MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Twelve Months ended December 31, 2015 and 2014

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on March 1, 2016. The discussion and analysis is a review of the financial results of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The MD&A's primary focus is a comparison of the financial performance for the three and twelve months ended December 31, 2015 to the three and twelve months ended December 31, 2014 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2015 and 2014 ("Consolidated Financial Statements").

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

CORPORATE OVERVIEW

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

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

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

DRILLING SERVICES DIVISION ("DS")

The DS division provides equipment and product solutions for drilling, completion and production operations for oil and gas producers in Western Canada. The drilling 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 drilling service line focuses on providing products and systems that are designed for more complex wells, such as medium to deep wells, horizontal wells and horizontal wells drilled into the oil sands. The production services line focuses on providing equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets.

ONSITE SERVICES DIVISION ("OS")

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

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 for the year ended December 31, 2015 ("AIF").

ANNUAL OPERATIONAL AND FINANCIAL HIGHLIGHTS

During the year ended December 31, 2015, Secure realized Adjusted EBITDA of $126.7 million, demonstrating diversity and resilience during a period of reduced oil and gas activity levels due to the low commodity prices. The PRD and OS divisions continued to show stable cash flows during 2015 on the back of production related volumes, ongoing project work, and integrated service offerings. The continued weakness in commodity pricing had the most significant impact on the DS divisional results as operations are tied directly to drilling activity.

Throughout 2015, Secure has implemented continuous improvement strategies to minimize future costs, including streamlining operations and appropriately managing general and administrative expenses in the current oil and gas price environment. As part of this initiative, Secure was also able to minimize the impact on margins in the divisions by working with customers in order to find more efficient ways to manage their fluids and solids through more integrated offerings, volume-based contracts and reducing costs where it did not impact safety, operations and environmental performance.

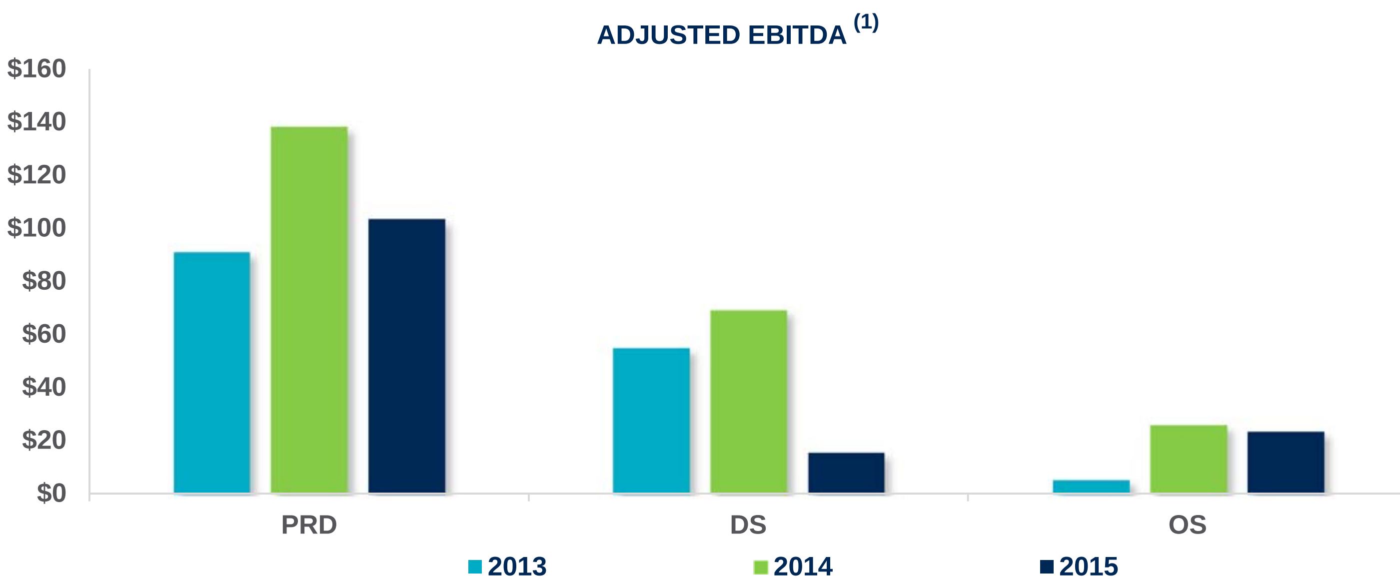
With the 2015 results, Secure has demonstrated with its current midstream infrastructure that positive cash flows are sustainable at the current oil and gas price and activity levels. Combined with a solid balance sheet and financial flexibility, the Corporation is well positioned to succeed in 2016 and beyond.

The operating and financial highlights for the year ending December 31, 2015 and each of the previous two years can be summarized as follows:

	Twelve months ended Dec 31,		
($000's except share and per share data)	**2015**	**2014**	**2013**
Revenue (excludes oil purchase and resale)	**560,898**	794,590	541,947
Oil purchase and resale	**785,527**	1,477,061	950,593
Total revenue	**1,346,425**	2,271,651	1,492,540
Adjusted EBITDA (1)	**126,652**	208,990	135,870
Per share ($), basic	**0.95**	1.75	1.26
Per share ($), diluted	**0.95**	1.71	1.23
Net (loss) earnings	**(159,870)**	30,651	38,963
Per share ($), basic	**(1.20)**	0.26	0.36
Per share ($), diluted	**(1.20)**	0.25	0.35
Adjusted net (loss) earnings (1)	**(30,166)**	59,246	37,086
Per share ($), basic	**(0.23)**	0.50	0.34
Per share ($), diluted	**(0.23)**	0.48	0.34
Funds from operations (1)	**112,061**	210,531	140,342
Per share ($), basic	**0.84**	1.77	1.30
Per share ($), diluted	**0.84**	1.72	1.27
Dividends per common share	**0.24**	0.19	0.10
Capital expenditures (1)	**130,455**	400,806	224,861
Total assets	**1,315,420**	1,496,117	1,039,725
Long-term liabilities	**393,774**	522,557	240,913
Net debt (1)	**153,263**	309,706	68,037
Common Shares - end of period	**137,708,127**	121,367,451	116,574,147
Weighted average common shares			
basic	**133,380,634**	119,272,994	107,747,722
diluted	**133,380,634**	122,364,419	110,586,896

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

- REVENUE OF $1,346.4 MILLION FOR THE YEAR ENDED DECEMBER 31, 2015
  - Total processing, recovery and disposal volumes at PRD facilities for the year ended December 31, 2015 remained relatively consistent over 2014 due to production related volumes and the addition of ten new facilities in 2014 and 2015, offset by the decline in drilling activity. Average crude oil prices decreased 40% in 2015 which negatively impacted drilling and completion related activities, recovered oil revenue and activity at the Corporation's rail transloading facilities. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) of $242.7 million in 2015, down 11% from 2014;
  - Oil purchase and resale revenue in the PRD division for the year ended December 31, 2015 decreased by 47% from 2014 to $785.5 million. The average price of crude oil declined by 40% which directly reduced revenues from oil sales and also resulted in lower volumes of oil being purchased and resold during the year;
  - Activity in the DS division is strongly correlated with oil and gas drilling activity in the Western Canadian Sedimentary Basin ("WCSB"), which experienced a 49% decline in active rig count in 2015 from 2014 levels. As a result, DS division revenue correspondingly decreased by 52% to $192.1 million in 2015;
  - OS division revenue has remained strong in 2015, increasing slightly from 2014 to $126.1 million. The overall increase in 2015 is significant considering approximately 25% of the OS division revenue relates to completion activities, where activity levels are substantially lower given the current oil price. The higher revenues that have offset this reduction relate to Projects service line work, and four acquisitions completed during 2014. The OS division continues to grow through larger scale project work, diversified and integrated services, and expansion into new geographic areas.
- ADJUSTED EBITDA OF $126.7 MILLION FOR THE YEAR ENDED DECEMBER 31, 2015
  - Diversification and integration across Secure's three divisions has contributed to positive Adjusted EBITDA for the year ended December 31, 2015 as certain service lines are not as heavily impacted by drilling activity and commodity prices. Adjusted EBITDA totaled $126.7 million in 2015, a 39% decrease from 2014.
  - The following graph demonstrates the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the years ending December 31, 2015, 2014, and 2013 (shown in millions of dollars).



Notes:

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

- Overall, Adjusted EBITDA was in line with Secure's expectation given a reduction in drilling and completion activity throughout the WCSB which most heavily impacted the DS division as operations are tied directly to drilling operations. The decrease in the PRD division was partially offset by ongoing production related volumes, the construction of new facilities in 2014 and 2015 and expansions at certain of the Corporation's existing facilities. The impact to the OS division was mitigated by diversified service lines and integrated service offerings, combined with four strategic acquisitions completed in 2014.

