Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended September 30, 2019

(Expressed in Canadian Dollars)

SECURE ENERGY SERVICES INC.

Consolidated Statements of Financial Position

		As at	
($000's) (unaudited)	**Notes**	**September 30, 2019**	**December 31, 2018**
Assets			
Current assets			
Cash		**12,434**	7,928
Accounts receivable and accrued receivables		**194,535**	242,528
Inventories		**63,935**	70,097
Prepaid expenses and other current assets		**10,981**	10,868
		281,885	331,421
Property, plant and equipment	**4**	**1,245,339**	1,203,382
Right-of-use assets	**5**	**53,729**	-
Intangible assets		**43,026**	36,258
Goodwill		**11,127**	11,127
Deferred tax assets		**-**	1,313
Total Assets		**1,635,106**	1,583,501
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**151,606**	168,121
Asset retirement obligations		**1,363**	2,978
Lease liabilities	**7**	**20,869**	7,223
		173,838	178,322
Long-term borrowings	**6**	**447,415**	412,919
Asset retirement obligations		**107,298**	87,707
Lease and other liabilities	**7**	**31,566**	9,464
Deferred tax liabilities		**46,758**	50,773
Total Liabilities		**806,875**	739,185
Shareholders' Equity			
Issued capital	**8**	**1,024,676**	1,031,189
Share-based compensation reserve		**59,024**	64,413
Foreign currency translation reserve		**29,427**	33,982
Non-controlling interest		**33,766**	-
Deficit		**(318,662)**	(285,268)
Total Shareholders' Equity		**828,231**	844,316
Total Liabilities and Shareholders' Equity		**1,635,106**	1,583,501

The accompanying notes are an integral part of these condensed consolidated financial statements

SECURE ENERGY SERVICES INC.
Consolidated Statements of Comprehensive Income (Loss)

($000's except per share and share data) (unaudited)	Notes	For the three months ended September 30, 2019	2018	For the nine months ended September 30, 2019	2018
Revenue	12	732,024	829,034	2,314,393	2,254,402
Cost of sales	10	700,711	788,197	2,222,434	2,151,418
Gross margin		31,313	40,837	91,959	102,984
General and administrative expenses	10	24,100	25,523	76,355	75,013
Operating income		7,213	15,314	15,604	27,971
Interest, accretion and finance costs		6,913	3,373	19,946	12,443
Income (loss) before tax		300	11,941	(4,342)	15,528
Current tax expense		438	841	394	1,963
Deferred tax expense (recovery)		1,006	4,291	(2,724)	7,580
Net (loss) income		(1,144)	6,809	(2,012)	5,985
Net (loss) income attributable to:					
Shareholders of Secure		(639)	6,809	(1,058)	5,985
Non-controlling interest		(505)	-	(954)	-
Other comprehensive income (loss)					
Foreign currency translation adjustment		2,520	(2,509)	(4,693)	4,405
Total comprehensive income (loss)		1,376	4,300	(6,705)	10,390
Total comprehensive income (loss) attributable to:					
Shareholders of Secure		1,772	4,300	(5,613)	10,390
Non-controlling interest		(396)	-	(1,092)	-
Basic and diluted (loss) income per common share		(0.01)	0.04	(0.01)	0.04
Weighted average shares outstanding - basic	8	158,075,674	162,286,387	159,620,638	163,600,546
Weighted average shares outstanding - diluted	8	158,075,674	164,911,044	159,620,638	165,779,889

The accompanying notes are an integral part of these condensed consolidated financial statements

SECURE ENERGY SERVICES INC.
Consolidated Statements of Changes in Shareholders' Equity

