring events.

Operating margin as a percentage of revenue for the three months ended December 31, 2013 was 60% compared to 62% for the comparative period of 2012. The 2% decrease to operating margin for the three months ended December 31, 2013 is a direct result of the non-recurring maintenance expenses incurred of approximately $1.6 million, as described above, in the fourth quarter of 2013.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the three months ended December 31, 2013 increased to $13.7 million from $9.0 million for the comparative period of 2012. The increase is due to the addition of new facilities, expansions at existing facilities and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

General and administrative ("G&A") expenses increased for the three months ended December 31, 2013 to $6.0 million from $4.0 million in the comparative period of 2012. For the quarter ended December 31, 2013, G&A increased to 12% of revenue (excluding oil purchase/resale) from 11% in the comparative period. Major drivers of the increase are an increase of $1.2 million in wages & salaries to support the opening of new facilities and growth at existing facilities both in Canada and the US, a 143% increase in building and lease costs to accommodate growth of staff in Canada, and an 81% increase in information technology expenses related to information technology systems and licensing of software to support the growth of the division and consolidate software systems used in the head office and the field to gain operational efficiencies. The increase in G&A is reflective of management's intention to prepare for the growth of the new and expanding facilities as well as the growth in the US PRD operations.

DS DIVISION OPERATIONS – FOURTH QUARTER ENDED DECEMBER 31, 2013

	Three Months Ended Dec 31,		
($000's)	**2012**	**2011**	**% Change**
Revenue			
Drilling services (a)	**86,287**	65,572	32
Operating expenses			
Drilling services (b)	**62,506**	49,142	27
Depreciation and amortization	**5,104**	2,968	72
Total DS division operating expenses	**67,610**	52,110	30
General and administrative	**5,978**	6,167	(3)
Total DS division expenses	**73,588**	58,277	26
Operating Margin (1) (a-b)	**23,781**	16,430	45
Operating Margin % (1)	**28%**	25%	

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

Revenue (DS division)

Revenue from the DS division for the three months ended December 31, 2013 increased 32% to $86.3 million from $65.6 million in the comparative period of 2012. The significant increase in revenue for the three months ended December 31, 2013 is the result of a combined 26% increase in drilling fluids service line revenue and a 113% increase in revenue for the equipment rentals service line from the comparative period in 2012. Major drivers for the drilling fluids service line revenue increases in the fourth quarter are due to an increase in meters drilled, an increase in revenue per operating day, and an increase in SAGD activity in the quarter. The increase in the equipment rentals service line is a result of a 14% increase in equipment utilization over the comparative period of 2012, an increase in rental equipment market share as the division increased its rental fleet size, and the addition of Target on July 2, 2013.

Drilling fluids revenue per operating day for the three months ended December 31, 2013 increased to $6,857 from $5,642 from the comparative period of 2012. The increase in revenue per day for the quarter can be attributed to a 17% increase in meters drilled for the Corporation which led to higher product usages, increased probability of lost circulation events and a higher usage of specialty chemicals. In addition, the Corporation realized an increase in the proportion of SAGD wells relative to the 2012 comparable period. SAGD wells are more complex and require more costly drilling fluids which contribute to the increase in revenue per operating day.

WCSB market share increased by 1% for the three months ended December 31, 2013 to 31% from 30%, for the comparative period of 2012. The CAODC average monthly rig count for Western Canada provides the basis for market share calculations. Operating rig days for the three months ended December 31, 2013 were 10,526 compared to 9,616 for the 2012 comparative period.

Operating Expenses (DS division)

Operating expenses for the DS Division for the three months ended December 31, 2013 increased 27% to $62.5 million from $49.1 million for the comparative period of 2012. As a percentage of revenue, operating expenses for the three months ended December 31, 2013 were 72%, a 3% decrease from 75% in the 2012 comparative period. DS division operating margins can vary due to changes in product mix, well type, geographic area, and the nature of activity. As wells become longer in reach, more specialized products are used which tend to have higher product margin. Equipment rental expenses decreased on the basis of a percentage of revenue as a result of an increase in revenue base due to the acquisition of Target, and an increase in the utilization of the rental fleet during the quarter.

For the three months ended December 31, 2013, operating margins increased to 28% from 25% for the 2012 comparative period. The increase in margin over the prior period quarter is a direct result of the increase in rental equipment revenue, which contributes a higher margin percentage, and was up 9% over the prior year quarter.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the three months ended December 31, 2013 increased to $5.1 million from $3.0 million in the comparable period of 2012. Depreciation and amortization expense increased compared to the prior periods as a result of a larger fixed asset base driven by capital additions to the rental fleet combined with the acquisition of Target.

General and Administrative (DS division)

G&A expense for the three months ended December 31, 2013 decreased to $6.0 million from $6.2 million in the comparative period of 2012. As a percentage of revenue for the three months ended December 31, 2013, G&A expenses were 7% compared to 9% for the comparative period of 2012. The decrease of $0.2 million for the three months ended December 31, 2013 is a result of one time training and staffing costs incurred in the prior year comparative quarter due to the implementation of a new ERP system that became operational in the 2012 quarter and overhead efficiencies gained as the result of a growing revenue base.