- NET LOSS OF $159.9 MILLION FOR THE YEAR ENDED DECEMBER 31, 2015
  - For the year ended December 31, 2015, Secure's net loss of $159.9 million, compared to net earnings of $30.7 million in 2014, is a result of the factors discussed above impacting Adjusted EBITDA, combined with non-cash impairments of non-current assets totaling $157.7 million (2014: $33.4 million) relating primarily to goodwill in the DS division and intangible assets and goodwill associated with the Corporation's rail facilities acquired in 2014. Partially offsetting the pre-tax net loss is a tax recovery of $24.1 million for the twelve months ended December 31, 2015 (2014: $20.6 million expense).
- ADJUSTED NET LOSS OF $30.2 MILLION FOR THE YEAR ENDED DECEMBER 31, 2015
  - For the year ended December 31, 2015, Secure's adjusted net loss of $30.2 million, compared to earnings of $59.2 million in 2014, is primarily the result of lower year over year Adjusted EBITDA.
- 2015 CAPITAL EXPENDITURES
  - Total capital expenditures for the year ended December 31, 2015 of $130.5 million includes:
    - Six facilities were completed and commissioned in the first half of 2015: Tulliby Lake FST, 13 Mile FST conversion, Rycroft FSR, Big Mountain and Wonowon SWDs, and Kindersley rail terminal;
    - Construction of additional landfill cells at the Willesden Green and Pembina Landfills;
    - Commencement of construction of the Kakwa FST which is expected to be completed and commissioned in the third quarter of 2016;
    - Various expansions at existing facilities to increase capacity including treaters, disposal wells and tanks; and
    - Sustaining capital expenditures at existing facilities required to maintain ongoing business operations;
    - Pre-design and engineering of future facility locations;
    - Specialized rental equipment for specific OS division projects.
- FINANCIAL FLEXIBILITY
  - Secure's net debt as at December 31, 2015 was $153.3 million compared to $309.7 million at December 31, 2014. The Corporation has strengthened its balance sheet and increased its financial flexibility to take advantage of opportunities during the current low commodity price environment.
  - Secure is in compliance with all covenants related to its credit facility at December 31, 2015. Secure's debt to trailing twelve month EBITDA ratio, where EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis, was 2.2 as at December 31, 2015 compared to 2.0 as at December 31, 2014.
  - As at December 31, 2015, the Corporation had $421.6 million available under its credit facility.

FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

	Three months ended Dec 31,		
($000's except share and per share data)	**2015**	**2014**	**% change**
Revenue (excludes oil purchase and resale)	**129,770**	224,523	(42)
Oil purchase and resale	**160,203**	353,561	(55)
Total revenue	**289,973**	578,084	(50)
Adjusted EBITDA [1]	**31,808**	55,597	(43)
Per share ($), basic	**0.23**	0.46	(50)
Per share ($), diluted	**0.23**	0.45	(49)
Net (loss) earnings	**(86,825)**	(13,659)	536
Per share ($), basic	**(0.63)**	(0.11)	473
Per share ($), diluted	**(0.63)**	(0.11)	473
Adjusted net (loss) earnings [1]	**(14,650)**	14,266	(203)
Per share ($), basic	**(0.11)**	0.12	(192)
Per share ($), diluted	**(0.11)**	0.12	(192)
Funds from operations [1]	**29,006**	54,471	(47)
Per share ($), basic	**0.21**	0.45	(53)
Per share ($), diluted	**0.21**	0.44	(52)
Dividends per common share	**0.06**	0.05	20
Capital expenditures [1]	**33,363**	101,853	(67)
Total assets	**1,315,420**	1,496,117	(12)
Long-term liabilities	**393,774**	522,557	(25)
Net debt [1]	**153,263**	309,706	(51)
Common Shares - end of period	**137,708,127**	121,367,451	13
Weighted average common shares			
basic	**137,500,242**	121,266,210	13
diluted	**137,500,242**	123,479,368	11

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

- REVENUE OF $290.0 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2015
  - Total processing, recovery and disposal volumes at PRD facilities for the three months ended December 31, 2015 decreased approximately 15% from the 2014 comparative period due to the prolonged decline in crude oil prices which has resulted in the Corporation facing a significant decrease in drilling and completion related volumes. This decrease was partially offset by the addition of five new facilities subsequent to December 31, 2014. In addition to lower volumes, recovered oil revenue has also been negatively impacted by the 33% decline in crude oil prices in the three months ended December 31, 2015 compared to the same period in 2014. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) for the three months ended December 31, 2015 of $55.2 million, down 23% from the 2014 comparative period;
  - Oil purchase and resale revenue in the PRD division for the three months ended December 31, 2015 decreased by 55% from the 2014 comparative period to $160.2 million. The price of crude oil declined by 33% in the three months ended December 31, 2015 from the 2014 comparative periods which directly reduced revenues from oil sales and also resulted in lower volumes of oil being purchased and resold during the period;

- Activity in the DS division is strongly correlated with oil and gas drilling activity in the WCSB which saw a decline in active rig count for the three months ended December 31, 2015 of 56% from the 2014 comparative period. As a result of this, combined with pricing pressures from customers, the DS division revenue for the three months ended December 31, 2015 decreased 61% from the 2014 comparative period to $42.2 million;
- OS division revenue of $32.4 million in the three months ended December 31, 2015 has decreased 26% from the 2014 comparative period. While the OS division continues to grow through larger scale project work, diversified and integrated services, and expansion into new geographic areas, certain services the division offers have been impacted by reduced oil and gas drilling and completion activity and pricing pressures from customers in the quarter. Additionally, the revenue generated by the Projects service line is dependent on the type and size of jobs which vary quarter to quarter, and the fourth quarter of 2014 included a significant demolition job.

- ADJUSTED EBITDA OF $31.8 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2015
  - Adjusted EBITDA for the three months ended December 31, 2015 was $31.8 million, a 43% decrease from the 2014 comparative period. Overall, this result was in line with Secure's expectation and previous guidance provided in the MD&A dated November 5, 2015 which projected Adjusted EBITDA for Q4 2015 in the range of $25 to $35 million. The decrease from the 2014 comparative period is a result of the reduction in drilling and completion activity, primarily affecting the DS division and the IFS service line, and reduced crude oil prices impacting both the PRD and DS divisions. These factors were partially offset by the addition of new facilities in the fourth quarter of 2014 and 2015 in the PRD division and the expansion of the OS division into new geographic areas.
- Q4 2015 CAPITAL EXPENDITURES
  - Total capital expenditures for the three months ended December 31, 2015 of $33.4 million relates primarily to various expansion and sustaining projects at existing PRD facilities and progressing construction of a new PRD full service terminal. In Secure's MD&A dated November 5, 2015, the Corporation projected total capital expenditures of approximately $15 million during the three months ended December 31, 2015. The variance is a result of expenditures on various long lead items related to projects scheduled to commence in 2016 and incurring certain costs related to the Kakwa FST earlier than expected.

OUTLOOK

Secure expects 2016 will be another challenging year for the oil and gas industry. The steep and rapid decline in commodity prices over the past year impacted industry cash flows, resulting in reduced capital investment and drilling activity across the WCSB. With oil prices reaching their lowest levels in over a decade at the beginning of 2016, industry activity levels are expected to remain negatively impacted throughout 2016. Based on current activity levels and commodity prices, Secure expects:

- A further decrease in drilling and completion activity in the first half of 2016 compared to 2015 and potentially the remainder of 2016 which will directly impact the Drilling Services division as results are tied to rig activity and meters drilled;
- The impact of reduced drilling and completion activity on revenues to be partially mitigated in the PRD and OS divisions. Most of Secure's 38 PRD facilities are strategically located in each of the high impact resource plays in Western Canada and North Dakota where production related volumes continue to support the required need for Secure's services. The overall impact to the OS division is expected to be mitigated by diversified service lines and integrated service offerings;
- A continued focus on cost control, including streamlining activities, consolidation and positioning the organization to align with current industry activity;
- To continue its prudent approach to organic capital spending by allocating funds to projects that generate the highest rates of return. Secure expects to spend approximately $50 million in 2016 on the following:
    - Kakwa Full Service Terminal;
    - Landfill expansion;
    - Two disposal well expansions;
    - Additional tanks and risers;
    - Maintenance expenditures;
- To continue to evaluate and assess potential merger and acquisition opportunities and/or partnership opportunities that provide strategic advantages. Secure remains patient to ensure the right acquisitions are executed to complement existing services and/or expand geographical presence in key operating areas, particularly in the current oil and gas environment.

Secure's key priorities for success in 2016 include:

- Working with partners to reduce the overall cost structure, gain efficiencies and provide new services;
- Maintaining financial resilience. At December 31, 2015, the Corporation has a solid balance sheet and $421.6 million available under its credit facility. However, Secure will continue to execute on its prudent approach to organic capital spending and implement further continuous improvement initiatives and operating efficiencies to maintain the strength of its balance sheet and increase its financial flexibility in response to the current market environment;
- Leveraging on all three operating divisions to gain efficiencies for customers for drilling, completion, production and remediation services;
- Gaining further traction on new services and products associated with production chemicals and chemical enhanced oil recovery ("EOR"). Strategically, both the production chemicals and drilling fluids service lines can be supported by the 7,000 square foot, fully equipped state of the art research laboratory facility to work directly with customers to enhance production and create drilling efficiencies;
- Working with customers on water recycling, storage and logistics. This market continues to expand as producers understand the need to access water sources and reuse fluids during completion activities.

Overall, Secure has a solid balance sheet and is well positioned to respond with solutions and the right people to the market's needs today. As industry activity increases the Corporation will be able to respond quickly and remain agile. Secure continues to work with its customers to support their needs relating to new facilities, disposal wells, landfill expansions and specialized equipment. Market share growth and new service lines will ensure that Secure is well positioned for future growth.

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.

Average crude oil prices

Average crude oil prices in the three and twelve months ended December 31, 2015 and 2014 are calculated using West Texas Intermediate benchmark oil prices, translated from U.S. to Canadian dollars.

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.

DS division market share

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

Operating margin

Operating margin is calculated as revenue less direct operating expenses, excluding oil purchase and resale services and any non-recurring items. Management analyzes operating margin as a percentage of revenue by division as a key indicator of cost control and operating efficiency.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before finance costs, taxes, depreciation, depletion, and amortization, non-cash impairments on the Corporation's non-financial assets, share-based compensation, other income/expenses, and any other items that are considered non-recurring in nature. In this MD&A, the Corporation has added back the following other items: certain one-time inventory impairments, severance payments to terminated employees, and Restructuring, as defined in this section. Adjusted EBITDA is not a recognized measure under IFRS.

Management believes that in addition to net earnings, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed, how the results are taxed, non-cash charges, and charges that are non-recurring in nature or outside of the normal course of business. The following table reconciles the Corporation's net (loss) earnings to Adjusted EBITDA.