($000's) (unaudited)	Note	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Non-controlling interest	Deficit	Total Shareholders' Equity
Balance at January 1, 2019		**1,031,189**	**64,413**	**33,982**	**-**	**(285,268)**	**844,316**
Net loss		-	-	-	(954)	(1,058)	**(2,012)**
Dividends declared	**8**	-	-	-	(788)	(32,336)	**(33,124)**
Acquisition of non-controlling interest	**3**	-	-	-	35,646	-	**35,646**
Foreign currency translation adjustment		-	-	(4,555)	(138)	-	**(4,693)**
Exercise of share units	**8**	20,755	(20,755)	-	-	-	**-**
Share-based compensation		-	15,366	-	-	-	**15,366**
Shares cancelled under normal course issuer bid ("NCIB")	**8**	(27,268)	-	-	-	-	**(27,268)**
Balance at September 30, 2019		**1,024,676**	**59,024**	**29,427**	**33,766**	**(318,662)**	**828,231**
Balance at January 1, 2018		**1,057,505**	**56,524**	**21,618**	**-**	**(261,155)**	**874,492**
Net income		-	-	-	-	5,985	**5,985**
Dividends declared	**8**	-	-	-	-	(33,133)	**(33,133)**
Foreign currency translation adjustment		-	-	4,405	-	-	**4,405**
Exercise of options and share units	**8**	14,229	(14,174)	-	-	-	**55**
Share-based compensation		-	16,758	-	-	-	**16,758**
Shares cancelled under NCIB	**8**	(20,870)	-	-	-	-	**(20,870)**
Balance at September 30, 2018		**1,050,864**	**59,108**	**26,023**	**-**	**(288,303)**	**847,692**

The accompanying notes are an integral part of these condensed consolidated financial statements

SECURE ENERGY SERVICES INC.
Consolidated Statements of Cash Flows

($000's) (unaudited)	Notes	For the three months ended September 30, 2019	2018	For the nine months ended September 30, 2019	2018
Cash flows from (used in) operating activities					
Net (loss) income		(1,144)	6,809	(2,012)	5,985
Adjustments for non-cash items:					
Depreciation, depletion and amortization	10	31,689	31,803	97,563	86,478
Interest, accretion and finance costs		6,913	3,373	19,946	12,443
Current and deferred tax expense		1,444	5,132	(2,330)	9,543
Other non-cash loss (income)		165	(765)	4,148	(1,404)
Share-based compensation	10	4,272	6,461	16,174	17,576
Interest paid		(4,884)	(4,384)	(15,684)	(11,862)
Income taxes (recovered) paid		(104)	2,563	(2,437)	1,363
Asset retirement costs incurred		(1,681)	(2,585)	(2,830)	(2,525)
Funds flow from operations		36,670	48,407	112,538	117,597
Change in non-cash working capital		(694)	(28,528)	34,666	9,608
Net cash flows from operating activities		35,976	19,879	147,204	127,205
Cash flows (used in) from investing activities					
Purchase of property, plant and equipment		(30,725)	(44,980)	(89,090)	(140,377)
Proceeds from dispositions		1,609	1,502	4,415	4,055
Partnership distributions to non-controlling interest		(339)	-	(788)	-
Business acquisition	3	-	-	(13,866)	-
Change in non-cash working capital		3,841	(1,000)	(984)	(21,524)
Net cash flows used in investing activities		(25,614)	(44,478)	(100,313)	(157,846)
Cash flows (used in) from financing activities					
Shares issued, net of share issue costs	8	-	-	-	55
Repurchase and cancellation of shares under NCIB	8	(3,973)	(12,126)	(27,268)	(20,870)
Draw on credit facilities	6	11,492	58,296	35,042	89,109
Financing fees	6	66	-	(1,360)	-
Lease liability principal payment		(4,260)	(2,240)	(15,673)	(5,571)
Dividends paid	8	(10,674)	(10,965)	(32,336)	(33,133)
Net cash flows (used in) from financing activities		(7,349)	32,965	(41,595)	29,590
Effect of foreign exchange on cash		(120)	157	(790)	893
Increase (decrease) in cash		2,893	8,523	4,506	(158)
Cash, beginning of period		9,541	1,049	7,928	9,730
Cash, end of period		12,434	9,572	12,434	9,572

The accompanying notes are an integral part of these condensed consolidated financial statements

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Secure Energy Services Inc. ("Secure") is incorporated under the Business Corporations Act of Alberta. Secure operates through a number of wholly-owned subsidiaries (together referred to as the "Corporation") which are managed through three operating segments which provide innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry.

