MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and twelve months ended December 31, 2017 and 2016

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

The MD&A's primary focus is a comparison of the financial performance for the three and twelve months ended December 31, 2017 to the three and twelve months ended December 31, 2016 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2017 and 2016 ("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 solutions and innovative products to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S.").

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

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

DRILLING AND PRODUCTION SERVICES DIVISION ("DPS")

The DPS division provides equipment, product solutions and chemicals for drilling, completion and production operations for oil and gas producers in western Canada. The drilling service line currently 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 Projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and reclamation and remediation of former well sites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.); Integrated Fluid Solutions ("IFS") which include water management, recycling, pumping and storage solutions; and Environmental Services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, Naturally Occurring Radioactive Material ("NORM") management, waste container services and emergency response services.

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

FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

The Corporation's financial performance continues to improve year over year as the oil and gas sector rebounds on the back of rising, more stable crude oil prices, which closed out the year at the highest levels seen since mid-2015. Along with these higher activity levels, contributions from capital projects and acquisitions over the last several years, new service offerings, and geographic expansion contributed to Secure generating $51.2 million in Adjusted EBITDA[1] in the fourth quarter of 2017, a 55% increase over the same period in 2016. Highlights from the fourth quarter include:

- Within the PRD division, disposal and processing volumes increased by 48% and 19%, respectively, over the fourth quarter of 2016, contributing to a 30% increase in PRD services revenue. The increase in volumes can be attributed to the continued trend of higher fluid volumes pumped per well while fracing in the Corporation's key service areas, higher oil and gas activity levels, the acquisition of new facilities, and increases in disposal capacity at existing facilities;
- Revenues generated from facilities in the U.S. nearly doubled in the fourth quarter of 2017 over 2016 because of increased volumes due to improved drilling and completion activity levels, new sales initiatives and higher average crude oil prices impacting recovered oil revenues;
- Pipeline capacity constraints have resulted in a higher demand for the Corporation's full service rail terminals, which offer customers treating and storage solutions with rail access;
- The DPS division approximately doubled its contribution to the Corporation's total Adjusted EBITDA in the fourth quarter of 2017 over the same period in 2016 as a result of higher industry drilling activity levels, increased average revenue per operating day generated from more complex wells, the continued effects of cost control measures previously implemented, and incremental Adjusted EBITDA generated from the production chemicals service line;
- The Corporation's OS division had its most profitable quarter of 2017, driven primarily by positive industry activity levels and from integrated service offerings resulting in incremental Project work. Higher activity levels in the oil and gas sector also increased demand for the Corporation's water pumping services. Favorable weather conditions drove project execution and new customer additions also contributed to the OS division's success in the quarter.

2017 CAPITAL PROGRAM

During the fourth quarter, Secure incurred growth and expansion capital of $45.3 million, advancing construction on several projects. The expenditures in the quarter related primarily to:

- Ongoing construction of a light oil feeder pipeline system and receipt terminal in the Kindersley-Kerrobert region of Saskatchewan. The system includes gathering pipelines for customer production, as well as a larger pipeline commencing at the Corporation's existing Kindersley FST, which will transport processed oil from the gathering pipelines and Secure's facility to a Secure owned and operated receipt terminal, and ultimately to the Enbridge Inc. mainline in Kerrobert. Key Viking light oil producers have contracted volume on both an annual and cumulative term basis over 10 years, supporting both FST and pipeline economics. The pipeline system is expected to be completed and operational in the fourth quarter of 2018 and cost approximately $75 million in total;
- Construction of the Gold Creek SWD facility in the Montney region of Alberta, with commissioning expected by mid-2018;
- Engineering, site work and long lead costs for the addition of a third well at the Big Mountain SWD located south of Grande Prairie to increase disposal capacity in order to meet customer demands in the region. Facility upgrades and the third well are expected to be completed in the first quarter of 2018;
- Completing construction of additional landfill cells at the South Grande Prairie, Pembina and Fox Creek landfills to increase capacity;

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

- Improvements to increase disposal capacity at various existing facilities, including the recently acquired facilities from Ceiba Energy Services Inc. Improvements included the deepening of a disposal well, pump replacements and well workovers;
- Long lead items and upfront engineering costs on various other PRD division projects; and
- Addition of rental equipment for the IFS service line, including two water injection skids and several frac ponds and pumps.

INCREASED DIVIDEND BY 6%

On November 9, 2017, Secure's Board of Directors approved a 6% increase to the monthly dividend rate from $0.02125 to $0.0225 per common share of the Corporation ("Common Share") commencing with the January 15, 2018 dividend payment date for shareholders of record on January 1, 2018. The dividend was previously increased in the second quarter of 2017 from $0.02 per Common Share.

Additional operating and financial highlights for the three months ended December 31, 2017 and 2016 can be summarized as follows:

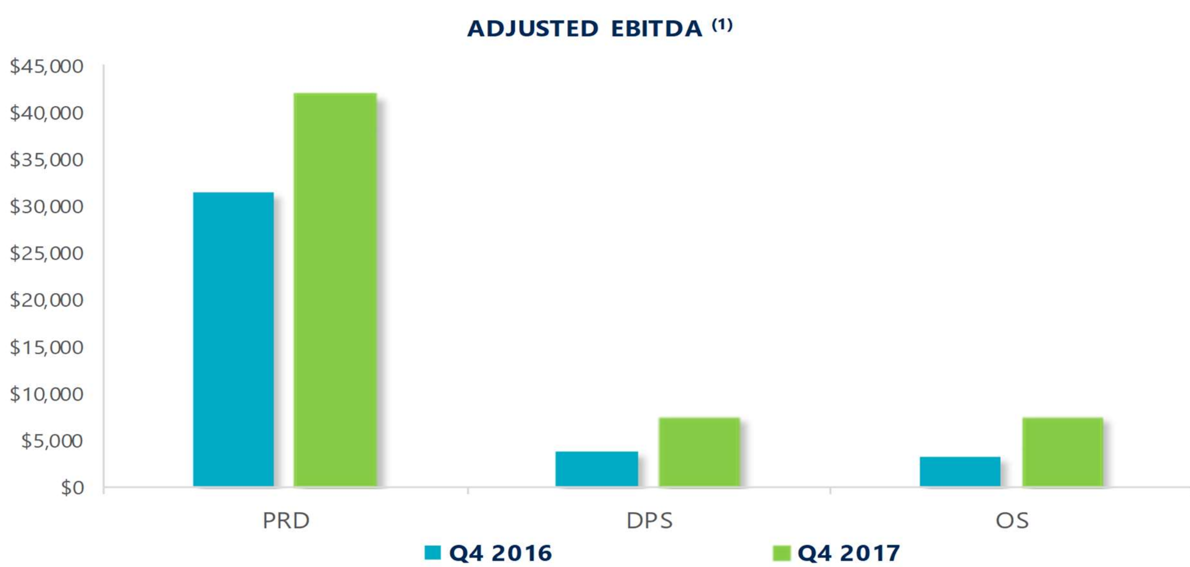
	Three months ended Dec 31,		
($000's except share and per share data)	**2017**	**2016**	**% change**
Revenue (excludes oil purchase and resale)	**184,740**	124,584	48
Oil purchase and resale	**494,816**	405,939	22
Total revenue	**679,556**	530,523	28
Adjusted EBITDA (1)	**51,177**	33,046	55
Per share ($), basic	**0.31**	0.21	48
Net loss	**(23,934)**	(10,075)	138
Per share ($), basic and diluted	**(0.15)**	(0.06)	150
Adjusted net loss (1)	**(2,057)**	(11,430)	(82)
Per share ($), basic	**(0.01)**	(0.07)	(86)
Cash flows from operating activities	**22,925**	15,361	49
Per share ($), basic	**0.14**	0.10	40
Funds flow (1)	**45,075**	33,978	33
Per share ($), basic	**0.28**	0.21	33
Dividends per common share	**0.06**	0.06	6
Capital expenditures (1)	**51,815**	15,408	236
Total assets	**1,562,746**	1,425,250	10
Net debt (1)	**166,647**	73,176	128
Common shares - end of period	**163,352,572**	160,652,221	2
Weighted average common shares - basic and diluted	**163,325,590**	160,314,786	2

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

- REVENUE OF $679.6 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Total processing, recovery and disposal volumes at PRD facilities for the three months ended December 31, 2017 increased from the 2016 comparative period due to increased drilling and completion activity levels across the Western Canadian Sedimentary Basin ("WCSB") and North Dakota, ongoing and moderately increasing production related volumes, and the contribution of volumes from facility acquisitions and expansions in 2017. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) of $80.6 million in the three months ended December 31, 2017, an increase of 30% from 2016;
  - Oil purchase and resale revenue in the PRD division for the three months ended December 31, 2017 increased by 22% from the 2016 comparative period to $494.8 million due to higher average crude oil prices and increased oil purchase and resale volumes from heightened industry activity at various pipeline connected facilities;

- DPS division revenue increased by 61% to $61.4 million in the three months ended December 31, 2017. Activity in the DPS division is strongly correlated with oil and gas drilling activity in the WCSB, which experienced a 9% increase in active rig counts in the three months ended December 31, 2017 over 2016. Along with these improved activity levels, producers continue to drill longer and more complex wells, which require more sophisticated drilling fluid systems and expertise, generating higher revenue for the division. Additionally, contributions from the acquisition of a production chemicals business in April 2017 resulted in incremental revenue for the DPS division in the fourth quarter of 2017;
- OS division revenue increased 74% to $42.7 million in the three months ended December 31, 2017 primarily due to higher activity levels in the oil and gas sector over the prior year resulting in increased demand for oilfield services such as water pumping and storage, and drilling waste management services. As well, revenue improvements were due to increased Project work in the quarter, good weather conditions conducive to project execution, new customer additions, and geographic expansion.