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2015**	**2014**	**% Change**	**2015**	**2014**	**% Change**
Net (loss) earnings	**(86,825)**	(13,659)	536	**(159,870)**	30,651	(622)
Add (deduct):						
Depreciation, depletion and amortization	**43,526**	28,781	51	**126,161**	100,964	25
Current tax (recovery) expense	**(3,766)**	3,874	(197)	**(10,110)**	17,779	(157)
Deferred tax (recovery) expense	**(6,334)**	(2,820)	125	**(13,950)**	2,862	(587)
Share-based compensation	**3,954**	4,532	(13)	**19,829**	15,422	29
Impairment	**81,013**	30,494	166	**139,752**	32,260	333
Other income	**(6,529)**	-	(100)	**(6,529)**	(515)	1,168
Interest, accretion and finance costs	**2,464**	3,358	(27)	**12,098**	10,450	16
Restructuring (Drilling Services U.S.)	**2,673**	(383)	(798)	**10,897**	(2,303)	(573)
Inventory impairment	**-**	1,420	(100)	**1,970**	1,420	39
Severance and related costs	**1,632**	-	100	**6,404**	-	100
Adjusted EBITDA	**31,808**	55,597	(43)	**126,652**	208,990	(39)

Adjusted net (loss) earnings

Adjusted net (loss) earnings is a measure of profitability. Adjusted net (loss) earnings provides an indication of the results generated by the principal business activities prior to recognizing charges that are non-recurring and non-cash impairments as these items are outside of the Corporation's normal course of business. Adjusted net (loss) earnings is not a recognized measure under IFRS. The following table outlines these non-recurring items, which have been tax effected accordingly.

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2015	2014	% Change	2015	2014	% Change
Net (loss) earnings	(86,825)	(13,659)	536	(159,870)	30,651	(622)
Adjustments, net of estimated tax effect:						
Impairment on non-current assets	73,820	27,149	172	120,275	29,645	306
Restructuring (Drilling Services U.S.)	1,978	(287)	(789)	8,064	(1,727)	(567)
Inventory impairment	-	1,063	(100)	1,458	1,063	37
Other income	(4,831)	-	100	(4,831)	(386)	1,152
Severance and related costs	1,208	-	100	4,739	-	100
Adjusted net (loss) earnings	(14,650)	14,266	(203)	(30,166)	59,246	(151)

Net debt

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

($000's)	Dec 31, 2015	Dec 31, 2014	% Change
Long-term borrowings (principal amount)	262,000	398,500	(34)
Long-term finance lease liabilities	7,041	12,060	(42)
Current liabilities	97,134	211,265	(54)
Current assets	(212,912)	(312,119)	(32)
Net debt	153,263	309,706	(51)

Restructuring

Restructuring in the three and twelve months ended December 31, 2015 and 2014 includes all the operating losses (earnings) related to drilling services operations in the U.S., including costs associated with winding down these operations in 2015. Specifically, this includes sale of remaining inventory, decommissioning warehouses, re-deploying equipment, severance payments to terminated employees, relocation costs and all other associated costs.

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

The additional GAAP measures described below do not have a standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures for other entities.

Funds from operations

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2015**	**2014**	**% Change**	**2015**	**2014**	**% Change**
Net cash flows from operating activities	**39,767**	60,847	(35)	**131,018**	195,238	(33)
Add:						
Interest paid	**2,341**	3,390	(31)	**9,874**	9,666	2
Income taxes paid	**1,034**	3,182	(68)	**12,282**	16,241	(24)
Non-cash working capital changes	**(15,484)**	(14,512)	7	**(42,760)**	(12,178)	251
Asset retirement obligations incurred	**1,348**	1,564	(14)	**1,647**	1,564	5
Funds from operations	**29,006**	54,471	(47)	**112,061**	210,531	(47)

RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2015

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into three reportable operating segments, as outlined in the '*Corporate Overview*' above. Total general and administration expenses by division excludes share-based compensation and corporate expenses, as senior management looks at each division's earnings before corporate expenses and non-cash items such as share-based compensation as an important measure of performance. The table below outlines the results by operating segment for the three and twelve months ended December 31, 2015 and 2014:

($000's)

Year ended December 31, 2015	PRD division	DS division	OS division	Corporate	Total
Revenue	1,028,261	192,076	126,088	-	1,346,425
Direct expenses	(904,042)	(165,981)	(93,961)	-	(1,163,984)
Operating margin	**124,219**	**26,095**	**32,127**	**-**	**182,441**
General and administrative expenses	(23,948)	(25,564)	(8,707)	(5,192)	(63,411)
Share-based compensation	-	-	-	(19,829)	(19,829)
Business development expenses	-	-	-	(11,649)	(11,649)
Depreciation, depletion and amortization	(81,379)	(30,621)	(13,616)	(545)	(126,161)
Interest, accretion and finance costs	(1,581)	-	-	(10,517)	(12,098)
Impairment	(65,098)	(74,654)	-	-	(139,752)
Other (expense) income	(3,680)	10,209	-	-	6,529
(Loss) earnings before tax	**(51,467)**	**(94,535)**	**9,804**	**(47,732)**	**(183,930)**
Three months ended December 31, 2015					
Revenue	215,374	42,153	32,446	-	289,973
Direct expenses	(186,058)	(36,248)	(23,614)	-	(245,920)
Operating margin	**29,316**	**5,905**	**8,832**	**-**	**44,053**
General and administrative expenses	(5,195)	(5,294)	(2,382)	(1,268)	(14,139)
Share-based compensation	-	-	-	(3,954)	(3,954)
Business development expenses	-	-	-	(2,411)	(2,411)
Depreciation, depletion and amortization	(27,884)	(11,954)	(3,538)	(150)	(43,526)
Interest, accretion and finance costs	(412)	-	-	(2,052)	(2,464)
Impairment	(10,888)	(70,125)	-	-	(81,013)
Other (expense) income	(3,680)	10,209	-	-	6,529
(Loss) earnings before tax	**(18,743)**	**(71,259)**	**2,912**	**(9,835)**	**(96,925)**

Year ended December 31, 2014	PRD division	DS division	OS division	Corporate	Total
Revenue	1,748,342	398,965	124,344	-	2,271,651
Direct expenses	(1,584,733)	(299,739)	(91,869)	-	(1,976,341)
Operating margin	**163,609**	**99,226**	**32,475**	**-**	**295,310**
General and administrative expenses	(25,505)	(29,093)	(6,458)	(8,389)	(69,445)
Share-based compensation	-	-	-	(15,422)	(15,422)
Business development expenses	-	-	-	(15,477)	(15,477)
Depreciation, depletion and amortization	(67,442)	(22,139)	(10,532)	(851)	(100,964)
Interest, accretion and finance costs	(1,154)	-	-	(9,296)	(10,450)
Impairment	(15,704)	(16,556)	-	-	(32,260)
Earnings (loss) before tax	**53,804**	**31,438**	**15,485**	**(49,435)**	**51,292**
Three months ended December 31, 2014					
Revenue	424,985	109,226	43,875	-	578,086
Direct expenses	(384,922)	(82,449)	(33,335)	-	(500,706)
Operating margin	**40,063**	**26,777**	**10,540**	**-**	**77,380**
General and administrative expenses	(7,014)	(8,030)	(1,224)	(2,156)	(18,424)
Share-based compensation	-	-	-	(4,535)	(4,535)
Business development expenses	-	-	-	(4,393)	(4,393)
Depreciation, depletion and amortization	(19,423)	(6,134)	(3,110)	(114)	(28,781)
Interest, accretion and finance costs	(214)	-	-	(3,144)	(3,358)
Impairment	(13,938)	(16,556)	-	-	(30,494)
(Loss) earnings before tax	**(526)**	**(3,943)**	**6,206**	**(14,342)**	**(12,605)**

PRD DIVISION OPERATIONS

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

Processing, recovery and disposal:

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

Oil purchase and resale:

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2015**	**2014**	**% Change**	**2015**	**2014**	**% Change**
Revenue						
PRD services (a)	**55,171**	71,422	(23)	**242,734**	271,281	(11)
Oil purchase and resale service	**160,203**	353,561	(55)	**785,527**	1,477,061	(47)
Total PRD division revenue	**215,374**	424,983	(49)	**1,028,261**	1,748,342	(41)
Direct Operating Expenses						
PRD services	**25,855**	31,362	(18)	**118,515**	107,672	10
Deduct: non-recurring items						
Severance and related costs	**(917)**	-	100	**(1,224)**	-	100
PRD services less non-recurring items (b)	**24,938**	31,362	(20)	**117,291**	107,672	9
Oil purchase and resale service	**160,203**	353,561	(55)	**785,527**	1,477,061	(47)
Total PRD division direct operating expenses	**186,058**	384,923	(52)	**904,042**	1,584,733	(43)
Operating Margin (1) (a-b)	**30,233**	40,060	(25)	**125,443**	163,609	(23)
Operating Margin (1) as a % of revenue (a)	**55%**	56%		**52%**	60%	

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

Revenue (PRD division)

Revenue of $55.2 million and $242.7 million for the three and twelve months ended December 31, 2015, is down 23% and 11% from the 2014 comparative periods, primarily as a result of lower drilling and completion activity and lower recovered oil revenue caused by the decrease in oil prices during the period. The decrease in oil prices has resulted in a drop in industry rig counts and meters drilled from the 2014 comparative periods which has resulted in a significant decline in volumes associated with drilling and completion activities. However, ongoing production related volumes, the construction of new facilities in 2014 and 2015 and expansions at certain of the Corporation's existing facilities have all contributed to offsetting the decline in drilling and completion volumes. Accordingly, overall revenue for the year has only declined 11%.

Processing: Processing volumes for the three months ended December 31, 2015 decreased 13% from the 2014 comparative period primarily as a result of lower drilling and completion activities and lower production related volumes at certain facilities outside of core areas, including heavy oil facilities where current commodity prices are proving to be very challenging for producers in this area. These declines are offset by the addition of new facilities and expansions at existing facilities in the fourth quarter of 2014 and in 2015. Processing volumes for the twelve months ended December 31, 2015 remained relatively consistent with the 2014 comparative period due to increased volumes from the new facilities and expansions in 2014 and 2015, which more than offset the declines experienced from lower drilling and completion activities and the drop in production related volumes at certain facilities in the latter part of 2015.