The Midstream Infrastructure division owns and operates a network of facilities throughout western Canada and certain regions of the United States (U.S.). The Midstream Infrastructure division services include clean oil terminalling, rail transloading, pipeline transportation, crude oil storage and marketing, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, and oil purchase/resale service. Secure provides these services at its full service terminals, full service rail facilities, crude oil pipelines, crude oil terminalling facilities, water disposal facilities, and landfills.

The Environmental Solutions division provides comprehensive environmental solutions, from initial project assessment and planning, to reclamation and remediation. The Environmental Solutions division also offers integrated fluid solutions which includes water management, recycling, pumping and storage solutions.

The Technical Solutions division provides customer focused product solutions for drilling, completion and production operations for oil and gas producers in western Canada.

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

Basis of Presentation

The condensed consolidated financial statements of Secure have been prepared by management in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") in effect at the closing date of September 30, 2019. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2018.

These condensed consolidated financial statements are recorded and presented in Canadian dollars ($), which is Secure's functional currency, and have been prepared on a historical cost basis, except for certain financial instruments and share-based compensation transactions that have been measured at fair value. All values are rounded to the nearest thousand dollars ($000's), except where otherwise indicated. Certain reclassifications of prior year amounts have been made to conform to the current year presentation and certain amounts in the condensed consolidated financial statements are not comparable to the prior periods due to the adoption of IFRS 16 Leases on January 1, 2019.

These condensed consolidated financial statements were approved by Secure's Board of Directors on October 30, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these condensed consolidated financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2018, except as described in Note 3 of the Corporation's condensed consolidated financial statements for the three months ended March 31, 2019. Unless otherwise stated, these policies have been consistently applied to all periods presented.

Significant Estimates and Judgments

The timely preparation of the Corporation's condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses, gains, losses, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and underlying assumptions are reviewed by management on an ongoing basis, with any adjustments recognized in the period in which the estimate is revised.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include those related to the determination of cash generating units, depreciation, depletion and amortization, recoverability of assets, asset retirement obligations and accretion, other provisions and contingent liabilities, inventories, share-based compensation, deferred income taxes, provision for doubtful accounts, and purchase price equations. Readers are cautioned that the preceding list is not exhaustive and other items may also be affected by estimates and judgments.

3. BUSINESS ACQUISITION

On April 11, 2019, the Corporation acquired a 27% interest in a crude oil storage business which owns a crude oil storage facility located in Cushing, Oklahoma. The facility is comprised of four above-ground 175,000 barrel tanks. The total purchase price of US$9.9 million was paid in cash at closing.

Over the next two years, Secure has the option to purchase the remaining 73% interest in the business for US$26.6 million. As the call option provides Secure with control due to substantive potential voting rights, Secure has applied the acquisition method of accounting for business combinations and consolidated the statements of financial position and comprehensive income of the acquired business for the period subsequent to the acquisition date.

The following summarizes management's preliminary purchase price equation:

Balance at acquisition date	Amount ($000's)
Cash paid	13,184
	13,184
Net working capital	143
Property, plant and equipment	31,338
Intangible assets [1]	17,616
Asset retirement obligations	(267)
Non-controlling interest	(35,646)
	13,184

[1] Consists of interconnection and terminalling agreements.

3. BUSINESS ACQUISITION (continued)

Secure also acquired a 51% interest in 80 acres of undeveloped land located adjacent to the crude oil storage facility. The purchase price of US$0.5 million was paid in cash at closing and has been included in property, plant and equipment on the consolidated statements of financial position.