- ADJUSTED EBITDA OF $51.2 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Adjusted EBITDA of $51.2 million, a 55% increase from the three months ended December 31, 2016, resulted primarily from increased production and drilling related activity and additional volumes from acquisitions and facility expansions in 2017 which drove both PRD revenues and operating margins. Increased rig counts, metres drilled and completion activity also positively impacted the DPS and OS divisions, along with contributions from the DPS production services line, and increased Project work in the OS division.
  - The following graphs demonstrate the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the three months ended December 31, 2017 and 2016.



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

- NET LOSS OF $23.9 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Net loss for the three months ended December 31, 2017 was $23.9 million compared to $10.1 million in the comparative period of 2016. The variance is primarily due to non-cash impairment of $29.2 million recorded related to the goodwill and intangible assets associated with the Corporation's Alida crude oil terminalling facility, and increased tax expense resulting from higher net income before non-deductible expenses. Net loss was positively impacted by higher Adjusted EBITDA resulting from the factors discussed above.
- ADJUSTED NET LOSS OF $2.1 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Adjusted net loss of $2.1 million for the three months ended December 31, 2017 improved by $9.4 million over the comparative period as a result of the factors discussed above impacting Adjusted EBITDA, partially offset by increased tax expense resulting from higher net income before non-deductible expenses.

- FINANCIAL FLEXIBILITY
  - The total amount drawn on Secure's credit facilities as at December 31, 2017 increased by 44% to $300.0 million compared to $209.0 million at December 31, 2016. The amount drawn on Secure's credit facilities increased in the year in order to fund the Corporation's organic capital program and the two acquisitions completed in 2017, partially offset by increased cash flows from operating activities.
  - As at December 31, 2017, the Corporation had $260.3 million available under its credit facilities, subject to covenant restrictions. The Corporation is well positioned, based on this availability and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the 2018 capital program.
- CAPITAL EXPENDITURES OF $51.8 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Total capital expenditures for the three months ended December 31, 2017 of $51.8 million were comprised of $45.3 million related to growth and expansion projects, as described above, and $6.5 million of sustaining capital related primarily to maintenance on Secure's disposal wells. There were no acquisitions completed during the quarter.

ANNUAL OPERATIONAL AND FINANCIAL HIGHLIGHTS

The operating and financial highlights for the year ended December 31, 2017 and 2016 can be summarized as follows:

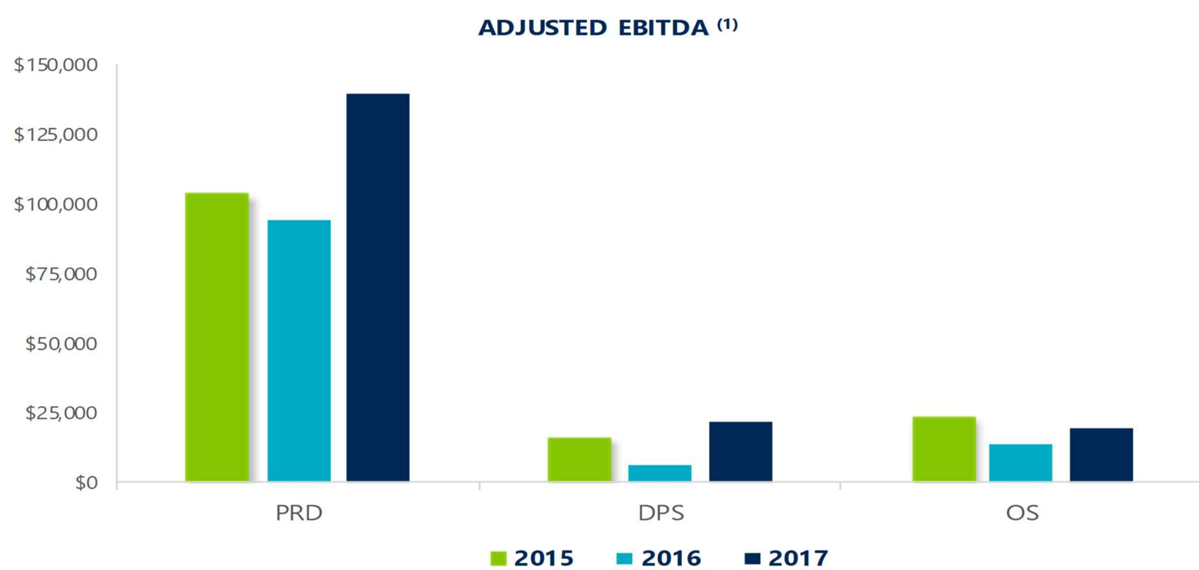
	Twelve months ended Dec 31,		
($000's except share and per share data)	**2017**	**2016**	**2015**
Revenue (excludes oil purchase and resale)	**603,421**	393,159	560,898
Oil purchase and resale	**1,724,787**	1,016,904	785,527
Total revenue	**2,328,208**	1,410,063	1,346,425
Adjusted EBITDA [1]	**157,211**	94,100	126,652
Per share ($), basic	**0.97**	0.61	0.95
Net loss	**(34,202)**	(48,943)	(159,870)
Per share ($), basic and diluted	**(0.21)**	(0.32)	(1.20)
Adjusted net loss [1]	**(13,088)**	(48,111)	(30,166)
Per share ($), basic	**(0.08)**	(0.31)	(0.23)
Cash flows from operating activities	**108,872**	96,682	131,018
Per share ($), basic	**0.67**	0.63	0.98
Funds flow [1]	**157,186**	97,291	89,905
Per share ($), basic	**0.97**	0.63	0.67
Dividends per common share	**0.25**	0.24	0.24
Capital expenditures [1]	**191,837**	150,877	117,518
Total assets	**1,562,746**	1,425,250	1,315,420
Long-term liabilities	**422,251**	336,830	393,774
Net debt [1]	**166,647**	73,176	153,263
Common Shares - end of period	**163,352,572**	160,652,221	137,708,127
Weighted average common shares - basic and diluted	**162,827,541**	154,625,869	133,380,634

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

- REVENUE OF $2.3 BILLION FOR THE YEAR ENDED DECEMBER 31, 2017
  - Total processing, recovery and disposal volumes at PRD facilities for the year ended December 31, 2017 increased from 2016 due to increased drilling and completion activity levels across the WCSB and North Dakota, ongoing and moderately increasing production related volumes and the contribution of volumes from facility expansions and new facilities added in 2016 and 2017. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) of $274.4 million in the year ended December 31, 2017, an increase of 38% from the year ended December 31, 2016;
  - Oil purchase and resale revenue in the PRD division for the year ended December 31, 2017 increased by 70% from the 2016 comparative period to $1.7 billion due to higher average crude oil prices and increased oil purchase and resale volumes from heightened industry activity at various pipeline connected facilities and additional volumes through new facilities;

- Activity in the DPS division is strongly correlated with oil and gas drilling activity in the WCSB, which experienced a 60% increase in active rig counts in the year ended December 31, 2017 over 2016. As a result of these improved activity levels, and contributions from the production chemicals service line, the DPS division revenue increased by 85% to $205.8 million in the year ended December 31, 2017;
- OS division revenue increased 48% to $123.2 million for the year ended December 31, 2017 primarily due to higher revenue from Project jobs, geographic expansion into Manitoba and Ontario, and from increased demand for services tied to oil and gas drilling and completions activity, such as water pumping in the Deep Basin region of Alberta.