Recovery: Recovered oil revenues have decreased approximately 40% for the three and twelve month periods ended December 31, 2015 over the 2014 comparative periods as a result of the decline in crude oil pricing of 33% and 40% from the 2014 comparative periods. In addition to lower recovered oil revenue, a continued compression of crude oil differentials has limited the Corporation's ability to significantly utilize its FSR network.

Disposal: Disposal volumes for the three months ended December 31, 2015 decreased 11% compared to the 2014 comparative period primarily due to a decrease in disposal of drilling waste in Secure's landfills and flow back water from completion activities as described above. Disposal volumes for the year ended December 31, 2015 have remained relatively consistent compared to the 2014 comparative period as the declines in drilling waste and flow back water have been offset by additional disposal capacity and produced water as the Corporation continues to see more water volumes on maturing producing wells.

Oil purchase and resale revenue: Oil purchase and resale revenue in the PRD division for the three and twelve months ended December 31, 2015 decreased by 55% and 47% from the 2014 comparative periods to $160.2 million and $785.5 million. The price of crude oil declined by 33% and 40% for the three and twelve months ended December 31, 2015 from the 2014 comparative periods which directly reduced revenues from oil sales and also resulted in lower volumes of oil being purchased and resold during the period.

Direct Operating Expenses (PRD division)

Direct operating expenses less non-recurring items from PRD services for the three months ended December 31, 2015 decreased 20% to $24.9 million from $31.4 million in the comparative period of 2014. The decrease in direct operating expenses relates primarily to fewer variable costs resulting from lower volumes in the fourth quarter, as well as a decrease in employee costs resulting from cost saving initiatives implemented by the Corporation in the latter part of the year. Direct operating expenses less non-recurring items from PRD services for the twelve months ended December 31, 2015 increased 9% to $117.3 million from $107.7 million in the comparative period of 2014. The increase in direct operating expenses relates primarily to the new facilities and expansions at existing facilities.

Operating margin as a percentage of revenue for the three months ended December 31, 2015 was 55%, a slight decrease from 56% in the comparative period of 2014. Operating margin as a percentage of revenue for the twelve months ended December 31, 2015 was 52% compared to 60% in 2014. The impact to the operating margin for the twelve months ended December 31, 2015 compared to 2014 is approximately 6% resulting from lower drilling and completion volumes, reduced recovered oil sales and costs associated with new facilities commissioned in the second quarter of 2015. The remaining margin impact relates to fixed costs associated with rail car leases as tightened differentials during the twelve months ended December 31, 2015 were not favorable to optimize the use of the rail transloading facilities. Overall, the operating margin continues to improve from the first half of 2015 as the Corporation continues to streamline and optimize operating efficiencies where possible.

Depreciation, Depletion and Amortization (PRD division)

Depreciation

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2015**	**2014**	**% Change**	**2015**	**2014**	**% Change**
Depreciation and depletion	**27,678**	15,559	78	**72,258**	61,194	18
Amortization	**206**	3,864	(95)	**9,121**	6,248	46
Depreciation, depletion and amortization	**27,884**	19,423	44	**81,379**	67,442	21

Depreciation and depletion expense relates to the PRD division's facilities and landfills and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. The Corporation has incurred impairment losses on certain projects where the significant decline in commodity prices in the year have left uncertainty in the timing of their development plans. Additionally, the Corporation has impaired equipment withdrawn from active use in the year in instances where they cannot be repurposed or otherwise deployed.

For the three months ended December 31, 2015, depreciation and depletion expense increased 78% to $27.7 million compared to $15.6 million in the 2014 comparative period. The increase is a result of the impact of new facilities commissioned or other equipment put into use since the fourth quarter of 2014, and non-cash losses on impairment and disposals recorded in the fourth quarter of 2015. This increase was partially offset by a change in the estimated useful life of property, plant and equipment at PRD facilities effective January 1, 2015. Secure reassessed the useful lives of all its property, plant and equipment based on the current condition of the assets taking into consideration the operating history of the assets. Each significant component of property plant and equipment was assessed during the exercise. As a result of the change in estimated useful life, the depreciation expense for each quarter in 2015 decreased by approximately $5.9 million. The impact of the change in estimated useful life impacted the PRD division most significantly given the large capital investments made for PRD division facilities.

During the twelve months ended December 31, 2015 depreciation and depletion expense increased 18% from $61.2 million in 2014 to $72.3 million in 2015. This variance is a result of the factors discussed above. Secure reassessed the useful lives of all its property, plant and equipment based on the current condition of the assets taking into consideration the operating history of the assets. Each significant component of property plant and equipment was assessed during the exercise. As a result of the change in estimated useful life, the depreciation expense for the year ended December 31, 2015 decreased by approximately $23.6 million. The impact of the change in estimated useful life impacted the PRD division most significantly given the large capital investments made for PRD division facilities.

Amortization expense relates primarily to the PRD division's intangible assets resulting from the acquisition of a rail infrastructure business completed in August 2014. For the three months ended December 31, 2015, amortization expense decreased 95% to $0.2 million from $3.9 million in the comparative period of 2014 as these assets were impaired in the third quarter of 2015. For the twelve months ended December 31, 2015, amortization expense increased 46% to $9.1 million from $6.2 million in the comparative period of 2014 as a result of the timing of the acquisition in 2014.

General and Administrative (PRD division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2015**	**2014**	**% Change**	**2015**	**2014**	**% Change**
General and administrative [(1)]	**5,195**	7,014	(26)	**23,948**	25,505	(6)
Deduct: Non-recurring items						
Severance and related costs	**(412)**	-	100	**(1,898)**	-	100
General and administrative less non-recurring items	**4,783**	7,014	(32)	**22,050**	25,505	(14)
% of PRD services revenue	**9%**	**10%**		**9%**	**9%**	

[(1)] Amounts have been reclassified in the comparative period to exclude non-cash share-based compensation.

General and administrative ("G&A") expenses less non-recurring items for the three and twelve months ended December 31, 2015 decreased 32% and 14% from the 2014 comparative periods to $4.8 million and $22.1 million as a result of cost saving initiatives undertaken in 2015 as the Corporation continues to minimize future costs by streamlining operations in the current oil and gas price environment. Non-recurring items relate to severance payments made to terminated employees.

DS DIVISION OPERATIONS

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

Drilling fluid products are designed to optimize the efficiency of customer drilling operations through engineered solutions that improve drilling performance and penetration, while reducing non-productive time. Increasingly complex horizontal and directional drilling programs require experienced drilling fluid technical personnel who design adaptable drilling programs to meet the needs of drilling fluid customers. These programs can save customers significant amounts of money by proactively anticipating the drilling challenges the customers may encounter. The fluids and solids equipment service line works with the drilling fluids service line to ensure that the quality of drilling fluids used through the drilling cycle is maintained by continually processing and recycling the drilling fluids as they return to the surface. Fluids and solids equipment ensures the continual removal of drill cuttings and solids from the drilling fluid as well as provides a safe and more efficient way of storing oil based products in the "Target Tanks™", the Corporation's proprietary horizontal dual containment storage tanks. The current equipment fleet of high speed centrifuges, drying shakers, bead recovery units, "Target Tanks™", and ancillary equipment are offered as a stand-alone package or as part of an integrated drilling fluids and rentals package. The Corporation's production services provide equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets. Secure's production chemical solutions help solve customer production issues by providing tailored solutions at both the field level and at the Corporation's 7,000 sq. ft. fully equipped, state of the art research laboratory in Calgary, Alberta. The focus on testing, research and new product development conducted at the laboratory allows Secure to provide unique and tailored products to customers.

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2015**	**2014**	**% Change**	**2015**	**2014**	**% Change**
Revenue						
Drilling services (a)	**42,153**	109,226	(61)	**192,076**	398,965	(52)
Direct Operating Expenses						
Drilling services	**36,248**	82,449	(56)	**165,981**	299,739	(45)
Deduct: non-recurring items						
Inventory impairment	**-**	(1,420)	(100)	**(1,970)**	(1,420)	39
Severance and related costs	**(38)**	-	100	**(945)**	-	100
Drilling services less non-recurring items (b)	**36,210**	81,029	(55)	**163,066**	298,319	(45)
Operating Margin (a-b)	**5,943**	28,197	(79)	**29,010**	100,646	(71)
Adjust for: non-recurring items						
Restructuring (Drilling Services U.S.)	**1,759**	(1,779)	(199)	**5,944**	(7,499)	(179)
Operating Margin after Restructuring [1]	**7,702**	26,418	(71)	**34,954**	93,147	(62)
Operating Margin after Restructuring [1] as a % of Canadian revenue	**19%**	27%		**20%**	26%	

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

Revenue (DS division)

Revenue in the DS division is directly correlated with oil and gas drilling activity in the WCSB, most notably active rig counts and meters drilled. As a result, the weakness in commodity pricing and the resulting drop off in activity levels from oil and gas producers had a significant impact on the DS division in the three and twelve months ended December 31, 2015. For the three and twelve months ended December 31, 2015, industry rig counts declined 56% and 49%, while meters drilled declined 53% and 44% respectively, from the 2014 comparative periods. As a result, revenue from the DS division for the three and twelve months ended December 31, 2015 decreased 61% and 52% to $42.2 million and $192.1 million from $109.2 million and $399.0 million in the comparative periods of 2014. This decrease in revenues for the three and twelve months ended December 31, 2015 was consistent with Secure's expectation given the decline in drilling activity, combined with pricing pressures on services and rental rates. Revenue in the DS division was also impacted by the decline in the price of oil which reduced revenue earned on oil based drilling fluids sold to customers.