4. PROPERTY, PLANT AND EQUIPMENT

($000's)	
Balance at December 31, 2018	**1,203,382**
Reclass capital leases [1]	(17,684)
Additions	120,531
Change in asset retirement cost	20,814
Disposals	(5,868)
Depreciation and depletion	(71,501)
Foreign exchange effect	(4,335)
Balance at September 30, 2019	**1,245,339**

[1] With the adoption of IFRS 16 at January 1, 2019, Secure has reclassified capital leases previously presented with Property, plant and equipment to Right-of-use assets.

5. RIGHT-OF-USE ASSETS

($000's)	Buildings	Rail Cars	Vehicles & Equipment	Other	Total
Cost					
January 1, 2019	**18,672**	**11,892**	**28,966**	**2,981**	**62,511**
Additions	7,805	1,943	9,830	3	**19,581**
Disposals	(63)	(3,585)	(3,605)	-	**(7,253)**
Foreign exchange effect	(10)	-	(38)	-	**(48)**
September 30, 2019	**26,404**	**10,250**	**35,153**	**2,984**	**74,791**
Accumulated depreciation					
January 1, 2019	**-**	**-**	**(11,140)**	**(238)**	**(11,378)**
Depreciation	(4,413)	(5,063)	(5,072)	(22)	**(14,570)**
Disposals	32	2,510	2,332	-	**4,874**
Foreign exchange effect	-	-	12	-	**12**
September 30, 2019	**(4,381)**	**(2,553)**	**(13,868)**	**(260)**	**(21,062)**
Net book value:					
September 30, 2019	**22,023**	**7,697**	**21,285**	**2,724**	**53,729**
January 1, 2019	**18,672**	**11,892**	**17,826**	**2,743**	**51,133**

6. LONG-TERM BORROWINGS

($000's)	**September 30, 2019**	**December 31, 2018**
Amount drawn on first and second lien credit facilities	**448,492**	413,450
Unamortized transaction costs	**(1,077)**	(531)
Total long-term borrowings	**447,415**	**412,919**
First lien credit facility capacity	**600,000**	470,000
Second lien credit facility capacity	**130,000**	130,000
Letter of credit facility capacity	**75,000**	-
Total capacity of credit facilities	**805,000**	**600,000**
Amount drawn on credit facilities	**(448,492)**	(413,450)
Letters of credit	**(37,613)**	(38,133)
Available amount	**318,895**	**148,417**

Secure's credit facilities at September 30, 2019 consist of a $600 million first lien credit facility ("First Lien Facility") with a syndicate of ten financial institutions and Chartered banks, a $130 million second lien credit facility ("Second Lien Facility") with a syndicate of three financial institutions and Canadian Chartered banks, and a $75 million bilateral Letter of Credit Facility ("LC Facility") with a syndicate of two financial institutions and Chartered banks.

On April 29, 2019, Secure closed an amendment to its First Lien Facility increasing the overall size of the facility from $470 million to $600 million. The First Lien Facility has been amended to consist of a four-year $565 million revolving credit facility and a $35 million revolving operating facility with a new maturity date of June 30, 2023. The First Lien Facility also includes an accordion feature, which, if exercised and approved by the Corporation's lenders, would increase the First Lien Facility by $100 million. The First Lien Facility is secured by a $1 billion floating charge debenture and negative pledge from the Corporation creating a security interest over all of the Corporation's present and after acquired personal property and floating charge over all of its present and after acquired real property.

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

- the Senior Debt to EBITDA ratio is not to exceed 3.5 to 1.0;
- the Total Debt to EBITDA ratio is not to exceed 5.0 to 1.0; and
- the EBITDA to Financing Charges ratio is not less than 2.5 to 1.0.

Senior Debt is defined in the lending agreement to include amounts drawn under the First Lien Facility and finance leases entered into by the Corporation as defined by IAS 17, less cash balances in excess of $5 million. Total Debt includes Senior Debt plus amounts drawn under the Corporation's Second Lien Facility. Should the Corporation issue any unsecured notes in the future, Total Debt would also include the principal amount of the notes. 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. Financing Charges are defined to include interest expense on Total Debt.