- ADJUSTED EBITDA OF $157.2 MILLION FOR THE YEAR ENDED DECEMBER 31, 2017
  - Adjusted EBITDA of $157.2 million, a 67% increase from the year ended December 31, 2016, resulted from increased production and drilling related activity and additional volumes from acquisitions and facility expansions in 2017 which drove both PRD revenues and operating margins. Increased rig counts, metres drilled and completion activity also positively impacted the DPS and OS divisions, along with contributions from the DPS production services line, and increased Project work in the OS division.
  - The following graphs demonstrate the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the years ended December 31, 2017, 2016 and 2015.



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

- NET LOSS OF $34.2 MILLION FOR THE YEAR ENDED DECEMBER 31, 2017
  - For the year ended December 31, 2017, Secure's net loss of $34.2 million improved from a net loss of $48.9 million in 2016. The positive variance is primarily a result of the factors discussed above impacting Adjusted EBITDA, partially offset by non-cash impairment charges of $29.2 million and increased tax expense resulting from higher net income before non-deductible expenses.
- ADJUSTED NET LOSS OF $13.1 MILLION FOR THE YEAR ENDED DECEMBER 31, 2017
  - Adjusted net loss of $13.1 million for the year ended December 31, 2017 improved from $48.1 million in 2016 as a result of the factors discussed above impacting Adjusted EBITDA, partially offset by increased tax expense resulting from higher net income before non-deductible expenses.
- CAPITAL EXPENDITURES OF $191.8 MILLION FOR THE YEAR ENDED DECEMBER 31, 2017
  - Total capital expenditures (excluding business combinations) for the year ended December 31, 2017 of $137.3 million include:

  - Commencement of construction on the Kindersley-Kerrobert light oil feeder pipeline system and receipt terminal;
  - Pre-design and commencement of construction of the Gold Creek SWD in the Montney region of Alberta which is expected to be completed and commissioned in mid-2018;
  - Cell expansions at four of the Corporation's landfills;
  - Expansions and improvements to increase disposal capacity at various existing facilities;
  - Pre-design and engineering for future facility locations and expansions;
  - Long lead items for various projects commencing in 2018; and
  - Sustaining capital expenditures at existing facilities required to maintain ongoing business operations.

- PRODUCTION CHEMICALS ACQUISITION
  - On April 13, 2017, the Corporation acquired the Canadian division of a production chemical business from a U.S. based multi-national company for an aggregate purchase price of $30.3 million, with consideration paid in cash (the "Production Chemicals Acquisition").
  - The acquired assets were integrated into the DPS division's production chemicals service line and has strengthened Secure's position in the market by adding over 100 fully formulated proprietary products, as well as key infrastructure related to the product offering and an experienced and dedicated employee base.
  - The addition of advanced chemical products improves the Corporation's ability to help customers optimize production, provide flow assurance and maintain the integrity of their production assets. The research lab facility acquired demonstrates the Corporation's commitment to innovation and is intended to design customized chemical solutions for customers.
- CEIBA ACQUISITION
  - On August 1, 2017, the Corporation acquired all of the outstanding shares of Ceiba Energy Services Inc. ("Ceiba") which added ten new facilities to the PRD division ("Ceiba Acquisition"). The new facilities are a good fit with Secure's existing PRD facility network, increasing capacity and expanding the Corporation's geographic footprint. Secure has added incremental capital to the assets which will enhance throughput and service capabilities in 2018. The acquisition has enabled Secure to expand its facility network while realizing synergies related to senior management, sales and general and administrative costs.
- STRONG BALANCE SHEET LEVERAGED THROUGH NEW CREDIT FACILITIES
  - On June 30, 2017, Secure entered into new credit facilities consisting of a $470 million first lien credit facility ("First Lien Facility") and a $130 million second lien credit facility ("Second Lien Facility"). The combined facilities total $600 million and replace the Corporation's previous $700 million syndicated facility. The reduction in the total borrowing capacity allows the Corporation to optimize its debt structure to reduce costs associated with standby fees on undrawn amounts while maintaining target levels of liquidity.
  - Secure is in compliance with all covenants related to its credit facilities at December 31, 2017. Secure's senior and total debt to trailing twelve month EBITDA ratios, where EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis, was 1.1 to 1 and 1.9 to 1 at December 31, 2017 compared to 2.2 to 1 for both senior and total debt to trailing twelve month EBITDA at December 31, 2016.
  - Senior debt is equal to amounts drawn on the First Lien Facility plus financial leases less any cash balances exceeding $5 million. Total debt includes senior debt plus the $130 million borrowed under the Second Lien Facility. The maximum covenant for the senior debt to EBITDA ratio is 3.5 to 1, while the total debt to EBITDA ratio is 5.0 to 1.

OUTLOOK

Moderate oil, condensate and natural gas liquids ("NGL") price increases along with favourable weather conditions throughout the year drove increased drilling and completion activity in 2017 compared to 2016. Secure anticipates that there will be consistent producer activity levels and demand for the Corporation's services during 2018. In addition, there are also key fundamental drivers of Secure's business that are expected to provide meaningful avenues of growth for 2018 and beyond:

- Produced water volumes continue to increase based on maturing basins and new shale completion techniques that result in increased water volumes per well. Disposal volumes for Secure are up over 30% in 2017 and Secure expects the trend for more produced water volumes and disposal capacity to continue;
- Completion waters and processing volumes are also increasing as high intensity fracs continue to be applied in liquids rich natural gas shale reservoirs like the Montney and Duvernay formations. The increased use of proppants, the number of completion stages and length of the horizontal wells are expected to continue to drive more volumes to Secure's PRD facilities;
- Oil and condensate treatment volumes are increasing as producers bring on new production and are looking for incremental treating capacity while minimizing transportation costs. Secure's construction of the Kindersley-Kerrobert light oil feeder pipeline system to the Corporation's existing Kindersley FST, and further on to Kerrobert, is a growing trend where producers seek to reduce truck traffic and lower transport costs;
- Moving oil volumes on rail cars also continues to gain momentum. Secure could see activity materially increase as supply growth driven by large oil sands expansions are anticipated to tighten pipeline takeaway capacity in 2018. Moreover, wide WTI – Brent oil differentials influence certain U.S. refiners to look for feedstock accessible by rail that is otherwise delivered by oil tanker;
- Deep shale reservoirs and the increased need for new innovative drilling fluid programs are reducing the number of days to drill a well. This trend will continue in 2018 as Secure brings new products to market from the Corporation's research lab;
- Demand for production chemicals is also increasing as producers bring on new oil, condensate and NGLs. Production chemicals optimize production, provide flow assurance and maintain the integrity of their production assets. The Production Chemicals Acquisition completed in 2017 provides a meaningful opportunity to grow market share in western Canada leveraging off Secure's infrastructure, key relationships and proprietary patents;
- As described above, completions in the oil and gas industry are growing more geographically concentrated and even more penetrating given the length of wells and amount of proppants used. As part of this growing trend, there is a significant need from Secure's customers for sourcing water, water logistics, storing water and overall water re-use where it is cost effective. Secure's business model provides the complete offering and is assisting customers with large completion programs where significant amounts of water are required to be managed at various stages; and
- Increased environmental regulations in all of our market areas have created opportunities to help our customers operate in a sustainable way with a focus on protecting the environment. Secure's OS division has seen increased proactive environmental projects that strive to prevent spills and reduce their future environmental liabilities. A long-term contract signed in the fourth quarter of 2017 to manage oil sands metal recycling is another example of environmental sustainability and reducing our customers' operating costs.

All of these growth trends provide Secure a significant opportunity to grow and expand its business into 2018 and beyond. Secure has made significant capital investments over the past few years to ensure the business is well positioned to capture new customer demand, and based on customer feedback there are more opportunities to continue to deploy capital in western Canada. As a result, Secure is expecting to allocate a minimum of $100 million in growth capital to the areas described above in 2018, including completion of the Kerrobert-Kindersley pipeline system and receipt terminal and Gold Creek SWD, expansions at various existing facilities to increase disposal capacity (additional wells, landfill cells), pre-design and engineering for two potential SWD locations in the Montney region, and equipment to support existing services.

The Corporation could increase organic spending within the PRD division up to $150 million depending on the outcome of various opportunities in development, such as timing of obtaining regulatory approvals, development permits and other operating agreements. Secure expects cash flow to climb as a result of improving activity levels as well as contributions from capital investments made by Secure in key areas over the past several years. Given annual sustaining capital of approximately $20 million, cash interest expense of approximately $15 million and minimal cash taxes, the amount of free cash flow generated by the Corporation's assets can adequately fund annual dividends while still providing cash to fund growth capital, pay down debt, buy back shares and/or increase the dividend.

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

NON-GAAP MEASURES

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

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before finance costs, taxes, depreciation, depletion, and amortization, non-cash impairments on the Corporation's non-current assets, unrealized gains or losses on mark to market transactions, share-based compensation, other income/expenses, and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations. In this MD&A, the Corporation has added back the severance payments to terminated employees in 2016. Adjusted EBITDA is not a recognized measure under IFRS.