OS DIVISION OPERATIONS – FOURTH QUARTER ENDED DECEMBER 31, 2013

	Three Months Ended Dec 31,		
($000's)	**2013**	**2012**	**% Change**
Revenue			
Onsite services (a)	**17,554**	7,514	134
Operating expenses			
Onsite services (b)	**14,477**	5,315	172
Depreciation and amortization	**1,425**	116	1,128
Total OS division operating expenses	**15,902**	5,431	193
General and administrative	**1,484**	1,032	44
Total OS division expenses	**17,386**	6,463	169
Operating Margin (1) (a-b)	**3,077**	2,199	40
Operating Margin % (1)	**18%**	29%	

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

Revenue (OS division)

Revenue for the three months ended December 31, 2013 increased 134% to $17.6 million from $7.5 million for the comparative period of 2012 and is primarily due to the acquisition of Frontline effective April 1, 2013. The prior year comparative figures include environmental services revenue and integrated water solutions revenue. The environmental services and integrated water solutions groups were previously included in other divisions but were allocated into the OS division in conjunction with the Frontline acquisition. Environmental services revenue for the three months ended December 31, 2013 increased 44% over 2012 comparative period due to an increase in the number of environmental projects completed and the start-up of the CleanSite business in the fourth quarter of 2012.

Frontline utilization was lower than the third quarter of 2013 due to unfavorable weather conditions, longer than anticipated mobilization of equipment for a significant project in Northern British Columbia and shut down of projects over the holiday season in the last two weeks of December. In addition, Frontline completed $2.1 million of internal projects for the PRD division, of which intercompany profits are eliminated.

Operating Expenses (OS division)

Operating expenses for the three months ended December 31, 2013 increased 172% to $14.5 million from $5.3 million for the comparative period of 2012. The acquisition of Frontline contributed most significantly to the quarter over quarter increases. In addition, mobilization expenses associated with a project that is commencing in the first quarter of 2014 combined with other projects being delayed due to unfavourable weather conditions, contributed to higher costs in the fourth quarter of 2013 compared to 2012.

Environmental services operating expenses for the three months ended December 31, 2013 increased 60% over the 2012 comparative period, which is due to the startup of the CleanSite business in the fourth quarter of 2012 and an increase in the number of environmental projects completed which increased third party pass through costs.

Operating margin for the fourth quarter of 2013 was reduced to 18% as a result of combining the Frontline services in the second quarter of 2013 with that of the environmental services group. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up and other services in any given period. During the fourth quarter, Frontline work was weighted towards reclamation, remediation and demolition projects which typically have lower margins.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the three months ended December 31, 2013 increased to $1.4 million from $0.1 million for the comparative period of 2012. The majority of the increase in depreciation over the 2012 comparative period is due to the acquisition of Frontline. Depreciation and amortization of tangible and intangible assets added from the acquisition began on April 1, 2013. Depreciation and amortization in the prior year related to the environmental and integrated water solutions business lines.

General and Administrative (OS division)

G&A expenses for the three months ended December 31, 2013 increased to $1.5 million from $1.0 million for the comparative period of 2012. G&A expenses increased due to the Frontline acquisition, and increases in environmental services through the startup of the "CleanSite" business in the fourth quarter of 2012.

OTHER INCOME AND EXPENSES

CORPORATE EXPENSES

	Three Months Ended December 31,			Year Ended December 31,		
($000's)	2013	2012	% Change	2013	2012	% Change
General and administrative	1,846	1,355	36	7,792	5,258	48

Corporate expenses for the three and twelve months ended December 31, 2013 increased to $1.8 million and $7.8 million from $1.4 million and $5.3 million for the comparative periods of 2012. Included in corporate expenses are all public company costs, salaries, share based payments and office costs relating to corporate employees. The increases in the quarter and year to date are attributed to increased headcount and lease costs due to growth of the Corporation, higher salaries, bonus, and stock based compensation.

BUSINESS DEVELOPMENT EXPENSES

	Three Months Ended December 31,			Year Ended December 31,		
($000's)	2013	2012	% Change	2013	2012	% Change
Business development	2,654	1,085	145	9,482	3,916	142

Business development expenses for the three and twelve months ended December 31, 2013 increased to $2.7 million and $9.5 million from $1.1 million and $3.9 million for the comparative periods of 2012. Business development expenses include prospect costs associated with organic and acquisition opportunities in Canada and the United States, and research and development costs. Business development expenses increased in the quarter and year to date due to increased salaries resulting from a higher headcount required to support the increased capital expenditure programs related to organic and acquisition opportunities, and a continued investment in research and development activities. The increase is also a result of acquisition related costs associated with the Frontline and Target acquisitions in the second and third quarters of the year, respectively. The Corporation continues to expand and evaluate a number of potential projects and prospects.

INTEREST AND FINANCING COSTS

	Three Months Ended December 31,			Year Ended December 31,		
($000's)	2013	2012	% Change	2013	2012	% Change
Interest and finance costs	2,476	1,818	36	6,694	5,401	24

Interest and financing costs for the three and twelve months ended December 31, 2013 were $2.5 million and $6.7 million compared to $1.8 million and $5.4 million for the 2012 comparative periods. The Corporation amended its credit agreement on October 29, 2013. The amendment reduced the interest rate range based on the Canadian prime rate and issuance fees for Bankers Acceptance by 25 basis points. The average debt balance in the fourth quarter of 2013 increased 75% over the prior year quarter whereas the average debt balance for the twelve months ended December 31, 2013 increased 17% from the comparative period in 2012. Interest associated with higher debt balances was partially offset by lower interest rates charged under the amended credit facility.

Interest is capitalized on capital projects with a substantial time to completion. Typically, interest is only capitalized on the construction of the Corporation's FSTs. For the three and twelve months ended December 31, 2013, capitalized interest was $0.1 million and $1.3 million versus $0.1 million and $0.4 million for the 2012 comparative periods. The balance on the credit facility as at December 31, 2013 was $159.9 million compared to $122.8 million as at December 31, 2012.

FOREIGN CURRENCY TRANSLATION ADJUSTMENT

	Three Months Ended December 31,			Year Ended December 31,		
($000's)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Foreign currency translation adjustment	**2,975**	712	318	**5,515**	(1,322)	(517)

Included in Other Comprehensive Income ("OCI") is $3.0 million and $5.5 million for the three and twelve months ended December 31, 2013 of foreign currency translation adjustments relating to the conversion of the financial results of the US operations as at December 31, 2013. The Canadian dollar decreased 3% and 7% in value during the fourth quarter and year ended December 31, 2013, respectively. The foreign currency translation adjustment included in the consolidated statements of comprehensive income does not impact net earnings for the period.