Secure has continued to focus on providing customers with innovative solutions for deeper and more technically complex wells. This has enabled the division to achieve a Canadian market share of 31% and 30% for the three and twelve months ended December 31, 2015 compared to 30% and 32% in the three and twelve months ended December 31, 2014. As the rig count has dropped substantially over the 2014 comparative periods, the timing of when customers ramp-up or slow down drilling activities has a significant effect on market share at any point in time as one rig can change the percentage of market share held.

Drilling fluids revenue per operating day decreased slightly to $7,171 and $7,481 for the three and twelve months ended December 31, 2015 from $8,334 and $7,657 in the comparative periods of 2014. This decrease was driven by the decline in revenue earned on oil based drilling fluids and pricing pressures from customers, partially offset by a 9% (fourth quarter) and 6% (full year) increase in depth per well as customers continue to drill deeper, more complex wells which require greater amounts of specialized drilling fluids.

Direct Operating Expenses (DS division)

The DS division's direct operating expenses less non-recurring items for the three and twelve months ended December 31, 2015 decreased by 55% and 45% to $36.2 million and $163.1 million from $81.0 million and $298.3 million in the 2014 comparative periods. Overall, the decrease in direct operating expenses over the 2014 comparative periods was a direct result of a decrease in revenues, cost saving initiatives implemented in the first quarter of 2015, and a reduction in cost of goods sold for oil based drilling fluids. However, during the year the strengthening of the U.S. dollar did impact cost of goods purchased in the U.S., specifically for specialty chemicals which did increase direct operating expenses.

During the year, Secure significantly reduced the DS division cost structure after winding down operations in the U.S. so management can focus its efforts on continuing to grow the division's core operations in Western Canada. Secure will continue to adjust its cost structure based on industry activity and operating conditions. The operating margin after Restructuring was $7.7 million and $35.0 million for the three and twelve months ended December 31, 2015, down 71% and 62% compared to the same periods in 2014. The DS division's adjusted operating margin was impacted by a significant reduction in drilling activity resulting in under-utilized crews, price discounts given to customers to reflect the depressed price of crude oil, losses realized on oil based drilling fluids and the higher cost of specialty chemicals purchased from the U.S. due to foreign exchange movements. Further, the reduction in drilling activity resulted in lower revenues from higher margin complementary products which are used in various types of drilling activities.

Depreciation and Amortization (DS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2015**	**2014**	**% Change**	**2015**	**2014**	**% Change**
Depreciation	**9,023**	3,493	158	**18,994**	12,499	52
Amortization	**2,931**	2,641	11	**11,627**	9,640	21
Depreciation and amortization	**11,954**	6,134	95	**30,621**	22,139	38

Depreciation and amortization expense includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. For the three and twelve months ended December 31, 2015, depreciation increased 158% and 52% from the 2014 comparative periods primarily as a result of an impairment loss recorded in the fourth quarter on projects where the current industry activity levels have left uncertainty in the timing of their development plans. This variance was partially offset by an increase in the estimated useful life of certain machinery and equipment effective January 1, 2015.

Amortization expense for the three and twelve months ended December 31, 2015 increased 11% and 21% to $2.9 million and $11.6 million from $2.6 million and $9.6 million in the 2014 comparative periods. Amortization expense relates to the DS division's intangible assets acquired through acquisitions. The increase in amortization expense for the quarter and year ended December 31, 2015 over 2014 was a direct result of recent acquisitions, including two acquisitions completed during the second quarter of 2014, one acquisition in the fourth quarter of 2014, and one acquisition in the third quarter of 2015.

General and Administrative (DS division)

($000's)	Three months ended Dec 31, 2015	2014	% Change	Twelve months ended Dec 31, 2015	2014	% Change
General and administrative (1)	5,294	8,030	(34)	25,564	29,093	(12)
Deduct: Non-recurring items						
Restructuring (Drilling Services U.S.)	(914)	(1,396)	(35)	(4,953)	(5,196)	(5)
Severance and related costs	(234)	-	100	(1,237)	-	100
General and administrative less non-recurring items	4,146	6,634	(38)	19,374	23,897	(19)
% of Drilling services Canadian revenue	10%	7%		11%	7%	

(1) **Amounts have been reclassified in the comparative period to exclude non-cash share-based compensation.**

G&A expense less non-recurring items for the three and twelve months ended December 31, 2015 decreased 38% and 19% from the comparative periods of 2014 as a result of cost saving initiatives undertaken during 2015 as the Corporation continues to minimize future costs by streamlining operations in the current oil and gas price environment. Non-recurring items relate to the wind-down of the DS operations in the U.S. and severance costs incurred in Canada as the Corporation eliminated positions significantly impacted by the decline in activity.

OS DIVISION OPERATIONS

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

Projects:

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

Environmental services:

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

Integrated fluid solutions:

Integrated fluid solutions include fluid management, recycling, pumping and storage solutions.

($000's)	Three months ended Dec 31, 2015	2014	% Change	Twelve months ended Dec 31, 2015	2014	% Change
Revenue						
OnSite services (a)	32,446	43,875	(26)	126,088	124,344	1
Direct Operating Expenses						
OnSite services	23,614	33,335	(29)	93,961	91,869	2
Deduct: non-recurring items						
Severance and related costs	-	-	-	(116)	-	100
OnSite services less non-recurring items (b)	23,614	33,335	(29)	93,845	91,869	2
Operating Margin (1) **(a-b)**	8,832	10,540	(16)	32,243	32,475	(1)
Operating Margin (1) **as a % of revenue (a)**	27%	24%		26%	26%	

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

Revenue (OS division)

Diversified service lines and integrated service offerings, combined with the four strategic acquisitions completed in 2014, delivered a slight increase in revenue from $124.3 million in the twelve months ended December 31, 2014 to $126.1 million in the twelve months ended December 31, 2015. However, reduced customer activity, specifically related to the IFS business line, resulted in a 26% decrease in revenue in the three months ended December 31, 2015 compared to the same period in 2014.

Projects: Projects revenue decreased 10% in the three months ended December 31, 2015 from the 2014 comparative period. Projects revenue is dependent on the type and size of jobs which vary quarter to quarter. In the comparative period, Projects revenue included a significant demolition job in northern Alberta which continued into the first quarter of 2015. Projects revenue for the twelve months ended December 31, 2015 increased 27% due to an acquisition completed in April 2014 which added a new geographic area and an increased customer base. In addition, there was an increase in large scale demolition and remediation projects that contributed to increased revenues over the 2014 comparative period. During the year, Secure also began a multi-year contract to manage a landfill in northern Alberta and diversified its offerings to sectors outside of the oil and gas industry.

Environmental services: Environmental services revenue for the three and twelve months ended December 31, 2015 decreased 20% and 3%, respectively, from the 2014 comparative periods. Canadian and U.S. environmental remediation job volumes increased year over year and CleanSite bins were added to the rental fleet during 2014 and 2015, increasing revenues from the 2014 comparative periods. In addition, integrated service offerings with the Projects service line has resulted in the award of larger scale projects during the three and twelve months ended December 31, 2015. These increases were, however, more than offset by reduced drilling waste revenue as this business line is tied directly to drilling activity.

Integrated fluids solutions: IFS revenue for the three and twelve months ended December 31, 2015 decreased 54% and 31% from the 2014 comparative periods as a result of decreased completion activity resulting in lower equipment utilization, and pricing pressures resulting from the current economic environment. The decrease was partially offset by one acquisition completed subsequent to the second quarter of 2014 and increased offering of complementary services.

Direct Operating Expenses (OS division)

Direct operating expenses less non-recurring items for the three months ended December 31, 2015 decreased 29% to $23.6 million from $33.3 million in the 2014 comparative period. Direct operating expenses less non-recurring items for the twelve months ended December 31, 2015 increased slightly to $93.8 million from $91.9 million in the 2014 comparative period. Overall, the variance in direct operating expenses was a direct result of the change in activity and revenues from the 2014 comparative periods.

The operating margin in the OS division of $8.8 million in the fourth quarter was lower compared to the prior year due to muted drilling activity levels and low commodity pricing impacting certain service lines. The operating margin for the twelve months ended December 31, 2015 of $32.2 million was 1% lower than the 2014 comparative period. The operating margin as a percentage of revenue for the OS division in the three and twelve months ended December 31, 2015 was 27% and 26%, respectively, compared to 24% and 26% in the comparative 2014 periods. Operating margin as a percentage of revenue fluctuates 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. Larger scale and more technically challenging demolition and remediation projects undertaken in the twelve months ended December 31, 2015 contributed a higher margin, which was offset by the impact of decreased industry activity and pricing pressures in the drilling waste and IFS service lines.

Depreciation and Amortization (OS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2015**	**2014**	**% Change**	**2015**	**2014**	**% Change**
Depreciation	**2,199**	1,770	24	**8,257**	5,614	47
Amortization	**1,339**	1,340	-	**5,359**	4,918	9
Depreciation and amortization	**3,538**	3,110	14	**13,616**	10,532	29

Depreciation expense relates primarily to heavy duty equipment required to execute the OS division's services, and rental equipment. Depreciation expense for the three and twelve months ended December 31, 2015 increased 24% and 47% from the 2014 comparative periods. The increase in depreciation expense over the 2014 comparative periods is due to equipment and property additions from four acquisitions completed during 2014, and organic capital additions of various types of equipment for customer specific jobs.

Amortization expense for the three and twelve months ended December 31, 2015 was relatively consistent and 9% higher than the comparative periods of 2014 as a result of the timing of the four acquisitions completed in the OS division during 2014.

General and Administrative (OS division)

($000's)	Three months ended Dec 31, 2015	2014	% Change	Twelve months ended Dec 31, 2015	2014	% Change
General and administrative [1]	2,382	1,224	95	8,707	6,458	35
% of OnSite services revenue	7%	3%		7%	5%	

[1] Amounts have been reclassified in the comparative period to exclude non-cash share-based compensation.