Management believes that in addition to net loss, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed, how the results are taxed, non-cash charges, and charges that are irregular in nature or outside of the normal course of business. Management believes that these specific items are not reflective of the Corporation's underlying operations and calculates these adjustments consistently from period to period to enhance comparability of this MD&A. The following table reconciles the Corporation's net loss to Adjusted EBITDA.

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Net loss	**(23,934)**	(10,075)	138	**(34,202)**	(48,943)	(30)
Add (deduct):						
Depreciation, depletion and amortization	**31,705**	36,834	(14)	**118,611**	113,012	5
Current tax recovery	**(2,452)**	(1,476)	66	**(4,816)**	(13,169)	(63)
Deferred tax expense	**5,540**	(567)	(1,077)	**11,168**	5,399	107
Share-based compensation	**5,749**	7,559	(24)	**23,257**	25,158	(8)
Impairment	**29,237**	-	100	**29,237**	-	100
Other expense	**1,286**	-	100	**1,286**	-	100
Interest, accretion and finance costs	**4,011**	2,627	53	**12,425**	11,503	8
Unrealized losses (gains) on mark to market transactions[1]	**35**	(1,856)	(102)	**245**	(1,444)	(117)
Severance and related costs [2]	**-**	-	-	**-**	2,584	(100)
Adjusted EBITDA	**51,177**	33,046	55	**157,211**	94,100	67

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

[2] Severance and related costs are included in several captions within the Corporation's Consolidated Statements of Comprehensive Loss, as shown in the table below.

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Direct expenses - PRD Division	-	-	-	-	583	(100)
Direct expenses - DPS Division	-	-	-	-	803	(100)
Direct expenses - OS Division	-	-	-	-	228	(100)
General and administrative expenses	-	-	-	-	779	(100)
Business development expenses	-	-	-	-	191	(100)
Severance and related costs	-	-	-	-	2,584	(100)

Operating margin

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

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Operating income (loss)	13,688	(9,491)	(244)	15,098	(45,210)	(133)
Add:						
Depreciation, depletion and amortization	31,705	36,834	(14)	118,611	113,012	5
General and administrative expenses	16,075	11,301	42	59,950	44,482	35
Share-based compensation	5,749	7,559	(24)	23,257	25,158	(8)
Business development expenses	1,526	1,265	21	6,800	5,401	26
Operating margin	68,743	47,468	45	223,716	142,843	57

Adjusted net loss

Adjusted net loss is a measure of profitability. Adjusted net loss provides an indication of the results generated by the principal business activities prior to recognizing certain charges that are considered by management to be outside of the Corporation's comparable operations. Management believes that these specific items are not reflective of the Corporation's underlying operations and calculates these adjustments consistently from period to period to enhance comparability of this MD&A. Adjusted net loss is not a recognized measure under IFRS. The following table outlines these adjusted items, which have been tax effected accordingly and reconciles the Corporation's net loss to Adjusted net loss.

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Net loss	(23,934)	(10,075)	138	(34,202)	(48,943)	(30)
Adjustments, net of estimated tax effect:						
Impairment	21,343	-	100	21,343	-	100
Other expense	939	-	100	939	-	100
Unrealized gain on mark to market transactions	(405)	(1,355)	(70)	(1,168)	(1,054)	11
Severance and related costs	-	-	-	-	1,886	(100)
Adjusted net loss	(2,057)	(11,430)	(82)	(13,088)	(48,111)	(73)

Net debt

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

($000's)	Dec 31, 2017	Dec 31, 2016	% Change
Long-term borrowings (principal amount)	300,000	209,000	44
Long-term finance lease liabilities	6,052	4,000	51
Current liabilities	266,003	161,373	65
Current assets	(405,408)	(301,197)	35
Net debt	166,647	73,176	128

Funds flow

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Net cash flows from operating activities	**22,925**	15,361	49	**108,872**	96,682	13
Add:						
Changes in non-cash working capital	**22,044**	18,552	19	**47,332**	11	430,191
Asset retirement costs incurred	**106**	65	63	**982**	598	64
Funds flow	**45,075**	33,978	33	**157,186**	97,291	62

OPERATIONAL DEFINITIONS

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

Average crude oil prices

Average crude oil prices are calculated using West Texas Intermediate ("WTI") benchmark oil prices, translated from U.S. to Canadian dollars.

Operating days

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

DPS division market share

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

Capital expenditures

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

RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2017

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, 2017 and 2016:

($000's)

Three months ended December 31, 2017	PRD division	DPS division	OS division	Corporate	Total
Revenue	575,427	61,403	42,726	-	679,556
Direct expenses	(528,693)	(48,928)	(33,192)	-	(610,813)
Operating margin	**46,734**	**12,475**	**9,534**	**-**	**68,743**
General and administrative expenses	(4,680)	(4,960)	(2,079)	(4,356)	(16,075)
Share-based compensation	-	-	-	(5,749)	(5,749)
Business development expenses	-	-	-	(1,526)	(1,526)
Depreciation, depletion and amortization	(22,923)	(5,783)	(2,797)	(202)	(31,705)
Interest, accretion and finance costs	(391)	-	-	(3,620)	(4,011)
Impairment	(29,237)	-	-	-	(29,237)
Other expense	-	-	-	(1,286)	(1,286)
(Loss) earnings before tax	**(10,497)**	**1,732**	**4,658**	**(16,739)**	**(20,846)**

Year ended December 31, 2017	PRD division	DPS division	OS division	Corporate	Total
Revenue	1,999,159	205,833	123,216	-	2,328,208
Direct expenses	(1,842,442)	(166,568)	(95,482)	-	(2,104,492)
Operating margin	**156,717**	**39,265**	**27,734**	**-**	**223,716**
General and administrative expenses	(17,360)	(17,459)	(8,332)	(16,799)	(59,950)
Share-based compensation	-	-	-	(23,257)	(23,257)
Business development expenses	-	-	-	(6,800)	(6,800)
Depreciation, depletion and amortization	(83,980)	(22,037)	(11,478)	(1,116)	(118,611)
Interest, accretion and finance costs	(1,503)	-	-	(10,922)	(12,425)
Impairment	(29,237)	-	-	-	(29,237)
Other (expense) income	-	-	-	(1,286)	(1,286)
Earnings (loss) before tax	**24,637**	**(231)**	**7,924**	**(60,180)**	**(27,850)**

($000's)

Three months ended December 31, 2016	PRD division	DPS division	OS division	Corporate	Total
Revenue	467,927	38,063	24,533	-	530,523
Direct expenses	(431,744)	(31,776)	(19,535)	-	(483,055)
Operating margin	**36,183**	**6,287**	**4,998**	**-**	**47,468**
General and administrative expenses	(2,856)	(2,640)	(1,892)	(3,913)	(11,301)
Share-based compensation	-	-	-	(7,559)	(7,559)
Business development expenses	-	-	-	(1,265)	(1,265)
Depreciation, depletion and amortization	(28,506)	(4,865)	(3,156)	(307)	(36,834)
Interest, accretion and finance costs	(349)	-	-	(2,278)	(2,627)
Earnings (loss) before tax	**4,472**	**(1,218)**	**(50)**	**(15,322)**	**(12,118)**

Year ended December 31, 2016	PRD division	DPS division	OS division	Corporate	Total
Revenue	1,215,717	111,329	83,017	-	1,410,063
Direct expenses	(1,108,524)	(95,516)	(63,180)	-	(1,267,220)
Operating margin	**107,193**	**15,813**	**19,837**	**-**	**142,843**
General and administrative expenses	(12,821)	(10,995)	(6,520)	(14,146)	(44,482)
Share-based compensation	-	-	-	(25,158)	(25,158)
Business development expenses	-	-	-	(5,401)	(5,401)
Depreciation, depletion and amortization	(77,231)	(21,288)	(13,286)	(1,207)	(113,012)
Interest, accretion and finance costs	(1,632)	-	-	(9,871)	(11,503)
Earnings (loss) before tax	**15,509**	**(16,470)**	**31**	**(55,783)**	**(56,713)**

PRD DIVISION OPERATIONS

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

Processing, recovery and disposal:

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

Oil purchase and resale:

The purpose of providing oil purchase and resale services is to enhance the service offering associated with Secure's business of produced water disposal, crude oil emulsion treating, terminalling, and marketing. By offering this service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline or via rail. At Secure FSTs, Secure will meter the crude oil volumes and purchase the crude oil directly from customers. The Corporation will then process, transport to a pipeline connected FST if necessary, and handle the shipment of crude oil down the pipeline. Secure's four rail terminals situated across Alberta and Saskatchewan, which carry crude by rail to virtually all North American markets, offer producers an alternative solution to get their product to market. The Corporation may also purchase and resale crude oil to take advantage of marketing opportunities and increase profitability.