OTHER INCOME (EXPENSE)

	Three Months Ended December 31,			Year Ended December 31,		
($000's)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Other income (expense)						
Impairment expense	**-**	-	-	**(1,052)**	-	-
Insurance recovery (adjustment)	**(209)**	-	-	**1,914**	-	-
Total other income (expense)	**(209)**	-	-	**862**	-	-

During the second quarter of 2013, the Corporation's Brazeau SWD facility was damaged by a lightning strike. An estimated impairment charge was recorded against the net book value of the damaged assets with a corresponding insurance proceeds accrual. During the third quarter, the Corporation began dismantling the damaged property within the facility. As a result of the dismantlement and repair process, the Corporation was able to determine more precisely the property that was damaged and the property that could be salvaged. The facility commenced operations in December, 2013. Therefore, the previously recognized provision for damages to the facility was revised accordingly.

INCOME TAXES

	Three Months Ended December 31,			Year Ended December 31,		
($000's)	**2013**	**2012**	**% Change**	**2013**	**2012**	**% Change**
Income taxes						
Current income tax expense	**4,548**	2,239	103	**12,624**	7,286	73
Deferred income tax expense (recovery)	**46**	(77)	(160)	**3,598**	5,855	(39)
	4,594	2,162	112	**16,222**	13,141	23

Income taxes for the three and twelve months ended December 31, 2013 increased to $4.6 million and $16.2 million from $2.2 and $13.1 million for the 2012 comparative periods. The increase in current income tax expense for both the three and twelve months ended December 31, 2013 is attributable to the overall increase in the Corporation's net earnings before income taxes as compared to the prior periods. In addition, the remaining non-capital losses in Canada were used in 2012 which resulted in higher current tax expense in 2013 for both the three and twelve months ended December 31, 2013. Deferred income tax expense decreased for the twelve months ended December 31, 2013 as the deferred income tax asset increased relating to higher non-capital losses carried forward in the US.

SIGNIFICANT PROJECTS

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

GEOGRAPHICAL FINANCIAL INFORMATION

($000's)	Canada 2013	Canada 2012	United States 2013	United States 2012	Total 2013	Total 2012
Three months ended December 31						
Revenue	**374,225**	266,345	**13,724**	12,512	**387,949**	278,857
Year ended December 31						
Revenue	**1,442,281**	986,801	**50,259**	42,639	**1,492,540**	1,029,440
As at December 31, 2013 and 2012						
Total non-current assets	**686,536**	517,892	**116,880**	70,892	**803,416**	588,784

United States revenue for the three and twelve months ended December 31, 2013 increased 10% and 18% from the respective periods of 2012. Secure is a relatively new market entrant into North Dakota, with the acquisition of DRD Saltwater Disposal LLC in the third quarter of 2012. For the year ended December 31, 2013, increased revenue relates to the completion of the Crosby SWD in December 2012, the addition of the Stanley SWD in the third quarter of 2013, and the addition of the Keene SWD and 13 Mile Landfill late in the fourth quarter of 2013. United States based non-current assets as at December 31, 2013 of $116.9 million have increased 65% from $70.9 million as at December 31, 2012. The increase is a direct result of the addition of an FST, an SWD, a landfill and preliminary design and engineering for 2014 projects in North Dakota during the year. The Corporation now operates five water disposal facilities in North Dakota, one landfill, and offers drilling fluid and drilling equipment rental services throughout the US Rocky Mountain region. The Corporation is in the process of converting the Keene SWD into an FST set to open in 2014. This will further increase the service offerings in the US market and increase Secure's brand recognition.

SUMMARY OF QUARTERLY RESULTS

Seasonality

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

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

($000s except share and per share data)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (excluding oil purchase and resale)	155,427	153,868	85,530	147,122	108,356	99,503	68,906	115,426
Oil purchase and resale	232,522	289,892	252,323	175,856	170,501	149,705	154,756	162,286
Total Revenue	387,949	443,760	337,853	322,978	278,857	249,208	223,662	277,712
Net earnings (loss) for the period	11,545	12,036	(2,375)	17,758	10,634	6,354	1,087	14,977
Earnings (loss) per share - basic	0.10	0.11	(0.02)	0.17	0.10	0.06	0.01	0.17
Earnings (loss) per share - diluted	0.10	0.11	(0.02)	0.17	0.10	0.06	0.01	0.16
Weighted average shares - basic	110,706,772	108,648,873	106,824,753	104,734,964	104,530,375	98,724,604	91,527,556	90,658,046
Weighted average shares - diluted	113,700,987	111,500,617	106,824,753	107,363,836	107,456,318	101,492,349	94,210,135	94,179,644
EBITDA [1]	42,108	41,542	14,158	39,705	28,360	24,915	13,789	32,559

[1] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's significant growth and recent acquisitions during 2013 and 2012, variations in quarterly results extend beyond seasonal factors. While Secure has experienced increased demand for its services over the last eight quarters, the most significant impact relates to new facilities, expansions of existing facilities and acquisitions. PRD facility additions and expansions becoming operational in 2012 were the Wild River SWD (second quarter), Fox Creek landfill (fourth quarter) and the Crosby SWD (fourth quarter) and expansions occurred at Obed, Fox Creek and Dawson FSTs. In the first quarter of 2013, both the Fox Creek landfill and the Crosby SWD provided a full quarter of revenue (both opened late December 2012) and the new Edson temporary SWD began accepting water for disposal. The Judy Creek and Rocky FSTs became operational in the second and third quarters of 2013, the Kaybob and Stanley SWD's began accepting water for disposal in the third quarter of 2013 and the Keene FST in North Dakota (water disposal only), 13 Mile North Dakota and Saddle Hills landfills were commissioned in the fourth quarter; and the Kindersley FST (phase one treating and disposal) was commissioned in late December 2013.