The Corporation also covenants the following:

- the aggregate principal amount of unsecured notes, if any, will not exceed $500 million; and
- the aggregate principal amount of any unsecured notes, principal amount outstanding under the First Lien Facility and the principal amount outstanding under second lien credit facility will not exceed $1 billion.

6. LONG-TERM BORROWINGS (continued)

The Corporation manages its First Lien Facility through a combination of bankers' acceptance loans and US dollar London Inter-bank Offered Rate ("LIBOR") loans. During the three months ended September 30, 2019, concurrent with the drawdown of US dollar LIBOR loans, the Corporation entered into cross currency swaps ("CCS") to fix the foreign exchange on the US dollar loan amounts for purposes of interest and principal repayments. At September 30, 2019, the Corporation had drawn US$240.4 million, fixed at notional amounts of $319.5 million through various CCS.

Amounts borrowed under the First Lien Facility bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the banker acceptance or LIBOR rate plus 1.45% to 3.00%, depending, in each case, on the ratio of senior funded debt to EBITDA.

The Second Lien Facility is a four year plus one month $130 million term credit facility with a maturity date of July 31, 2021. The Second Lien Facility is subject to customary terms, conditions and covenants, including financial covenants consistent with the First Lien Facility. At September 30, 2019, the full amount of the $130 million Second Lien Facility was drawn.

At September 30, 2019 and December 31, 2018, the Corporation was in compliance with all financial covenants contained in the lending agreements.

In connection with the amendments to the First Lien Facility, Secure also entered into a new $75 million bilateral Letter of Credit Facility ("LC Facility") with two major financial institutions.

The Corporation incurred transaction costs in the amount of $1.4 million in connection with the amendments to the First Lien Facility and the new LC Facility, of which the unamortized amount is offset against the outstanding principal balance of the long-term borrowings.

7. LEASE LIABILITIES

The Corporation incurs lease payments related to corporate and field offices, warehouses, rail cars, vehicles, equipment and surface leases. Leases are entered into and exist in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets. The Corporation has recognized lease liabilities in relation to all lease arrangements measured at the present value of the remaining lease payments, except for short-term leases and leases of low-value assets which have been charged to cost of sales and general and administrative expenses in these condensed consolidated statements of operations.

($000's)	**Sept 30, 2019**
Balance at January 1, 2019	**51,507**
Additions	16,912
Interest expense	1,776
Principal and interest payments	(17,439)
Foreign exchange effect	(321)
Balance at September 30, 2019	**52,435**
Current portion	**20,869**
Non-current portion	**31,566**

8. SHAREHOLDERS' EQUITY

	Number of Shares	Amount ($000's)
Balance at December 31, 2018	**159,274,147**	**1,031,189**
Restricted Share Units (RSUs) and Performance Share Units (PSUs) exercised	2,487,262	-
Transfer from reserves in equity	-	20,755
Shares repurchased and cancelled under NCIB	(3,781,500)	(27,268)
Balance at September 30, 2019	**157,979,909**	**1,024,676**

As at September 30, 2019, there were no common shares of the Corporation held in escrow in conjunction with the Corporation's business acquisitions (December 31, 2018: 305,538).

The Corporation declared dividends to holders of common shares for the three and nine months ended September 30, 2019 of $10.7 million and $32.3 million (three and nine months ended September 30, 2018: $11.0 million and $33.1 million).

Subsequent to September 30, 2019, the Corporation paid dividends to holders of common share of record on October 1, 2019 in the amount of $0.0225 per common share and declared dividends to holders of common shares in the amount of $0.0225 per common share which is payable on November 15, 2019 for shareholders of record on November 1, 2019.

In May 2019, Secure renewed the previous NCIB which ended on May 27, 2018. Under the renewed NCIB, Secure may purchase for cancellation up to a maximum of 8,028,468 common shares of the Corporation from May 28, 2019 to May 27, 2020 or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or terminated at the Corporation's election. The following table outlines the shares repurchased and cancelled during the three and nine months ended September 30, 2019.