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Revenue						
PRD services (a)	**80,611**	61,988	30	**274,372**	198,813	38
Oil purchase and resale service	**494,816**	405,939	22	**1,724,787**	1,016,904	70
Total PRD division revenue	**575,427**	467,927	23	**1,999,159**	1,215,717	64
Direct expenses						
PRD services (b)	**33,877**	25,805	31	**117,655**	91,620	28
Oil purchase and resale service	**494,816**	405,939	22	**1,724,787**	1,016,904	70
Total PRD division direct expenses	**528,693**	431,744	22	**1,842,442**	1,108,524	66
Operating Margin (1) (a-b)	**46,734**	36,183	29	**156,717**	107,193	46
Operating Margin (1) as a % of revenue (a)	**58%**	58%		**57%**	54%	

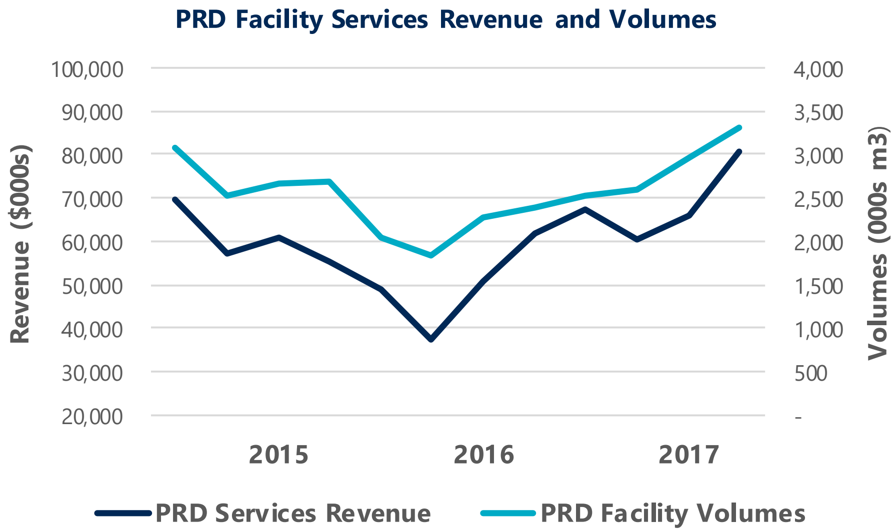
(1) Refer to "*Non-GAAP measures*" for further information.

	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2017	**2016**	**% Change**	**2017**	**2016**	**% Change**
Average Benchmark Prices and Volumes (1)						
WTI (US$/bbl)	**$ 55.40**	$ 49.33	12	**$ 50.95**	$ 43.33	18
Canadian Light Sweet ($/bbl)	**$ 65.68**	$ 60.69	8	**$ 61.84**	$ 52.81	17
Processing volumes (in 000's m^3)	**574**	482	19	**2,123**	1,715	24
Recovery and terminalling volumes (in 000's m^3)	**493**	393	25	**1,845**	1,306	41
Disposal volumes (in 000's m^3)	**2,231**	1,511	48	**7,414**	5,514	34
Oil purchased and resale volumes (in 000's m^3)	**845**	705	20	**3,095**	2,507	23

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

Revenue (PRD division)

Processing, recovery and disposal services revenue of $80.6 million and $274.4 million for the three and twelve months ended December 31, 2017 increased by 30% and 38% from the 2016 comparative periods, driven by higher existing facility throughput due to higher produced water volumes and higher drilling and completion related volumes, as well as new facilities added and expansions at certain of the Corporation's existing facilities in 2016 and 2017. The graph below illustrates the relationship between volumes and revenues earned at the Corporation's facilities. PRD services revenue is impacted by both the nature and amount of product received by Secure's facilities; pricing varies depending on the complexity to process and dispose.



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

Processing volumes increased 19% and 24% in the three and twelve months ended December 31, 2017 from the comparative periods due to higher waste processing, emulsion and completions processing volumes.

Recovery revenues increased 73% and 65% in the three and twelve months ended December 31, 2017 from the comparative periods which was driven by a 72% and 46% increase in volumes and the positive impact of oil price increases. Recovery revenues at the Corporation's facilities in North Dakota were a strong contributor to this increase due to higher volumes resulting from improved activity levels, including new drilling and frac completions. Improved activity levels were driven by higher average crude oil prices over the prior periods, and the commissioning of the Dakota Access Pipeline in June 2017 which has improved economics for delivering producers' product to market.

Disposal volumes increased by 48% and 34% in the three and twelve months ended December 31, 2017 from the comparative periods. Increased disposal of waste at Secure's landfills resulting from higher drilling activity levels and remediation work resulted in a 43% and 59% increase in landfill revenues in the three and twelve months ended December 31, 2017 over 2016. Further driving the increase in disposal volumes is increased produced, flowback, and waste water volumes across Secure's facilities from the comparative periods resulting from expansions at existing facilities to increase disposal capacity, increasing water production as wells mature and improved industry activity.

The addition of new facilities, both organically and through acquisitions, accounted for $2.2 million and $18.9 million of the PRD services revenue in the three and twelve months ended December 31, 2017, an impact of 4% and 9% when comparing to the same periods of 2016.

Oil purchase and resale revenue in the PRD division for the three months ended December 31, 2017 increased 22% from the 2016 comparative period to $494.8 million due to higher average crude oil prices and increased oil purchase and resale volumes from heightened industry activity at various pipeline connected facilities. Oil purchase and resale revenue increased to $1.7 billion in the year ended December 31, 2017, up 70% from the year ended December 31, 2016, due to the factors described above, as well as additional oil purchase and resale volumes from new facilities added in 2016, which included the Alida crude oil terminalling facility, the increased ownership in the La Glace and Judy Creek FSTs from 50% to 100%, and the Kakwa FST. Excluding the impact of these new facilities, the year over year variance would have been 30%.

Direct expenses (PRD division)

Direct expenses from PRD services increased by 31% and 28% in the three and twelve months ended December 31, 2017 from the comparative periods of 2016. The increase in direct expenses relates primarily to the increased revenue as the Corporation maintains its ability to respond to higher activity levels while managing its fixed and variable costs.

Operating margin as a percentage of PRD services revenue for the three months ended December 31, 2017 remained consistent at 58% compared to the three months ended December 31, 2016. Operating margin as a percentage of PRD services revenue for the twelve months ended December 31, 2017 increased to 57% from 54% in the comparative period of 2016. The increase in operating margin as a percentage of revenue over 2016 is due to increased revenues while minimizing fixed and related costs. The Corporation's revised cost management structure has resulted in improved operating margins realized across various facilities including FSTs, SWDs and landfills.

Depreciation, Depletion and Amortization (PRD division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Depreciation, depletion and amortization	22,923	28,506	(20)	83,980	77,231	9

Depreciation, depletion and amortization expense relates primarily to the PRD division's facilities and landfills and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. For the three and twelve months ended December 31, 2017, depreciation, depletion and amortization expense includes a $1.5 million non-cash charge to write-down equipment held in assets under construction to recoverable value. Included in expense in the 2016 three and twelve month comparative periods is $8.0 of impairment related to certain projects where the significant decline in commodity prices left uncertainty in the timing of their development plans, and for equipment withdrawn from active use in instances where they could not be repurposed or otherwise deployed. Excluding the impairment charges, depreciation, depletion and amortization increased 5% for the three months ended December 31, 2017 over 2016 as a result of an increase to intangible assets, new facilities acquired and expansions at existing facilities during 2017.

For the twelve months ended December 31, 2017, depreciation, depletion and amortization expense has increased by 9% (19% excluding the impairment charges described above) from the comparative period as a result of an increase to intangible assets and property, plant and equipment balances from the 2016 and 2017 acquisitions, new facilities commissioned or acquired, and other equipment put into use in 2017.

General and Administrative Expenses (PRD division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
General and administrative expenses	4,680	2,856	64	17,360	12,821	35
% of PRD services revenue	6%	5%		6%	6%	

General and administrative ("G&A") expenses of $4.7 million and $17.4 million for the three and twelve months ended December 31, 2017 increased by 64% and 35% from the comparative periods. Although the Corporation continues to minimize G&A costs by streamlining operations where possible, PRD G&A expenses have increased primarily due to the acquisitions completed in 2016 and 2017 and the overhead requirements to support new facilities and expansions. As a percentage of PRD revenue, G&A costs are 6% for the three and twelve months ended December 31, 2017 compared to 5% and 6% in the three and twelve months ended December 31, 2016.