Acquisitions also increased revenue and earnings per share. In the first quarter of 2012, the Corporation acquired New West; a Canadian based drilling fluids company specializing in providing drilling fluid systems and products for heavy oil drilling. New West was integrated into the DS division in the first quarter of 2012. In the third quarter of 2012, DRD was acquired expanding PRD operations into the United States, namely North Dakota, by adding two recently constructed SWD's. IDF, a Colorado based drilling fluids company was acquired adding drilling fluids services into the Niobrara and Cordell shale plays. In the second quarter of 2013, the Corporation completed the acquisition of Frontline thereby expanding its service capability into pipeline integrity, reclamation, remediation, demolition and decommissioning services. In the third quarter of 2013, the Corporation acquired Target, a Canadian based company that supplies horizontal dual containment fluid storage tank systems used primarily for oil based fluid applications. The addition of Target's market leading dual containment fluid storage tank system strengthens Secure's integrated service offering, supporting and expanding the existing drilling fluids and rental business of the Corporation's DS division.

In addition, the Corporation's oil purchase/resale service revenue has also increased significantly quarter over quarter. By offering this service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. The significant increase in the first quarter of 2012 is a result of Secure becoming a single shipper at Drayton Valley FST and La Glace FST. Further increases were achieved in the fourth quarter of 2013 as Judy Creek FST was pipeline connected in the third quarter of 2013. See the "**Business Risks**" section in this MD&A for further discussion on this service.

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

LIQUIDITY AND CAPITAL RESOURCES

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

Sources of Cash

a) Funds from operations

	Year Ended December 31,		
($000's)	**2013**	**2012**	**% Change**
Funds from operations (1)	121,014	87,796	38

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

Funds from operations for the year ended December 31, 2013 were $121.0 million compared to $87.8 million for 2012. The 38% increase for the year ended December 31, 2013 was a result of new PRD facility additions and expansions, DS division market share improvement, revenue per day growth, and increased rental revenues, increased demand for the Corporation's products and services and through the acquisition of Frontline in the second quarter of 2013 and Target in the third quarter of 2013.

b) *Issue of common shares*

($000's)	Year Ended December 31, 2013	2012	% Change
Issue of common shares, net of issue costs	113,899	85,562	33

For the year ended December 31 2013, issuance of common shares was $113.9 million from $85.6 million for 2012. In the fourth quarter of 2013, the Corporation closed a bought deal financing with a syndicate of underwriters for the purchase of 7,166,123 common shares (including overallotment) of the Corporation at a price of $15.35 per common share for gross proceeds of $110.0 million. In connection with the offering, the Corporation incurred approximately $5.1 million in transaction costs which included $3.8 million in agent fees. These costs, net of tax, were applied against the proceeds in share capital during the year ended December 31, 2013.

In addition, the increase also relates to the exercising of options in accordance with the Corporation's share-based payment plan (the "Plan"). Under the Plan, the Corporation may grant share options to its employees, directors, and consultants for up to 10% of the issued and outstanding common shares of the Corporation calculated on a non-diluted basis at the time of grant. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant. As at December 31, 2013, Secure had a total of 116,574,147 common shares, 7,519,300 employee stock options, and 171,932 RSUs outstanding. The $85.6 million that was raised for the year ended December 31, 2012 primarily relates to the closing of a public offering, on a bought deal basis, in the third quarter of 2012 through the issuance of 10,987,262 common shares for net proceeds of $81.5 million.

Uses of Cash

- ***Capital Expenditures***

($000's)	Three months ended December 31, 2013	2012	% Change	Year Ended December 31, 2013	2012	% Change
Capital expenditures [1]						
Expansion and growth capital expenditures	63,520	66,368	(4)	193,841	167,808	16
Acquisitions	-	-	-	26,683	30,788	(13)
Sustaining capital expenditures	740	1,236	(40)	4,337	2,991	45
Total capital expenditures	64,260	67,604	(5)	224,861	201,587	12

[1] Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

The Corporation's expansion and growth capital expenditures for the three months ended December 31, 2013 were $63.5 million from $66.4 million in the comparative period of 2012. Capital expenditures for the fourth quarter of 2013 are allocated as follows:

- $51.0 million in PRD growth capital relating to Edson, Kindersley, and Keene FSTs and the Saddle Hills and 13 Mile landfills. Kindersley was opened in December, 2013 (phase one treating and disposal). Saddle Hills and 13 Mile landfills were opened in the fourth quarter;
- $3.4 million in expansion capital relating to construction and completion of landfill cells at Fox Creek, and South Grande Prairie; and an additional disposal well was commissioned at 13 Mile;
- $5.6 million for long lead items; and
- $3.5 million for rental equipment such as centrifuges, hydraulic stands and invert tanks and other miscellaneous capital expenditures.