	For the three months ended,		For the nine months ended	
	Sept 30, 2019	**Sept 30, 2018**	**Sept 30, 2019**	**Sept 30, 2018**
Shares repurchased and cancelled under the NCIB	**579,900**	1,613,400	**3,781,500**	2,806,573
Average price per share repurchased	**$ 6.85**	$ 7.52	**$ 7.21**	$ 7.44

Subsequent to September 30, 2019, the Corporation purchased 1,002,100 additional shares at a weighted average price per share of $4.57 for a total $4.6 million.

Basic and Diluted Earnings Per Share

The following reflects the share data used in the basic and diluted earnings per share computations:

	For the three months ended,		For the nine months ended	
	Sept 30, 2019	**Sept 30, 2018**	**Sept 30, 2019**	**Sept 30, 2018**
Weighted average number of shares - basic	**158,075,674**	162,286,387	**159,620,638**	163,600,546
Effect of dilution:				
Options, RSUs, and PSUs	**-**	2,624,657	**-**	2,179,343
Weighted average number of shares - basic and diluted	**158,075,674**	164,911,044	**159,620,638**	165,779,889

The above table excludes the effect of all options, RSUs and PSUs for the three and nine months ended September 30, 2019 as they are anti-dilutive. For the three and nine months ended September 30, 2018, 2,971,529 and 3,886,904 options were excluded.

9. SHARE-BASED COMPENSATION PLANS

The Corporation has a Unit Incentive Plan under which the Corporation may grant incentive units, comprised of RSUs and PSUs to employees and consultants. During the first quarter of 2019, Secure amended the terms of the Unit Incentive Plan to eliminate the ability to issue compensation share units and reduce the number of common shares reserved for issuance pursuant to the plan from 10% to 7%. The remaining terms of the Plan remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2018.

The Corporation has a deferred share unit ("DSU") plan for non-employee directors of the Corporation. The terms of this plan remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2018.

During the first quarter of 2019, the Corporation eliminated the Corporation's Stock Option Plan, removing the Corporation's ability to issue new stock options. Outstanding options remain subject to the terms and conditions of the plan in effect at the time of the grant.

Incentive Units and DSUs

The following table summarizes the units outstanding:

	RSUs	PSUs	DSUs
Balance at December 31, 2018	**3,567,658**	**2,372,260**	**367,490**
Granted	1,534,676	968,964	103,626
Reinvested dividends	97,001	70,262	12,258
Redeemed for common shares	(1,592,036)	(895,226)	-
Forfeited	(193,223)	(14,360)	-
Balance at September 30, 2019	**3,414,076**	**2,501,900**	**483,374**

Options

A summary of the status of the Corporation's share options is as follows:

	Outstanding options	Weighted average exercise price ($)
Balance at December 31, 2018	4,303,023	13.75
Expired	(1,197,733)	19.12
Forfeited	(804,029)	16.96
Balance at September 30, 2019	**2,301,261**	**11.40**
Exercisable at September 30, 2019	**2,284,595**	**9.83**

The fair value of the RSUs, PSUs and DSUs issued is determined using the five-day volume weighted average share price at the grant date.

As at September 30, 2019, $2.7 million (December 31, 2018: $2.6 million) was included in accounts payable and accrued liabilities for outstanding DSUs.