DPS DIVISION OPERATIONS

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

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Revenue						
Drilling and production services (a)	**61,403**	38,063	61	**205,833**	111,329	85
Direct expenses						
Drilling and production services (b)	**48,928**	31,776	54	**166,568**	95,516	74
Operating Margin (1) (a-b)	**12,475**	6,287	98	**39,265**	15,813	148
Operating Margin (1) as a % of revenue (a)	**20%**	17%		**19%**	14%	

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

Revenue (DPS division)

Revenue in the DPS division correlates with oil and gas drilling activity in the WCSB, most notably active rig counts and metres drilled. Commodity pricing, weather conditions and activity levels from oil and gas producers have a significant impact on the DPS division. For the three and twelve months ended December 31, 2017, industry rig counts in the WCSB increased 9% and 60%, and metres drilled increased 19% and 84% from the 2016 comparative periods. Revenue from the DPS division for the three and twelve months ended December 31, 2017 increased 61% and 85% to $61.4 million and $205.8 million from the comparative periods of 2016. The increased drilling activity and traction in the division's production chemicals service line through the Production Chemicals Acquisition has strengthened the DPS division's revenue in 2017.

Revenue per operating day increased 23% from the prior year comparative quarter from $6,873 to $8,487 during the three months ended December 31, 2017. The variance is a result of the proportion of type of rigs serviced, which typically fluctuates quarter over quarter, and location of wells which impacts the type of fluid used and depth of well. Revenue per operating day for the 2017 year was relatively consistent with 2016.

The DPS division's market share remained relatively consistent at 31% and 29% in the three and twelve months ended December 31, 2017 from 29% in both the 2016 comparative periods. The timing, type and location of one customer's drilling activities can create fluctuations in the market share from period to period.

Secure continues diversification efforts in the DPS division to become less dependent on drilling activity through expansion of the production chemicals and chemical EOR service lines which will benefit the Corporation in the medium to long-term. Strategic relationships with key suppliers and ongoing product development has resulted in a significant expansion to Secure's product offering resulting in multiple commercial projects in 2017. The Production Chemicals Acquisition completed in April 2017 has strengthened Secure's position in the market by adding over 100 fully formulated proprietary products, as well as key infrastructure related to the product offering and an experienced and dedicated employee base.

Direct expenses (DPS division)

The DPS division's direct expenses for the three and twelve months ended December 31, 2017 increased by 54% and 74% to $48.9 million and $166.6 million from the 2016 comparative periods. Overall, the increase in direct expenses from the 2016 period was primarily due to increased activity levels and is consistent with the increased revenues discussed above.

The DPS division's operating margin for the three and twelve months ended December 31, 2017 improved by 98% and 148% from the 2016 comparative periods to $12.5 million and $39.3 million. Operating margin as a percentage of revenue increased to 20% and 19% in the three and twelve months ended December 31, 2017 from 17% and 14% in the comparative periods, respectively. Operating margins as a percentage of revenue were positively impacted by the increased revenues while minimizing fixed costs resulting in improved drilling fluids product margins and achieving economies of scale as activity increases, partially offset by higher production services operating costs for chemicals sourced from the U.S.

Depreciation and Amortization (DPS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Depreciation and amortization	5,783	4,865	19	22,037	21,288	4

Depreciation and amortization expense relates primarily to intangible assets resulting from acquisitions, and rental equipment, and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. Depreciation and amortization expense increased 19% and 4% in the three and twelve months ended December 31, 2017 over the three and twelve month comparative periods due to the assets acquired from the Production Chemicals Acquisition, partially offset by intangibles that have been fully amortized which reduces amortization expense, and asset disposals from the U.S. operations in 2016 which has reduced the asset carrying balance and the resulting depreciation expense.

General and Administrative Expenses (DPS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
General and administrative expenses	4,960	2,640	88	17,459	10,995	59
% of DPS division revenue	8%	7%		8%	10%	

G&A expense for the three and twelve months ended December 31, 2017 increased by 88% and 59% from the comparative periods of 2016. Although the Corporation continues to manage costs efficiently and proactively while still responding to customer demands and activity levels, G&A expenses have increased as a result of expanding the production chemicals and chemical EOR service lines, including the Production Chemicals Acquisition in the second quarter of 2017. As a percentage of DPS revenue, G&A expenses have increased to 8% from 7% in the three months ended December 31, 2017 and decreased to 8% from 10% in the twelve months ended December 31, 2017 from the prior year comparative periods.

OS DIVISION OPERATIONS

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

Projects:

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

Integrated Fluid Solutions:

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

Environmental Services:

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Revenue						
OnSite services (a)	**42,726**	24,533	74	**123,216**	83,017	48
Direct expenses						
OnSite services (b)	**33,192**	19,535	70	**95,482**	63,180	51
Operating Margin (1) (a-b)	**9,534**	4,998	91	**27,734**	19,837	40
Operating Margin (1) as a % of revenue (a)	**22%**	20%		**23%**	24%	

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

Revenue (OS division)

OS division revenue increased 74% and 48% to $42.7 million and $123.2 million for the three and twelve months ended December 31, 2017 due to increased producer activity which led to more Projects work and higher pumping and fluid storage rental activity. Geographic expansion into Manitoba and Ontario also contributed to increased revenue.

Projects revenue during the three and twelve months ended December 31, 2017 increased 65% and 61% from the 2016 comparative periods. Projects revenue is dependent on the type and size of jobs as well as weather conditions which can vary quarter to quarter. For the three and twelve months ended December 31, 2017, Projects revenue increased primarily because of new jobs awarded due to the division's expertise in managing remediation, demolition and spill response jobs and from overall higher industry activity levels. Revenue also increased due to new customer additions, geographic expansion and from the development of new service offerings. In the fourth quarter, the group entered into a long-term service agreement to manage a scrap metal recycling program for a major oil sands producer. Projects continues to seek opportunities like this contract as they provide a steady stream of revenue over the life of the agreement.

Integrated Fluids Solutions revenue for the three and twelve months ended December 31, 2017 increased 275% and 80% from the 2016 comparative periods. Revenue increased with overall industry activity as existing customers ramped up activity and through the addition of new customers. Pumping services and fluid storage rentals had increased job volumes and higher equipment utilization over the 2016 comparative periods.

Environmental Services revenue for the three and twelve months ended December 31, 2017 increased 39% and 13% from the 2016 comparative periods due to higher drilling waste and bin revenue resulting from improved levels of industry activity. These increases were partially offset by decreased reclamation and remediation revenue as many customers deferred this type of spending throughout most of the year.

Direct expenses (OS division)

Direct expenses for the three and twelve months ended December 31, 2017 increased 70% and 51% to $33.2 million and $95.5 million from the 2016 comparative periods. Overall, the direct expense variance corresponds to changes in activity levels from the 2016 comparative periods.

Operating margins for the three and twelve months ended December 31, 2017 improved by 91% and 40% to $9.5 million and $27.7 million over the prior year comparative periods due primarily to increased revenue. The OS division operating margin as a percentage of revenue for the three months ended December 31, 2017 was 22% which increased from 20% for the prior year three month comparative period. Operating margin as a percentage of revenue for the twelve months ended December 31, 2017 decreased to 23% from 24% as compared to the prior year twelve month period. The OS division's operating margin as a percentage of revenue can fluctuate depending on the volume and type of projects undertaken and from the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services provided in any given period.

Depreciation and Amortization (OS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Depreciation and amortization	2,797	3,156	(11)	11,478	13,286	(14)

Depreciation and amortization expense relates primarily to heavy duty field and rental equipment required to execute the OS division's services and from intangible assets arising from previous acquisitions. Depreciation and amortization expense for the three and twelve months ended December 31, 2017 decreased by 11% and 14% as a result of fully amortized intangibles which reduces amortization expense and from a lower property, plant and equipment balance compared to the same 2016 periods.

General and Administrative Expenses (OS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
General and administrative expenses	2,079	1,892	10	8,332	6,520	28
% of OnSite services revenue	5%	8%		7%	8%	

G&A expenses for the three and twelve months ended December 31, 2017 increased by $0.2 million and $1.8 million from the 2016 comparative periods to $2.1 million and $8.3 million due primarily to increased costs to support additional Projects office locations resulting from growth initiatives. As a percentage of OS revenue, G&A expenses have decreased to 5% and 7% in the three and twelve months ended December 31, 2017 from 8% in the three and twelve months ended December 31, 2016.

CORPORATE INCOME AND EXPENSES

Corporate General and Administrative Expenses

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
General and administrative expenses	4,356	3,913	11	16,799	14,146	19

Included in corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, as well as additional support services that are shared across all three operational business units. Compared to the same periods in 2016, corporate G&A expenses increased $0.4 million and $2.7 million in the three and twelve months ended December 31, 2017 primarily due to increased salaries expense as Compensation Share Units ("CSUs") were not issued in 2017, and an increase in corporate sales initiatives. In the second quarter of 2016, the Corporation granted CSUs to employees who elected to forego a portion of their cash compensation in exchange for equity-settled awards. The non-cash expense associated with CSUs is included in the share-based compensation line item of the financial statements. CSUs were not granted in 2017.