G&A expenses for the three and twelve months ended December 31, 2015 increased 95% and 35% to $2.4 million and $8.7 million from $1.2 million and $6.5 million in the comparative periods of 2014. G&A expenses in the three months ended December 31, 2015 increased due to higher volumes of activity and expansion into the U.S. G&A expenses in the twelve months ended December 31, 2015 increased due to four acquisitions completed in 2014, an increase in activity and operations in the division and costs associated with moving to a new OS division office in the second quarter of 2014, partially offset by cost saving initiatives taken across the organization. G&A is expected to fluctuate based on the growth and activity of the division.

CORPORATE INCOME AND EXPENSES

Corporate General and Administrative Expenses

($000's)	Three months ended Dec 31, 2015	2014	% Change	Twelve months ended Dec 31, 2015	2014	% Change
Corporate general and administrative	1,268	2,156	(41)	5,192	8,389	(38)

Included in corporate expenses are all public company costs, salaries, and office costs relating to corporate employees and officers. Compared to the same periods in 2014, corporate G&A expenses decreased 41% and 38% in the three and twelve months ended December 31, 2015. The decrease is attributed to cost reduction measures taken in 2015 as a response to the reduction in oil and gas activity levels, which included reducing the corporate head count, salary reductions taken by executives and various levels of employees, and reduced fees paid to the Board of Directors.

Share-based Compensation

($000's)	Three months ended Dec 31, 2015	2014	% Change	Twelve months ended Dec 31, 2015	2014	% Change
Share-based compensation	3,954	4,535	(13)	19,829	15,422	29

Share-based compensation for the three and twelve months ended December 31, 2015 was $4.0 million and $19.8 million compared to $4.5 million and $15.4 million in the prior year. Share-based compensation fluctuates based on timing of grants and any forfeitures of share-based awards, the effects of vesting, and changes in share price.

The decrease in share-based compensation for the three months ended December 31, 2015 was primarily due to forfeitures which result in a reversal of previously recognized share-based compensation on unvested awards. The annual grant of share-based awards was completed in January of the current year, compared to May of the previous year, therefore increasing the share-based compensation expense for the twelve months ended December 31, 2015.

Business Development Expenses

($000's)	Three months ended Dec 31, 2015	2014	% Change	Twelve months ended Dec 31, 2015	2014	% Change
Business development	2,411	4,393	(45)	11,649	15,477	(25)
Deduct: Non-recurring items						
Severance and related costs	(31)	-	100	(984)	-	100
Business development less non-recurring items	2,380	4,393	(46)	10,665	15,477	(31)

Business development expenses less non-recurring items for the three and twelve months ended December 31, 2015 decreased to $2.4 million and $10.7 million from $4.4 million and $15.5 million in the comparative periods of 2014. Business development expenses include prospect costs associated with organic growth and acquisition opportunities in Canada and the U.S. and research and development costs. Business development expenses decreased for the three and twelve months ended December 31, 2015 due to cost reduction measures taken in 2015 as a response to the reduction in oil and gas activity levels, and fewer acquisitions completed during the three and twelve months ended December 31, 2015 compared to the comparative periods of 2014.

Secure's business development team has continued to advance certain organic projects and regulatory approvals to ensure they are project ready to position Secure for continued market share growth and an expanded geographical presence. Secure continues to actively pursue various merger and acquisition opportunities as the current economic environment has enabled Secure to identify prospects that would complement Secure's existing service lines, increase market share, and expand geographical presence. Secure also continues to focus on research and development projects to expand the value chain of services offered to customers, and to provide innovative and cost effective solutions to reduce waste in the drilling and production processes.

Interest and Finance Costs

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2015	2014	% Change	2015	2014	% Change
Interest and finance costs	**2,052**	3,144	(35)	**10,517**	9,296	13

Interest and finance costs for the three and twelve months ended December 31, 2015 was $2.1 million and $10.5 million compared to $3.1 million and $9.3 million in the 2014 comparative periods. The average long-term borrowings balance decreased 29% in the three months ended December 31, 2015 compared to the prior year, and increased 18% in the twelve months ended December 31, 2015 compared to the prior period. The variance in interest and finance costs in the three and twelve months ended December 31, 2015 compared to the same periods in 2014 is a direct result of the fluctuation in the average balance drawn on the credit facility.

Impairment

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2015	2014	% Change	2015	2014	% Change
Impairment	**81,013**	30,494	166	**139,752**	32,260	333

With the significant decline in oil and natural gas prices and the resulting decrease in industry activity, Secure has reviewed the impact on its cash generating units ("CGUs"). Additionally, in accordance with IFRS, at December 31, 2015, the Corporation completed its annual impairment assessment for any CGU, or group of CGUs, whose net carrying value includes goodwill, irrespective of whether indications of impairment were present. Impairment is recognized when the carrying value of an asset or CGU exceeds its estimated recoverable amount, defined as the higher of its value in use or fair value less cost to sell.

As a result of the impairment tests performed, the Corporation realized impairment in the three months ended December 31, 2015 on the goodwill carried in the DS division ($70.1 million) and related to the acquisition of two U.S. PRD facilities in 2012 ($10.9 million).

For the year ended December 31, 2015, Secure recorded total impairment related to intangible assets and goodwill of $139.8 million. In addition to the above, this included impairment recorded in the third quarter of 2015 on the goodwill ($21.2 million) and intangible assets ($33.0 million) originally recorded on the acquisition of a crude by rail company in 2014. Management is of the opinion that the rail facilities remain as a key alternative for pipelines. However, the current uncertainty surrounding oil and gas prices and activity has created an environment where these assets are considered impaired for accounting purposes. During the year ended December 31, 2015, the Corporation also recorded impairment on intangible assets related to winding down the drilling service operations in the U.S. A summary of the total impairment recorded in the twelve months ended December 31, 2015 is as follows:

	Twelve months ended Dec 31, 2015		
($000's)	Goodwill	Intangibles	Total
DS	70,125	4,529	**74,654**
PRD	32,075	33,023	**65,098**
Total impairment	**102,200**	**37,552**	**139,752**

The Corporation used the value in use method to determine the recoverable amount of its CGUs determined by using discounted cash flows. The Corporation used a pre-tax discount rate range of 16.5% to 18.4% and a terminal growth rate of 4%. The estimated cash flows were based on the 2015 run rate with revenue and margins changing in correlation with the anticipated oil and gas industry activity based on oil price projections over the following five years, and a terminal value thereafter was applied.

The commodity price environment in 2015 has created considerable uncertainty as to the level of exploration and development activity that will be undertaken by several of the Corporation's customers and considerably increases the estimation uncertainty associated with the future cash flows used in the impairment tests. Assumptions that are valid at the time of preparing the cash flow models may change significantly when new information becomes available.

In the fourth quarter of 2014, the Corporation recorded goodwill impairment of $32.3 million related to DS ($16.6 million) and PRD ($15.7 million).

Foreign Currency Translation Adjustment

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2015	2014	% Change	2015	2014	% Change
Foreign currency translation adjustment, net of tax	(837)	5,918	(114)	21,774	10,205	113

Included in other comprehensive (loss) income is a $0.8 million loss and $21.8 million income for the three and twelve months ended December 31, 2015 related to foreign currency translation adjustments resulting from the conversion of the financial results of the continuing U.S. operations as at December 31, 2015 and revaluing U.S. dollar loans from the Canadian parent to the PRD and OS U.S. operating companies. The foreign currency translation adjustment included in the consolidated statements of comprehensive (loss) income does not impact net (loss) earnings for the period. All foreign currency related to the DS U.S. operations were included in the net loss in the three and twelve months ended December 31, 2015 as these operations were substantively liquidated by year end. In the prior year, these are included in other comprehensive income.

Other Income

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2015	2014	% Change	2015	2014	% Change
Other income	6,529	-	100	6,529	-	100

Other income for the three and twelve months ended December 31, 2015 of $6.5 million is comprised of a $12.3 million gain related to the transfer of cumulative foreign exchange differences from accumulated other comprehensive loss to net loss upon substantial liquidation of the Drilling Services U.S. operations in the fourth quarter, partially offset by a provision of $5.8 million recorded for onerous office lease contracts.

Income Taxes

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2015	2014	% Change	2015	2014	% Change
Income taxes						
Current tax (recovery) expense	(3,766)	3,874	(197)	(10,110)	17,779	(157)
Deferred tax (recovery) expense	(6,334)	(2,820)	125	(13,950)	2,862	(587)
Total income taxes	(10,100)	1,054	(1,058)	(24,060)	20,641	(217)

Income taxes for the three and twelve months ended December 31, 2015 were a recovery of $10.1 million and $24.1 million compared to an expense of $1.1 million and $20.6 million in the 2014 comparative periods. The change in the current income tax (recovery) expense is due to the Corporation's net loss in 2015 compared to earnings in the 2014 comparative periods. The decrease in deferred income tax (recovery) expense from prior periods relates to operating losses in the U.S. and a combination of changes in the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes compared to the amounts used for taxation purposes, primarily resulting from non-cash impairments recognized in the second half of the year. Tax instalments of $1.0 million and $6.6 million have been paid in Canada in the three and twelve months ended December 31, 2015.