The Corporation's expansion and growth capital expenditures for the year ended December 31, 2013 increased to $193.8 million from $167.8 million in 2012. Capital expenditures for the year ended December 31, 2013 are allocated as follows;

- $140.5 million in PRD growth capital:
  - 2012 carry over capital for the Rocky and Judy Creek FSTs, of which completion and commissioning of the Rocky and Judy Creek FST's occurred during the second quarter of 2013;
  - Growth capital consisting of eight new PRD facilities, with construction commencing or completed in 2013:
    - Three FSTs – Kindersley which was commissioned in late December, 2013 (phase one treating and disposal), Edson and Keene which are expected to be opened at the start of the second quarter of 2014;
    - Three SWDs -Kaybob and Stanley were completed and commissioned during the third quarter of 2013, Keene was completed and commissioned in the fourth quarter;
    - Two landfills -Saddle Hills and 13 Mile both were both completed and opened during the fourth quarter;
- $14.7 million for expansion capital
    - Landfill cells at Fox Creek and South Grande Prairie were completed in the fourth quarter and Pembina in the third quarter;
    - Second treaters at Fox Creek and Drayton valley are completed and commissioned and were fully operational at the end of the second quarter;
    - Additional disposal well at 13 Mile was completed and commissioned in the fourth quarter;
- $19.9 million for long lead items, and initial development and engineering for 2014 capital projects; and
- $18.7 million for rental equipment such as centrifuges, hydraulic stands and invert tanks and other miscellaneous capital expenditures.

For the year ended December 31, 2013 acquisitions were $26.7 compared to $30.8 million for 2012. Target was acquired July 2, 2013 and Frontline was acquired in the second quarter of 2013. In the prior year the Corporation acquired New West Drilling Fluids Inc. in the first quarter, paid a deposit for the purchase of DRD Saltwater Disposal LLC in the second quarter with the acquisition closing in the third quarter, and acquired Imperial Drilling Fluids Engineering Inc. in the third.

Sustaining capital or maintenance capital refers to capital expenditures in respect of capital asset additions, or replacements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion and growth capital involves judgment by management. During the year ended December 31, 2013, sustaining capital was $4.3 million compared to $3.0 for 2012. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new equipment or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades. As a facility matures, the amount of sustaining capital required will increase.

- ***Credit Facility***

($000's)	Year Ended December 31, 2013	2012	% Change
Net draws on revolving credit facility	**37,000**	3,500	957
Financing costs	**(651)**	(932)	(30)
Total Draw	**36,349**	2,568	1,315

On October 29, 2013, the Corporation entered into an amended and extended $400.0 million revolving credit facility (the "credit facility") that includes an accordion feature which if exercised, would increase the credit facility by $50.0 million with the consent of the lenders. The credit facility consists of a $390.0 million extendible revolving term credit facility and a $10.0 million revolving operating facility. The Corporation can borrow by way of Canadian dollar advances through Canadian Prime Rate Loans or Bankers Acceptances or United States dollar advances through US Base Rate Loans or Libor or letters of credit denominated in Canadian or U.S. dollars. The credit facility provides that the Corporation may borrow, repay, draw on and convert between types of borrowings at any time.

Prime loans bear interest ranging from 0.50% to 1.75% above the Canadian prime rate or US base rate. Bankers Acceptances and Libor loans range from 1.50% to 2.75% above the Bankers' Acceptance rate or LIBOR depending on the Corporation's prevailing funded debt to EBITDA ratio, with any unused amounts subject to standby fees ranging from 0.34% to 0.69%. Funded debt includes all outstanding debt, including finance leases, and any outstanding letters of credit. The credit facility is to be used for working capital, to refinance existing debt, for capital expenditures including permitted acquisitions, and for general corporate purposes.

The credit facility is due on July 31, 2016 (the "maturity date"), and includes an option for the Corporation to extend the maturity date (once per annum) to a maximum of three years from the extension request date, subject to the approval of the Corporation's lenders. Repayment of any amounts drawn on the facility would therefore be repayable on the maturity date if the credit facility was not extended.

In conjunction with obtaining the credit facility, the Corporation incurred transaction costs in the amount of $0.6 million, of which the unamortized amount has been offset against the outstanding principle balance of the debt. Amortization of the transaction costs recognized in interest, accretion and finance costs on the consolidated statements of comprehensive income for the year ended December 31, 2013 is $0.8 million (December 31, 2012 - $1.2 million) of which $0.5 million in transaction costs related to the previous revolving credit facility that were expensed and included in interest, accretion and finance costs on the consolidated statements of comprehensive income.

The following covenants apply to the existing credit facility:

- The Funded Debt to EBITDA Ratio shall not exceed 3:00:1; where EBITDA is adjusted for acquisitions on a pro-forma trailing twelve month basis;
- The ratio of Senior Debt to Senior Debt plus Equity shall not exceed 40%; and
- The Fixed Charge Coverage Ratio shall not be less than 1:00:1.

At December 31, 2013, and December 31, 2012, the Corporation was in compliance with all covenants.

As security for the credit facility, the Corporation granted its lenders a security interest over all of its present and after acquired property. A $1.0 billion debenture provides a first fixed charge over the Corporation's real properties and a floating charge over all present and after acquired property not subject to the fixed charge.

As at December 31, 2013, the Corporation has drawn $160.5 million on its credit facility compared to $123.5 million in the 2012 comparative period.

The amount drawn on the credit facility relates to capital expenditures and working capital requirements. Working capital in the DS division, specifically inventory, requires certain minimum levels to be held in order to meet the needs of customers for the active winter drilling season.

As at December 31, 2013, the Corporation had $220.3 million available under its credit facility. The Corporation is well positioned, based on the available amount of its credit facility and expected funds from operations, to execute on the 2014 capital program.

At December 31, 2013, the Corporation had issued approximately $19.2 million in letters of credit to various environmental regulatory authorities in Alberta and British Columbia and letters of credit related to certain crude oil marketing contracts. The Energy Resource and Conservation Board ("ERCB") is implementing the Oilfield Waste Liability ("OWL") program. The OWL program is expected to replace the current fully funded liability management program for oilfield waste facilities with a facility specific asset to liability risk based assessment that is backed by the existing upstream oil and natural gas industry liability management program. The amount of letters of credit issued will fluctuate based on the growth of the Corporation, requirements for crude oil contracts and future refunds under the OWL program, which are undeterminable at this time.