Share-based Compensation

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Share-based compensation	5,749	7,559	(24)	23,257	25,158	(8)

Share-based compensation for the three and twelve months ended December 31, 2017 was $5.7 million and $23.3 million, a 24% and 8% decrease from the 2016 comparative periods. Share-based compensation fluctuates based on timing of grants and any forfeitures of share-based awards, the effects of vesting, and changes in share price. Secure has moved to primarily granting unit incentives to employees, consisting of restricted share units ("RSUs") and performance share units ("PSUs"). The increase to share-based compensation expense relating to unit incentives is more than offset by reduced options and CSU expense. In the prior year, the Corporation granted CSUs to certain employees who elected to forego a portion of their cash compensation from May 2016 to January 2017, when the CSUs vested. There were no CSUs granted in 2017.

Business Development Expenses

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Business development	1,526	1,265	21	6,800	5,401	26

Business development expenses of $1.5 million and $6.8 million for the three and twelve months ended December 31, 2017 increased 21% and 26% from the comparative periods in 2016. The increase is primarily due to increased head count and associated personnel costs in the business development group. Business development expenses include prospect costs associated with organic growth and acquisition opportunities in Canada and the U.S. and research and development costs.

Secure's business development team has continued to advance certain organic projects and regulatory approvals to ensure they are project ready to position Secure for continued market share growth and an expanded regional presence. As discussed in the '*Operational and Financial Highlights*', Secure continually pursues various acquisition opportunities 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

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Interest and finance costs	3,620	2,278	59	10,922	9,871	11

Interest and finance costs includes interest expense, amortization of financing fees, accretion expense realized with the passage of time on onerous lease contracts, all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive loss and all realized and unrealized gains or losses related to interest rate swaps on the Corporation's Second Lien Facility. The interest expense portion has varied as a direct result of the unrealized mark to market gain on the Corporation's interest rate swap, more than offset by the fluctuation in the average balance drawn on the credit facilities. The average long-term borrowings balance increased 37% and 8% in the three and twelve months ended December 31, 2017 from the 2016 comparative periods.

Impairment

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Impairment	29,237	-	100	29,237	-	100

As a result of achieving lower than forecast results in 2017, the Corporation completed an impairment test at year end on the Alida crude oil terminalling facility acquired from PetroLama Energy Canada Inc. in 2016. The Corporation used the value in use method to determine the recoverable amount of the Alida facility by using discounted cash flows. The estimated cash flows were based on the 2017 run rate with revenue and margins increasing in correlation with anticipated oil and gas industry activity and oil price differentials over the following five years, and a terminal value thereafter was applied. The Corporation used a pre-tax discount rate of 16.8% and a terminal growth rate of 3%.

As a result of the impairment test performed, the Corporation is recognizing impairment of $29.2 million (2016: $nil) against the PRD division's goodwill ($19.5 million) and intangible assets ($9.7 million). The recoverable amount of the assets tested were assessed at $17.3 million, supporting the carrying value of the Alida facility's property, plant and equipment.

The required valuation methodology and underlying financial information that was used to determine the assets value in use required estimates and assumptions made by management. Assumptions that are valid at the time of preparing the cash flow models may change when new information becomes available and could result in adjustments to the recoverable amount determined and therefore the carrying value of the asset.

Other Expense

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Other expense	1,286	-	100	1,286	-	100

Other expense of $1.3 million relates to a provision recorded for onerous office lease contracts. The provision was initially recorded in December 2015 and is reviewed and revised as necessary at each period end based on management's best estimates about the outcome of future events, estimates of timing and amount of future cash receipts and expenditures, and discount rates.

Foreign Currency Translation Adjustment

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Foreign currency translation (gain) loss, net of tax	(1,198)	(4,013)	(70)	10,431	4,354	140

Included in other comprehensive (gain) loss is a gain of $1.2 million for the three months ended December 31, 2017 and a loss of $10.4 million for the twelve months ended December 31, 2017 related to foreign currency translation adjustments resulting from the conversion of the assets, liabilities and financial results of the Corporation's ongoing U.S. operations for the three and twelve months ended December 31, 2017. The foreign currency translation adjustment included in the consolidated statements of comprehensive loss does not impact net loss for the period.

Income Taxes

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Income taxes						
Current tax recovery	(2,452)	(1,476)	66	(4,816)	(13,169)	(63)
Deferred tax expense (recovery)	5,540	(567)	(1,077)	11,168	5,399	107
Total income tax expense (recovery)	3,088	(2,043)	(251)	6,352	(7,770)	(182)

Income tax expense for the three and twelve months ended December 31, 2017 was $3.1 million and $6.4 million compared to a recovery of $2.0 million and $7.8 million in the 2016 comparative periods. The overall increase in income tax expense is due primarily to higher pre-tax income in the three and twelve months ended December 31, 2017 compared to the 2016 comparative periods. Also, on December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act ("Tax Legislation"), significantly revising the U.S. federal income tax affecting the Corporation's U.S. subsidiaries. The majority of the Tax Legislation changes are effective January 1, 2018; however, the Corporation is required to recognize the effect of certain changes to its income tax expense in the period the Tax Legislation was enacted. Accordingly, the Corporation has recorded a $4.3 million deferred tax expense with a corresponding decrease to its deferred income tax asset in the fourth quarter of 2017.

SUMMARY OF QUARTERLY RESULTS

Seasonality

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

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

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (excluding oil purchase and resale)	184,740	162,596	115,372	140,713	124,584	100,160	66,148	102,267
Oil purchase and resale	494,816	451,143	468,952	309,876	405,939	301,640	202,460	106,865
Total Revenue	679,556	613,739	584,324	450,589	530,523	401,800	268,608	209,132
(Loss) earnings for the period	(23,934)	(179)	(13,529)	3,440	(10,075)	(8,121)	(20,681)	(10,066)
(Loss) earnings per share - basic and diluted	(0.15)	0.00	(0.08)	0.02	(0.06)	(0.05)	(0.13)	(0.07)
Adjusted net (loss) earnings[1]	(2,057)	(1,218)	(13,315)	3,502	(11,430)	(7,617)	(20,467)	(8,598)
(Loss) earnings per share adjusted - basic and diluted	(0.01)	(0.01)	(0.08)	0.02	(0.07)	(0.05)	(0.13)	(0.06)
Weighted average shares - basic	163,352,572	163,128,460	162,776,950	162,049,821	160,314,786	159,618,869	158,437,296	140,015,143
Weighted average shares - diluted	163,352,572	163,128,460	162,776,950	165,944,906	160,314,786	159,618,869	158,437,296	140,015,143
Adjusted EBITDA [1]	51,177	43,820	20,044	42,170	33,046	27,431	8,540	25,083

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

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's historical growth and acquisitions, variations in quarterly results extend beyond seasonal factors. The significant decrease in the price of crude oil and natural gas commencing in the fourth quarter of 2014 significantly reduced oil and gas industry activity from previous years. During 2016, the Corporation's customers significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas. The reductions impacted results in 2016 as explained in the commentary provided under '*Results of operations for the three and twelve months ended December 31, 2017*'.

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

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

- During the second quarter of 2016, Secure completed the acquisition of all of the operating assets of PetroLama Energy Canada Inc., including the Alida crude oil terminalling facility;
- During the third quarter of 2016, Secure acquired the outstanding 50% interest in the La Glace and Judy Creek joint ventures, and opened the Kakwa FST;
- In the second quarter of 2017, Secure completed the Production Chemicals Acquisition; and
- In the third quarter of 2017, Secure added ten facilities to the PRD network through the Ceiba Acquisition.

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

The amount drawn on Secure's credit facilities increased by 44% to $300.0 million at December 31, 2017 compared to $209.0 million at December 31, 2016. The increase relates to consideration paid for the Production Chemicals and Ceiba Acquisitions, and the organic growth projects previously described, partially offset by increased cash flows from operating activities. Refer to the '*Financing Activities*' section below for further information with regards to net debt.

Issued capital increased by 3% to $1.1 billion at December 31, 2017. The slight increase is a result of capital issued through the exercise of options, the Corporation's Dividend Reinvestment Program during the first three months of the year, the Corporation's Unit Incentive Plan, and shares issued as consideration in the Ceiba Acquisition.

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions. The Corporation intends to fund its operations, working capital requirements, dividends and capital program primarily with cash flow from operations and its credit facilities. At December 31, 2017, the Corporation had $260.3 million available under its First Lien Facility, subject to covenant restrictions.