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 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)	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (excluding oil purchase and resale)	129,770	148,943	112,533	169,652	224,523	208,743	155,690	205,632
Oil purchase and resale	160,203	184,393	244,036	196,895	353,561	390,671	412,249	320,580
Total Revenue	289,973	333,336	356,569	366,547	578,084	599,414	567,939	526,212
Net (loss) earnings for the period	(86,825)	(53,042)	(16,780)	(3,223)	(13,659)	14,756	6,564	22,989
(Loss) earnings per share - basic	(0.63)	(0.39)	(0.12)	(0.03)	(0.11)	0.12	0.06	0.20
(Loss) earnings per share - diluted	(0.63)	(0.39)	(0.12)	(0.03)	(0.11)	0.12	0.05	0.19
Adjusted net (loss) earnings (1)	(14,650)	(1,563)	(14,809)	856	14,266	16,275	6,035	22,670
Earnings (loss) per share adjusted - basic	(0.11)	(0.01)	(0.11)	0.01	0.12	0.14	0.05	0.19
Earnings (loss) per share adjusted - diluted	(0.11)	(0.01)	(0.11)	0.01	0.12	0.13	0.05	0.19
Weighted average shares - basic	137,500,242	136,944,300	136,186,284	122,689,850	121,266,210	120,048,665	118,489,217	117,235,063
Weighted average shares - diluted	137,500,242	136,944,300	136,186,284	122,689,850	123,479,368	123,736,572	121,757,066	120,436,149
Adjusted EBITDA (1)	31,808	35,362	19,446	40,036	55,597	57,438	39,690	56,265

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

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's significant growth and acquisitions, variations in quarterly results extend beyond seasonal factors. While Secure has experienced increased demand for its services over most of the last eight quarters, the most significant impact relates to new facilities, expansions of existing facilities and acquisitions. However, the significant decrease in the price of crude oil and natural gas in the past year and the continued volatility in pricing has significantly reduced the outlook for oil and gas industry activity. In 2015, the Corporation's customers have significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas. The reductions have impacted the results for the first twelve months of 2015 which are explained in the commentary provided under '*Results of operations for the three and twelve months ended December 31, 2015*'.

As noted above, each previous quarter was impacted by the date at which an acquisition occurred or any one of the constructed or acquired FSTs, SWDs or landfills commenced operations. For a complete description of Secure's PRD, DS, and OS division business assets and operations, please refer to the headings '*Secure Energy Services Inc.*', and '*Description of Business*' in the AIF which includes a description of the date of acquisitions or on which each of Secure's facilities commenced operations.

The following summarizes the facilities commissioned and acquisitions completed since December 31, 2014 that have impacted the 2015 quarterly results: In the fourth quarter of 2014, the Corporation opened the Tulliby Lake landfill and completed the acquisition of an oilfield service company that has proprietary technology products that provide high impact solutions for production, drilling and completion fluids. In the first quarter of 2015, the Corporation commissioned the Tulliby Lake FST, the 13 Mile FST conversion and the Rycroft FSR. In the second quarter of 2015, the Corporation commissioned the Big Mountain and Wonowon SWDs, and expanded the Rycroft FSR to include water disposal services. During the third quarter of 2015, the Corporation acquired the assets of a private drilling fluids company.

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 waste. This process is conducted at all landfills, FSTs and SWDs before the producer will begin sending waste. Depending on the producer, this process can take several months.

By offering the oil purchase and resale service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. Revenue from this service has been directly impacted by the decrease in oil prices and resulting decrease in volumes purchased and sold.

LIQUIDITY AND CAPITAL RESOURCES

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

Management considers capital to be the Corporation's net debt and shareholders' equity. The Corporation's overall capital management strategy remains unchanged from prior periods. Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures. This includes the Board of Directors, reviewing the Corporation's results on a monthly basis, and capital costs to budget and approved authorizations for expenditures on a quarterly basis. The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized budgets, Adjusted EBITDA on all of its operations, and return on investment.

Secure's net debt decreased 51% to $153.3 million at December 31, 2015 compared to $309.7 million at December 31, 2014. The decrease is primarily related to a bought deal financing completed in the first quarter of 2015 for gross proceeds of $198.0 million. Refer to the '*Financing Activities*' section below for further information with regards to net debt.

Issued capital increased 35% to $851.5 million at December 31, 2015 compared to $631.2 million at December 31, 2014, primarily as a result of the bought deal financing discussed above.

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions. The Corporation intends to fund its operations, working capital requirements, dividends and capital program primarily with cash flow from operations and its credit facility. At December 31, 2015, the Corporation had $421.6 million available under its credit facility.

The Corporation's credit facility requires that Secure maintain certain coverage ratios, as described in Note 11 of the Consolidated Financial Statements. Management expects that the Corporation has sufficient liquidity and capital resources to meet the Corporation's obligations and commitments while managing within these covenants. However, current oil and gas prices and low industry activity have created a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's 2016 forecasts. In light of this uncertainty, Secure will continue its prudent approach to capital spending in 2016 and reduce operating costs where it does not impact safety, operations and environmental performance. To meet financial obligations, the Corporation may also adjust its dividends, draw on its existing credit facility up to the covenant restrictions, divest assets, issue subordinated debt, or obtain equity financing. While the Corporation has had success in obtaining financing in the past, access to capital may be more difficult in the current economic and operating environment. Refer to the '*Access to Capital*' discussion in the '*Business Risks*' section of this MD&A.

The following provides a summary and comparative of the Corporation's operating, investing and financing cash flows for the three and twelve months ended December 31, 2015 and 2014.

Cash Provided by Operations

($000's)	Three months ended Dec 31, 2015	2014	% Change	Twelve months ended Dec 31, 2015	2014	% Change
Funds from operations [(1)]	**29,006**	54,471	(47)	**112,061**	210,531	(47)

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

Funds from operations for the three and twelve months ended December 31, 2015 decreased to $29.0 million and $112.1 million from $54.5 million and $210.5 million in the 2014 comparative periods. Funds from operations for the three and twelve month periods ended December 31, 2015 were negatively impacted by lower revenues resulting from decreased activity in the oil and gas sector resulting from the current commodity price environment.

Investing Activities

($000's)	Three months ended Dec 31, 2015	2014	% Change	Twelve months ended Dec 31, 2015	2014	% Change
Capital expenditures [(1)]						
Growth and expansion capital expenditures	**29,089**	91,165	(68)	**116,117**	295,977	(61)
Acquisitions	**-**	6,805	(100)	**3,272**	97,839	(97)
Sustaining capital expenditures	**4,274**	3,883	10	**11,066**	6,990	58
Total capital expenditures	**33,363**	101,853	(67)	**130,455**	400,806	(67)

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

The Corporation's growth and expansion capital expenditures for the three months ended December 31, 2015 decreased 68% to $29.1 million from $91.2 million in the comparative period of 2014. Secure employs a prudent approach to capital spending and will continue to evaluate and allocate capital to projects which will generate the highest rates of return. The decrease in growth and expansion capital expenditures compared to the previous period is a result of Secure's careful management of capital expenditures and maintenance of prudent debt levels in response to the current oil and gas price environment.

Growth and expansion capital expenditures for the three months ended December 31, 2015 related primarily to expansions at existing PRD facilities to increase capacity and progressing construction of Kakwa FST.

The Corporation's growth and expansion capital expenditures for the twelve months ended December 31, 2015 decreased 61% to $116.1 million from $296.0 million in the comparative period of 2014. Growth and expansion capital expenditures for the twelve months ended December 31, 2015 related primarily to the following within the PRD division:

- 2014 carry over projects which were completed and commissioned in the first quarter of 2015: Tulliby Lake FST, 13 Mile FST conversion, and the Rycroft FSR;
- Big Mountain and Wonowon SWDs were completed and commissioned in the second quarter;
- Expansion of the Rycroft FSR to include water disposal services was completed and commissioned in the second quarter;
- Progress of construction of a new full service terminal which is expected to be completed and commissioned in the third quarter of 2016;
- Pre-development for new facility locations and long-lead equipment and pre-spend for engineering and design for 2016 capital projects;
- Various expansions at existing facilities to increase capacity, including an additional well at Big Mountain, and increased landfill capacity at Willesden Green and Pembina;

The Corporation completed one acquisition during the twelve months ended December 31, 2015 for cash consideration of $3.3 million, compared to one and eight acquisitions for aggregate cash consideration of $6.8 million and $97.8 million in the three and twelve months ended December 31, 2014.

During the three and twelve month periods ended December 31, 2015, sustaining capital was $4.3 million and $11.1 million compared to $3.9 million and $7.0 million for the 2014 comparative periods. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades, and disposal well maintenance. As a facility matures, the amount of sustaining capital required increases.

Financing Activities

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2015	2014	% Change	2015	2014	% Change
Shares issued, net of share issue costs	615	294	109	198,501	10,727	1,750
Draw (repayment) on credit facility	4,000	63,500	(94)	(136,500)	238,000	(157)
Financing costs	-	(122)	(100)	(525)	(1,210)	(57)
Dividends paid	(5,903)	(5,263)	12	(24,810)	(19,434)	28
Net cash flow (used in) from financing activities	(1,288)	58,409	(102)	36,666	228,083	(84)

On March 24, 2015, the Corporation closed a bought deal financing with a syndicate of underwriters for the purchase of 13,515,370 common shares (including overallotment) of the Corporation at a price of $14.65 per common share for gross proceeds of $198.0 million. In connection with the offering, the Corporation incurred approximately $8.5 million in transaction costs and underwriter fees.

In addition, the Corporation has issued common shares related to the exercise of stock options and vesting of Restricted Share Units issued by the Corporation. Refer to Note 14 in the Consolidated Financial Statements for more information on these share-based awards.

As at December 31, 2015, the Corporation had drawn $262.0 million on its credit facility compared to $398.5 million as at December 31, 2014. The decrease in the amount drawn primarily relates to funds generated from operations and the bought deal equity financing completed in the first quarter of 2015 over funds required for acquisitions, capital expenditures, working capital requirements, tax installments and dividends. The Corporation had $421.6 million available under its credit facility as at December 31, 2015. The Corporation is well positioned, based on the available amount of its credit facility and expected funds from operations, to execute on the 2016 capital program. At December 31, 2015, the Corporation was in compliance with all covenants.

During the three and twelve months ended December 31, 2015, the Corporation declared dividends of $8.2 million and $31.9 million to holders of common shares. Of the dividends declared for the three and twelve months ended December 31, 2015, $2.3 million and $7.1 million were reinvested in additional common shares through the Corporation's Dividend Reinvestment Plan. Management and the Board of Directors of the Corporation will monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, total and net debt, capital expenditures and other investment opportunities.

Subsequent to December 31, 2015, the Corporation declared dividends to holders of common shares in the amount of $0.02 per common share payable on January 15, February 16, and March 15, 2016, for shareholders of record on January 1, February 1, and March 1, 2016, respectively.