- ***Dividend Policy***

In March 2013, the Corporation's Board of Directors approved a monthly dividend to be paid to holders of common shares of the Corporation.

In conjunction with the approval of a monthly dividend, the Corporation's Board of Director's approved the adoption of a Dividend Reinvestment Plan ("DRIP") that provides eligible shareholders with the opportunity to reinvest their cash dividends, on each dividend payment date, in additional Common Shares ("Plan Shares"), which will be issued from treasury.

Under the terms of the DRIP, plan shares issued from treasury will be issued on the applicable dividend payment date to eligible shareholders at a 3% discount to the average market price of the Common Shares. Average market price is defined in the DRIP to be the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days preceding the dividend payment date.

The Corporation declared dividends to holders of common shares for the year ended December 31, 2013, as follows:

	Dividend record date	Dividend payment date	Per common share ($)	Amount ($000's)
May	May 1, 2013	May 15, 2013	0.0125	1,333
June	June 1, 2013	June 14, 2013	0.0125	1,338
July	July 1, 2013	July 15, 2013	0.0125	1,339
August	Aug 1, 2013	Aug 15, 2013	0.0125	1,357
September	Sept 1, 2013	Sept 16, 2013	0.0125	1,362
October	Oct 1, 2013	Oct 15, 2013	0.0125	1,361
November	Nov 1, 2013	Nov 15, 2013	0.0125	1,363
December	Dec 1, 2013	Dec 16, 2013	0.0125	1,367
Total dividends declared during the period			**0.1000**	**10,820**

Of the dividends declared, $1.3 million for the year ended December 31, 2013, was reinvested in additional common shares through the DRIP. The Corporation has 557,637 common shares reserved for issue under the DRIP as at December 31, 2013.

Subsequent to December 31, 2013, the Corporation declared dividends to holders of common shares in the amount of $0.0125 per common share payable on January 15, 2014, February 15, 2014, and March 15, 2014 for shareholders of record on January 1, 2014, February 1, 2014, and March 1, 2014 respectively. Furthermore, the board of directors approved a dividend increase of $0.05 per share to $0.20 per share on an annualized basis.

Contractual Obligations

The Corporation has a total of $53.6 million in commitments, excluding the above commitment relating to the credit facility. The $53.6 million includes commitments for finance and operating lease agreements primarily for heavy equipment, vehicles, land leases and office space, and capital commitments relating to purchases for use in the Corporation's current and future capital projects. Overall, the Corporation has sufficient funds from operations and availability though the credit facility to meet upcoming commitments.

		Payments due by period		
($000's)	Total	1 year or less	1-5 years	5 years and thereafter
Finance leases	15,617	6,249	9,368	-
Operating leases	15,839	5,984	8,617	1,238
Capital purchases	12,670	12,670	-	-
Inventory purchases	5,474	5,474	-	-
Earn Out Payments - IDF	3,983	2,274	1,709	-
Total Commitments	53,583	32,651	19,694	1,238

The Corporation's asset retirement obligations were estimated by a third party or management based on the Corporation's estimated costs to remediate, reclaim and abandon the Corporation's facilities and estimated timing of the costs to be incurred in future periods. The Corporation has estimated the net present value of its asset retirement obligations at December 31, 2013 to be $38.8 million (December 31, 2012 - $24.3 million) based on a total future liability of $60.9 million as at December 31, 2013 (December 31, 2012 - $32.3 million). These costs are expected to be incurred over the next 25 years. The Corporation used its risk-free interest rates of 0.94% to 4.23% and an inflation rate of 3.00% to calculate the net present value of its asset retirement obligations.

In the normal course of operations, the Corporation is committed to the purchase and sale of volumes of commodities for use in the Corporation's crude oil marketing activities.

BUSINESS RISKS

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

Oil and Natural Gas prices

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

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

Oil and Natural Gas market

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

Market conditions

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

Global financial conditions

Global financial conditions include the commodity and equity markets that have been volatile as investors react to changes in the global economy. As a result of these global conditions, the Corporation is subject to increased counterparty risk and liquidity risk. The Corporation is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the cash of the Corporation or provide available funding on the credit facility and (ii) the insurance providers of the Corporation. As a result, the cash of the Corporation may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Corporation would bear the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty.

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

Governmental regulation

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

Regulation and taxation of energy industry

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

Provincial royalty rate changes

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

Expansion of the Corporation's business into new jurisdictions

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

Merger and acquisition activity

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

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

Competitive conditions

The Corporation competes with a number of outsourcing companies, and oil and gas producers. The western Canadian market for the PRD division is dominated by two large market participants, Tervita Corporation with approximately 70 facilities, and Newalta Corporation with 35 facilities. There can be no assurance that competitors will not substantially increase the resources devoted to the development and marketing of services that compete with those of the Corporation, or that new or existing competitors will not enter the various markets in which the Corporation is active. In addition, reduced levels of activity in the oil and natural gas industry could intensify competition and the pressure on competitive pricing and may result in lower revenues or margins to the Corporation in all divisions. The Corporation's customers may elect not to purchase its services if they view the Corporation's financial viability as unacceptable, which would cause the Corporation to lose customers.

Performance of obligations

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

Development of new technology and equipment

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

Equipment risks

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

Potential replacement or reduced use of products and services

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

Commodity price risk – non-trading

Crude oil prices are primarily based on West Texas Intermediate ("WTI"), plus or minus a differential to WTI based on the crude type and market conditions (the "commodity price"). The value of the Corporation's crude oil inventory is impacted by the commodity price of crude oil. Crude oil prices have historically fluctuated widely and are affected by numerous factors outside of the Corporation's control. As part of normal operating activities, the Corporation is required to hold a certain amount of inventory in any given month. The Corporation is therefore exposed to commodity price fluctuations.