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

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

As per the Corporation's credit facilities at December 31, 2017, senior debt includes amounts drawn on the First Lien Facility and finance leases, less cash balances above $5 million. Total debt is equal to senior debt plus amounts drawn under the Second Lien Facility and any unsecured debt. EBITDA is adjusted for non-recurring losses, any non-cash impairment charges, any other non-cash charges, and acquisitions on a pro-forma trailing twelve month basis. At December 31, 2017, Secure was in compliance with all covenant requirements under the Corporation's credit facilities. The following table outlines the Corporation's financial covenant ratios as at December 31, 2017 and December 31, 2016.

	Dec 31, 2017	Dec 31, 2016	% Change
Senior debt to EBITDA	1.1	2.2	(50)
Total debt to EBITDA	1.9	2.2	(14)
Interest coverage	12.5	8.5	47

Refer to Notes 18 and 21 of the Consolidated Financial Statements for further disclosure of the Corporation's liquidity risk, including the timing of cash outflows relating to financial liabilities and contractual obligations and contingencies at December 31, 2017.

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

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

The following provides a summary and comparative of the Corporation's operating, investing and financing cash flows for the three and twelve months ended December 31, 2017 and 2016.

Operating Activities

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Funds flow (1)	45,075	33,978	33	157,186	97,291	62

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

Funds flow, defined as cash flows from operating activities excluding changes in non-cash working capital and asset retirement costs, increased to $45.1 million and $157.2 million for the three and twelve months ended December 31, 2017 from $34.0 million and $97.3 million in the 2016 comparative periods. Funds flow for the three and twelve months ended December 31, 2017 were positively impacted compared to the 2016 periods primarily due to higher revenues resulting from increased activity in the oil and gas sector, new facilities and expansions and improved average crude oil prices.

Investing Activities

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Capital expenditures (1)						
Growth and expansion capital expenditures	45,346	11,237	304	118,161	46,623	153
Business acquisitions	-	-	-	54,569	88,228	(38)
Sustaining capital expenditures	6,469	4,171	55	19,107	16,026	19
Total capital expenditures	51,815	15,408	236	191,837	150,877	27

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

The Corporation's growth and expansion capital expenditures increased 304% and 153% to $45.3 million and $118.2 million in the three and twelve months ended December 31, 2017. 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.

Growth and expansion capital expenditures for the three and twelve months ended December 31, 2017 related primarily to the ongoing construction on the Kindersley-Kerrobert light oil feeder pipeline system and receipt terminal, commencement of construction of a new SWD facility expected to be commissioned in mid-2018, cell expansions at several of the Corporation's landfills, and facility upgrades, expansions and improvements at various existing facilities to increase disposal capacity.

The Corporation incurred $54.6 million during 2017 related to the Production Chemicals Acquisition ($30.3 million) and the Ceiba Acquisition ($24.3 million). In 2016, the Corporation completed the acquisition of all of the operating assets of PetroLama Energy Canada Inc. and the outstanding 50% interest in the La Glace and Judy Creek joint ventures for a total of $88.3 million.

During the three and twelve months ended December 31, 2017, sustaining capital was $6.5 million and $19.1 million compared to $4.2 million and $16.0 million in the 2016 comparative periods. Sustaining capital during the year related primarily to maintenance on Secure's disposal wells. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new or refurbished equipment. 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 generally increases.

Financing Activities

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Shares issued, net of share issue costs	-	2,290	(100)	4,362	147,785	(97)
Draw on credit facility	37,128	7,000	430	91,000	(53,000)	(272)
Financing fees	-	-	-	(2,123)	-	100
Capital lease obligation	(1,561)	(1,974)	(21)	(8,722)	(11,076)	(21)
Dividends paid	(10,411)	(5,861)	78	(37,124)	(23,444)	58
Net cash flow from financing activities	25,156	1,455	1,629	47,393	60,265	(21)

As at December 31, 2017, the Corporation had drawn $300.0 million on its credit facilities compared to $209.0 million as at December 31, 2016. The increase relates to consideration paid for the Production Chemicals and Ceiba Acquisitions along with growth and expansion capital, partially offset by increased cash flows from operating activities. As at December 31, 2017, the Corporation had $260.3 million available under its First Lien Facility, subject to covenant restrictions. The Corporation is well positioned, based on the available amount on its First Lien Facility and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the 2018 capital program. At December 31, 2017, the Corporation was in compliance with all covenants.

During the three and twelve months ended December 31, 2017 the Corporation declared dividends of $10.4 million and $40.5 million to holders of common shares. Of the dividends declared for the twelve months ended December 31, 2017, $3.4 million were reinvested in additional common shares through the Corporation's Dividend Reinvestment Plan ("DRIP"). Commencing with the April 2017 dividend declaration, the Corporation suspended the DRIP. Shareholders participating in the DRIP at that time received cash dividends starting with the April 17, 2017 dividend payment date.

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

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

Subsequent to December 31, 2017, the Corporation declared dividends to holders of common shares in the amount of $0.0225 per common share payable on January 15, February 15, and March 15, 2018, for shareholders of record on January 1, February 1, and March 1, 2018, respectively.

CONTRACTUAL OBLIGATIONS

Refer to Note 21 of the Consolidated Financial Statements for disclosure related to contractual obligations.

BUSINESS RISKS

A discussion of Secure's business risks is set out in the Corporation's AIF under the heading *'Business Risks'*, which section is incorporated by reference herein. This section does not describe all risks applicable to the Corporation, its industry or its business, and is intended only as a summary of certain material risks. If any of such risks or uncertainties actually occur, the Corporation's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking statements discussed in this MD&A.

OUTSTANDING SHARE CAPITAL

As at March 1, 2018, there are 164,093,407 common shares issued and outstanding. In addition, as at March 1, 2018, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at March 1, 2018	Issued	Exercisable
Share Options	6,140,666	5,479,199
Restricted Share Units	4,086,049	-
Performance Share Units	2,435,869	-

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2017 and 2016, 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, 2017, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, long-term borrowings and derivative instruments. The fair values of these financial instruments approximate their carrying amount due to the short-term maturity of these instruments except long-term borrowings and derivative instruments. Long-term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. Derivative instruments are fair valued at each period end in accordance with their classification of fair value through profit or loss. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices, foreign currency exchange rates and interest rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity price curves, foreign currency exchange rates and interest rates. The estimated fair value of all derivative financial instruments is based on observable market data. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, interest rate and market risk. A discussion of how these and other risks are managed can be found in the AIF under the heading '*Business Risks*'. Further information on how the fair value of financial instruments is determined is included in the '*Critical Accounting Estimates and Judgments*' section of this MD&A.

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

Funds drawn under the First Lien Facility bear interest at a floating interest rate. Therefore, to the extent that the Corporation borrows under this facility, the Corporation is at risk to rising interest rates. The Corporation has managed a portion of its interest rate risk through derivative instruments to effectively fix the interest rate on the $130 million Second Lien Facility until July 31, 2021.

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 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, 2017, there were no revised standards or amendments to IFRS issued that significantly impacted the Consolidated Financial Statements. 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. A qualified team of Secure employees evaluated the effects of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, both effective on January 1, 2018, on the Corporation's consolidated financial statements and related disclosures and determined that the impact is insignificant. The impact of IFRS 16 Leases, effective January 1, 2019, is still being assessed at this time.

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, 2017. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at December 31, 2017. Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected. There was no change to the Corporation's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

RELATED PARTIES

Refer to Note 20 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: key priorities for the Corporation's success; the oil and natural gas industry, including drilling and production trends; activity levels in the oil and gas sector, drilling levels, commodity prices for oil, natural gas liquids and natural gas; industry fundamentals for 2018; capital forecasts and spending by producers; demand for the Corporation's services and products; expansion strategy; the impact of oil and gas activity on 2018 activity levels; the Corporation's proposed 2018 capital expenditure program including expansion, growth and sustaining capital expenditures, and the timing of completion for projects, in particular the Kindersley-Kerrobert light oil feeder pipeline system, Gold Creek SWD and Big Mountain facility upgrades and third well; debt service; acquisition strategy and timing of potential acquisitions; the impact of new facilities, potential acquisitions, and the Production Chemicals Acquisition and Ceiba Acquisition on the Corporation's financial and operational performance and growth opportunities; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; access to capital; and the Corporation's ability to meet obligations and commitments and operate within any credit facility restrictions.

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

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to under the heading "*Risk Factors*" in the AIF for the year ended December 31, 2017 and also includes the risks associated with the possible failure to realize the anticipated synergies in integrating the assets acquired in the Production Chemicals Acquisition and Ceiba Acquisition with the operations of Secure. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

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