Contractual Obligations

Refer to Note 22 of the Consolidated Financial Statements for disclosure related to contractual obligations.

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.

Volatility of Industry Activity and Oil and Natural Gas Prices

The demand, pricing and terms for midstream infrastructure, oilfield waste disposal services, drilling fluids, oilfield rentals, and construction and demolition 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 U.S. 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 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 U.S. 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.

Market Conditions

Fixed costs, including costs associated with leases, fixed commitments for rail cars, pipeline space, and inventory purchases, labour costs 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, state 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.

Transportation of Dangerous Goods

The Corporation transports various petroleum products by rail and truck. These petroleum products are considered dangerous goods under transportation of dangerous goods legislation. When Secure loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under the applicable laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labelled and the product is loaded in an appropriate tank. Secure also owns and operates rail infrastructure and must comply with applicable laws relating to the maintenance and inspection of these facilities. Secure may face liability for personal injuries, damage to property, environmental damage, lost product in the event of an incident involving rail cars or trucks loaded by Secure, where Secure is the consignor or importer of the product, where Secure owns the product that is involved in an incident, or where an incident occurs on Secure's proprietary rail infrastructure. In addition, Secure may be exposed to regulatory action in the event that it fails to comply with transportation of dangerous goods laws.

The Corporation regularly assesses the risks associated with the transportation of dangerous goods. Among the risk mitigation measures that Secure employs, are: training programs for operational and logistics staff; adoption of general and site-specific procedures for loading/unloading, infrastructure maintenance, testing and product classification; negotiating fleet maintenance contracts; leasing rail cars that comply with current regulatory requirements; engaging with industry associations and regulatory agencies; periodically auditing operations and logistics practices; reviewing insurance requirements and securing appropriate coverage; hiring specialists as appropriate to assist.

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 and Newalta Corporation. 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.

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.

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 and invert (oil based mud) inventory at this time.

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 and at its rail transloading facilities. 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 versus 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 and rail transloading 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; unauthorized trading; and counterparty performance as a result of disagreements over terms of deals and/or contracts. 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.

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. 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 may 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.

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 and completion fluid and production chemicals in some instances are protected by intellectual property rights, however new technological advances could occur within the drilling fluids system and drilling and completion fluids and production chemicals industry at any time.

Oil and Natural Gas Market

Fuel conservation measures, alternative fuel requirements, government subsidies promoting renewable energy sources, 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.

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 and completions fluids, production chemicals, and solids control equipment and technological and regulatory changes. If the Corporation fails to do so, this could have a material adverse effect on its business, financial condition, results of operations and cash flows.

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 U.S. 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 U.S. 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 and has entered into fixed price and quantity purchase contracts for various raw materials. 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. Further, in periods of low activity, the Corporation could be subject to a loss on fixed price and quantity contracts that could have a material adverse effect on the Corporation's results of operations and cash flows. Additionally, a portion of the Corporation's raw materials are sourced from the U.S. and are denominated in U.S. dollars; a weakening Canadian dollar relative to the U.S. dollar will have a negative impact on these input costs.

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, 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 our 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 U.S. 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. 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 U.S. subsidiaries are 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 ongoing foreign operations are included in the foreign currency translation reserve.

Some of the Corporation's current operations and related assets are located in the U.S. 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.

Key Personnel

The Corporation's success depends to a significant extent on a number of its officers and key employees. The Corporation does not typically 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.

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 U.S., Canada, or other countries may adversely affect the U.S., 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 34% of revenue for fiscal 2015, of which no single customer accounted for more than 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 costs, cause its profit to decline, and reduce the amount of funds available to be borrowed under the Corporation's Credit Facility.

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 U.S. 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 Corporation and/or the oil and gas customers of the Corporation. The Corporation's and/or 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. Various levels of government are implementing climate change measures, including carbon taxes and limitations over the emissions of greenhouse gases. 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 climate change legislation and regulation on the Corporation and it is possible that it could have a material adverse effect 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, but such insurance may be subject to coverage limits and exclusions and may not be available. In addition, 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 effect 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.

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 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 preferred 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 Credit Facility contains covenants that restrict the Corporation's ability to take various actions. In addition, the credit agreement 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. If the Corporation's financial performance results in a breach of any existing or future financial covenants, access to financing could be restricted and/or all or a portion of the Corporation's debt could become due on demand.

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.

First Nations Consultation and Claims

Aboriginal peoples have claimed aboriginal title and rights to a substantial portion of lands in the WCSB. The interpretation of aboriginal and treaty rights is evolutionary and government policy (including the requirements that are imposed on industry) continues to change. In many circumstances in Alberta, aboriginal people are entitled to be consulted prior to resource development on Crown lands. The consultation processes and expectations of parties involved can vary considerably from project to project (and from first nation to first nation), which can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for some projects. Additionally, some types of claims may affect or limit Secure's ability to secure locations for capital projects.

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, 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.

Dividend Payout

The decision to implement dividends and the amount paid 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 0.45% to 2.00% above the prime rate or 1.45% to 3.00% above the Bankers' Acceptance rate depending on the Corporation's prevailing consolidated senior 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. See "*Legal Proceedings and Regulatory Actions*". 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.

Information Security

The efficient operation of Secure's business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyberterrorists. Secure has implemented security measures to maintain confidential and proprietary information stored on the Corporation's information systems. However, there is a risk these measures may not adequately prevent security breaches which could result in business disruption, decreased performance, or increased costs, and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

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 AIF under the heading "*Forward-Looking Statements*".

OUTSTANDING SHARE CAPITAL

As at March 1, 2016, there were 138,160,959 Common Shares issued and outstanding. In addition, as at March 1, 2016, there were 8,248,415 share options outstanding, of which 3,758,840 were exercisable, 2,572,739 Restricted Shares Units outstanding, of which nil were redeemable, and 758,014 Performance Shares Units outstanding, of which nil were redeemable.

Options granted in 2015 of 3,558,968 include 1,482,000 options that are part of 2016 long term incentives and will be earned in 2016. These options were granted in 2015 as a result of the uncertainty regarding the tax treatment of options and vest one third on each January 2, 2017, 2018 and 2019.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2015 and 2014, the Corporation did not have any off-balance sheet arrangements.

ACCOUNTING POLICIES

Secure’s significant accounting policies are set out in Note 2 of the Consolidated Financial Statements.

FINANCIAL AND OTHER INSTRUMENTS

As at December 31, 2015, 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, long-term borrowings and derivative financial instruments. The fair values of these financial instruments approximate their carrying amount due to the short term maturity of these instruments except long-term borrowings. Long-term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to foreign currency exchange rates or crude oil differentials. Fair values of derivative contracts fluctuate depending on the underlying estimates of future foreign currency exchange rates or the underlying estimates of crude oil differentials. The estimated fair value of all derivative financial instruments are based on observable market data. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, and market risk. A discussion of how these and other risks are managed can be found in the AIF under the heading ‘*Business Risks*’. Further information on how the fair value of financial instruments is determined is included in the ‘*Critical Accounting Estimates and Judgments*’ section of this MD&A.

Of the Corporation’s financial instruments, only cash and accounts receivable contain credit risk. The credit risk associated with cash is minimized as all cash is held at a major Canadian financial institution. The Corporation provides credit to customers in the normal course of operations. The Corporation’s credit risk policy includes performing credit evaluations of its customers. Substantially all of the Corporation’s accounts receivable are due from companies in the oil and natural gas industry and are subject to normal industry credit risks. Given the policies and procedures in place, management views the credit risk related to accounts receivable as low. 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

FUTURE ACCOUNTING PRONOUNCEMENTS

For the year ended December 31, 2015, there were no revised standards or amendments to IFRS issued. Refer to Note 4 of the Corporation's Consolidated Financial Statements for a description of IFRS standards issued but not yet effective that are expected to have an impact on the Corporation's consolidated financial statements in the years adopted.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

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

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

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, 2015. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at December 31, 2015. Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected. There was no change to the Corporation's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Refer to Note 22 of the Corporation's Consolidated Financial Statements for disclosure related to legal proceedings and regulatory actions.

RELATED PARTIES

Refer to Note 21 of the Corporation's Consolidated Financial Statements for disclosure related to related parties.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains or implies forward-looking statements pertaining to: corporate strategy; goals; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including market fundamentals and the impact to each division on revenue and operating margins, drilling levels, commodity prices for oil, natural gas liquids ("NGLs") and natural gas; industry fundamentals for the first quarter of 2016; capital forecasts and spending by producers; demand for the Corporation's services and products; expansion strategy; the impact of the reduction in oil and gas activity on 2016 activity levels; revenue and operating margin for the PRD, DS and OS divisions; the range of the Corporation's proposed 2016 capital expenditure program and the intended use thereof; debt service; completion of facilities (including the new PRD FST); the impact of new facilities on the Corporation's financial and operational performance; future capital needs; access to capital; and acquisition strategy.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as the assumption that levels of market activity and growth will be consistent with industry activity in Canada and the U.S. and similar phases of previous economic cycles. Forward-looking statements concerning the availability of funding for future operations are based upon the assumption that the sources of funding which the Corporation has relied upon in the past will continue to be available to the Corporation on terms favorable to the Corporation and that future economic and operating conditions will not limit the Corporation's access to debt and equity markets. Forward-looking statements concerning the relative future competitive position of the Corporation are based upon the assumption that economic and operating conditions, including commodity prices, crude oil and natural gas storage levels, interest and foreign exchange rates, the regulatory framework regarding oil and natural gas royalties, environmental regulatory matters, the ability of the Corporation and its subsidiaries' to successfully market their services and drilling and production activity in North America will lead to sufficient demand for the Corporation's services and its subsidiaries' services including demand for oilfield services for drilling and completion of oil and natural gas wells, that the current business environment will remain substantially unchanged, and that present and anticipated programs and expansion plans of other organizations operating in the energy 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 AIF for the year ended December 31, 2015. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

Additional information, including the AIF, is available on available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Corporation's website at www.secure-energy.com.