The Corporation has elected not to actively manage commodity price risk associated with crude oil inventory at this time as the exposure to these fluctuations is not considered significant, however as the Corporation's exposure to this fluctuation increases, the Corporation may choose to mitigate this risk.

Crude oil marketing and Commodity price risk – trading

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

Credit risk

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

Sources, Pricing and Availability of Products and Third Party Services

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

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

Contract bidding success and renewal of existing contracts

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

Seasonal nature of the industry

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

Foreign currency risk

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

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

Environmental Activism

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

Terrorist activities

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

Economic dependence

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

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

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

Landfill closure costs

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

Environmental protection & health and safety

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

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

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

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

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

Key personnel

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

Availability of qualified employees

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

Proprietary technology

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

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

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

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

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

Risk of third party claims for infringement

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

Operating risks and insurance

The Corporation’s operations are subject to risks inherent in the oilfield services industry, such as equipment defects, malfunctions, failures, accidents, spills, shut down or loss of a disposal well, and natural disasters. These risks and hazards could expose the Corporation to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution, and other environmental damages.

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

Financing future growth or expansion

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

Raising additional capital

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

Access to capital

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

The credit agreement governing the revolving credit facility contains covenants that restrict the Corporation’s ability to take various actions. In addition, the credit agreement governing the revolving credit facility requires the Corporation to comply with specified financial ratios. The Corporation’s ability to comply with these covenants will likely be affected by events beyond its control, and the Corporation cannot assure that it will satisfy those requirements.

The restrictions contained in the credit agreement could also limit the Corporation's ability to plan for or react to market conditions, meet capital needs or otherwise restrict the Corporation's activities or business plans and adversely affect its ability to finance its operations, enter into acquisitions or to engage in other business activities that would be in the Corporation's interest.

Volatility of market price of Common Shares

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

The decision to pay dividends and the amount of such dividends is subject to the discretion of the Corporation's Board of Directors based on numerous factors and may vary from time to time

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

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

Leverage and restrictive covenants

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

Interest rates

The Corporation's banking facilities have interest rates which float with the lender's prime rate ranging from 0.50% to 1.75% above the prime rate or Bankers' Acceptance rate ranging from 1.50% to 2.75% above the Bankers' Acceptance rate depending on the Corporation's prevailing funded debt to EBITDA ratio and as such, as these banking facilities are drawn, the Corporation will be exposed to higher interest costs if the Canadian prime rate and Bankers' Acceptance rate should increase.

Legal proceedings

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

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

Breach of confidential information

The Corporation's efforts to protect confidential information may prove unsuccessful due to the actions of third parties, software bugs, technical malfunctions, employee error, or other factors. Should any of these events occur, this information could be accessed or disclosed improperly. Any incidents involving a breach of confidential information could damage the Corporation's reputation and expose competitive positioning of future growth strategy of the Corporation. Should this occur, it could have a material adverse effect on the Corporation's business, financial condition, and reputation.

Disclosure controls & procedures

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

Internal controls over financial reporting

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

Conflict of interest

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

Forward Looking Statements may prove inaccurate

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

OUTSTANDING SHARE CAPITAL

As at March 6, 2014, there were 117,466,474 Common Shares issued and outstanding. In addition as at March 6, 2014, there were 7,372,579 share options outstanding, of which 2,842,658 were exercisable, and 199,312 RSUs outstanding, of which nil were exercisable.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2013, the Corporation had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the three and twelve months ended December 31, 2013, the Corporation incurred approximately $0.3 million and $1.3 million of expenses with related parties. Related parties include companies that have common directors, officers, employees and shareholders. The nature of the expenses relate to operating and general and administrative expenses for use in the Corporation's PRD, DS and OS divisions. Amounts are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the three and twelve months ended December 31, 2013, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2012 - Nil). This assessment is undertaken each financial reporting period through examining the financial position of the related party and the market in which the related party operates.

ACCOUNTING POLICIES

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

FINANCIAL AND OTHER INSTRUMENTS

As at December 31, 2013, the Corporation's financial instrument assets include cash, accounts receivables and accrued receivables. The Corporation's financial instrument liabilities include accounts payable and accrued liabilities, and long term borrowings. The fair values of these financial instruments approximate their carrying amount due to the short term maturity of these instruments except long term borrowings. The use of financial instruments exposes the Corporation to credit, liquidity and market risk. A discussion of how these and other risks are managed can be found in the "Business Risk" section of this MD&A. Further information on how the fair value of financial instruments is determined is included in the "Critical accounting estimates and judgements" section of this MD&A.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of the Corporation's consolidated financial statements, management has made judgements, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgements used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the consolidated financial statements are prepared. Actual results could differ from these estimates. Please refer to the Corporation's consolidated financial statements for the year ended December 31, 2013 for a complete description of the accounting policies of the Corporation. Management considers the following to be the most significant of these estimates and judgements:

Significant judgements

Determining cash generating units ("CGU's)

For the purpose of assessing impairment of tangible and intangible assets, assets are grouped at the lowest level of separately identified cash flows which make up the CGU. Determination of what constitutes a CGU is subject to management judgement. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. In assessing the recoverability of tangible and intangible assets, each CGU's carrying value is compared to the greater of its fair value less costs to sell and value in use. Management has determined that the appropriate CGU's for the Corporation is each service line in the DS division and OS division, and each facility that comprises the PRD division. The Corporation aggregates each service line in the DS division to test for impairment at the group CGU level.

Significant estimates and assumptions

Depreciation, depletion and amortization

Amounts recorded for depreciation and amortization are based on estimates including economic life of the asset and residual values of the asset at the end of its economic life. The actual lives of the assets and residual values are assessed annually taking into account factors such as technological innovation and maintenance programs. Amounts recorded for depletion on the landfill cells are based on estimates of the total capacity utilized in the period.

Recoverability of assets

The Corporation assesses impairment on its assets that are subject to amortization when it has determined that a potential indicator of impairment exists. Goodwill is tested annually for impairment. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The Corporation used the calculation of value in use to determine the fair value of its CGU's for the purpose of goodwill impairment testing, determined by using discounted cash flows. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound growth rate of annual net earnings excluding depreciation, depletion, amortization and accretion, share-based payments expense, interest, and taxes ("EBITDA"), consistent with the assumption that a market participant would make. The discount rate used to calculate the net present value of cash flows is based on estimates of the Corporation's weighted average cost of capital, with reference to an approximate industry peer group. Changes in the general economic environment could result in significant changes to this estimate.

The Corporation used the calculation of fair value less costs to sell to determine the fair value of its tangible assets for the purpose of impairment testing. In determining the fair value less costs to sell, the Corporation used recent transactions, comparable data in the market and applied weighted averages, to determine an implied fair value of the asset being tested.

Asset retirement obligations and accretion

The amounts recorded for asset retirement obligations and the related accretion expenses are based on estimates of the costs to abandon and reclaim the wells and facilities and the estimated time period in which these costs are expected to be incurred in the future. In determining the fair value of the asset retirement obligation, assumptions and estimates are made in relation to discount rates, the expected cost for the reclamation, the expected cost to recover the asset and the expected timing of those costs. The Corporation's operations are affected by federal, provincial and local laws and regulations concerning environmental protection. The Corporation's provisions for future site restoration and reclamation are based on known requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

Share - based payments

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

Deferred Income taxes

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

Provision for doubtful accounts

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

Purchase price allocations

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

FUTURE ACCOUNTING PRONOUNCEMENTS

In 2010, the IASB issued IFRS 9 Financial Instruments, which addresses the classification and measurement of financial assets. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Corporation's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. An embedded derivative in a structured product will no longer have to be assessed for possible separate accounting treatment unless the host is a non-financial contract. A hybrid contract that includes a financial host must be classified and measured in its entirety. In July 2013, the IASB deferred the mandatory effective date of IFRS 9 and has left this date open pending the finalization of the impairment and classification and measurement requirements. IFRS 9 is still available for early adoption. The full impact of the standard on the Corporation's consolidated financial statements will not be known until the project is complete.

In December 2011, the IASB issued amendments to IFRS 7, Financial Instruments: Disclosures and IAS 32, Financial Instruments: Presentation to clarify the current offsetting model and develop common disclosure requirements to enhance the understanding of the potential effects of offsetting arrangements. Amendments to IFRS 7 are effective for the Corporation on January 1, 2015 with required retrospective application and early adoption permitted. Amendments to IAS 32 are effective for the Corporation on January 1, 2015 with required retrospective application and early adoption permitted. The adoption of these amended standards is not expected to have a material impact on the Corporation's consolidated financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

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

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

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers Annual and Interim Filings", an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2013. Based on this evaluation, the CEO and CFO have concluded that, subject to the inherent limitations noted below, the Corporation's DC&P and ICFR are effective. Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected.

There was no change to the Corporation's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. In the third quarter of 2013, management did employ additional procedures to ensure key financial internal controls remained in place during and after the conversion to a new Enterprise Resource Planning system in the Corporation's PRD division. Management also performed additional account reconciliations and other analytical procedures to mitigate any financial risks from the introduction of the new system.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On December 21, 2007, Tervita Corporation (formerly known as CCS Inc.) ("**Tervita**") filed a statement of claim commencing Action No. 0701-13328 (the "**Tervita Action**") in the Judicial District of Calgary of the Court of Queen's Bench of Alberta (the "**Court**") against the Corporation, certain of the Corporation's employees who were previously employed by Tervita (collectively, the "**Secure Defendants**") and others in which Tervita alleges that the defendants misappropriated business opportunities, misused confidential information, breached fiduciary duties owed to Tervita, and conspired with one another. Tervita seeks damages in the amount of $110.0 million, an accounting and disgorgement of all profits earned by the Corporation since its incorporation and other associated relief. The matters raised in the lawsuit are considered by the Corporation to be unfounded and unproven allegations that will be vigorously defended, although no assurances can be given with respect to the outcome of such proceedings. The Corporation believes it has valid defences to this claim and accordingly has not recorded any related liability.

A statement of defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure

Defendants deny all of the allegations made against them. In its Counterclaim, the Corporation claims damages in the amount of $37.9 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the Competition Act (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. As a result of the Corporations application to the Chief Justice of the Alberta Queen's Bench, the Corporation has received permission of the Court to increase the Counterclaim to $97.8 million. The amended counterclaim will now include damages related to Tervita's acquisition of Complete Environmental Inc., the previous owner of the Babkirk landfill in northeast British Columbia. The Corporation contends that Tervita purchased the landfill with the intention of maintaining its geographic monopoly and conspiring to cause injury to the Corporation. On February 25, 2013, the Federal Court of Appeal released its decision upholding the Competition Tribunals Order requiring that Tervita divest the Babkirk landfill site following its acquisition of Complete Environmental.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains forward-looking statements pertaining to: corporate strategy; goals; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including market fundamentals, drilling levels, commodity prices for oil, natural gas liquids ("NGLs") and natural gas; demand for the Corporation's services; expansion strategy; the amounts of the PRD, DS and OS divisions' proposed 2014 capital budgets and the intended use thereof; debt service; capital expenditures; completion of facilities; the impact of new facilities on the Corporation's financial and operational performance; use of proceeds from the 2013 offering; future capital needs; access to capital; acquisition strategy; and the impact of the OWL program.

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

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to and under the heading "Business Risks" and under the heading "Risk Factors" in the Corporation's annual information form ("**AIF**") for the year ended December 31, 2013. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

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