10. COST OF SALES AND GENERAL AND ADMINISTRATIVE EXPENSES

The following table disaggregates the Corporation's cost of sales and general and administrative ("G&A") expenses for the three and nine months ended September 30, 2019 and 2018:

($000's)

For the three months ended Sept 30, 2019	Cost of sales	G&A expenses	Total
Employee compensation and benefits	26,450	10,777	37,227
Share-based compensation	1,437	2,835	4,272
Depreciation, depletion and amortization	28,753	2,936	31,689
Business development expenses	-	1,117	1,117
Oil purchase/resale services expense	577,877	-	577,877
Other	66,194	6,435	72,629
Total	**700,711**	**24,100**	**724,811**

($000's)

For the nine months ended Sept 30, 2019	Cost of sales	G&A expenses	Total
Employee compensation and benefits	85,489	32,504	117,993
Share-based compensation	4,391	11,783	16,174
Depreciation, depletion and amortization	87,920	9,643	97,563
Business development expenses	-	5,071	5,071
Oil purchase/resale services expense	1,843,998	-	1,843,998
Other	200,636	17,354	217,990
Total	**2,222,434**	**76,355**	**2,298,789**

($000's)

For the three months ended Sept 30, 2018	Cost of sales	G&A expenses	Total
Employee compensation and benefits	29,740	14,196	43,936
Share-based compensation	1,711	4,750	6,461
Depreciation, depletion and amortization	30,668	1,135	31,803
Business development expenses	-	1,182	1,182
Oil purchase/resale services expense	646,566	-	646,566
Other	79,512	4,260	83,772
Total	**788,197**	**25,523**	**813,720**

($000's)

For the nine months ended Sept 30, 2018	Cost of sales	G&A expenses	Total
Employee compensation and benefits	90,047	42,078	132,125
Share-based compensation	5,066	12,510	17,576
Depreciation, depletion and amortization	82,933	3,545	86,478
Business development expenses	-	3,729	3,729
Oil purchase/resale services expense	1,748,986	-	1,748,986
Other	224,386	13,151	237,537
Total	**2,151,418**	**75,013**	**2,226,431**

11. CONTRACTUAL OBLIGATIONS

As at September 30, 2019

	Payments due by period			
($000's)	**1 year or less**	**1-5 years**	**5 years and thereafter**	**Total**
Crude oil transportation [(1)]	43,076	146,815	65,849	**255,740**
Inventory purchases	1,687	-	-	**1,687**
Capital commitments	12,110	-	-	**12,110**
Total contractual obligations	**56,873**	**146,815**	**65,849**	**269,537**

[(1)] Crude oil transportation includes minimum crude oil transportation volumes for pipeline throughput.

12. SEGMENT REPORTING

For management purposes, the Corporation is organized into divisions based on the nature of the services and products provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment.

The Corporation has three reportable operating segments, as described in Note 1. The Corporation also reports activities not directly attributable to an operating segment under Corporate. Corporate division expenses consist of public company costs, as well as salaries, share-based compensation, interest and finance costs and office and administrative costs relating to corporate employees and officers.

The Corporation disaggregates revenue from contracts with customers by type of service or good to reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The following table presents the financial performance by reportable segment and includes a measure of segment profit or loss regularly reviewed by management. Additionally, revenues have been disaggregated by type of service or good.

12. SEGMENT REPORTING (continued)

($000's) **Three months ended September 30, 2019**	**Midstream Infrastructure**	**Environmental Solutions**	**Technical Solutions**	**Corporate**	**Total**
Revenue from services	88,316	20,387	45,444	-	154,147
Oil purchase and resale service	577,877	-	-	-	577,877
Total revenue	**666,193**	**20,387**	**45,444**	**-**	**732,024**
Cost of sales excluding items listed separately below	(617,706)	(15,308)	(37,507)	-	(670,521)
Segment profit margin	**48,487**	**5,079**	**7,937**	**-**	**61,503**
G&A expenses excluding items listed separately below	(6,081)	(1,644)	(4,882)	(5,722)	(18,329)
Depreciation, depletion and amortization (1)	(22,283)	(2,210)	(6,041)	(1,155)	(31,689)
Share-based compensation (1)	-	-	-	(4,272)	(4,272)
Interest, accretion and finance costs	(455)	-	-	(6,458)	(6,913)
Earnings (loss) before tax	**19,668**	**1,225**	**(2,986)**	**(17,607)**	**300**

($000's) **Nine months ended September 30, 2019**	**Midstream Infrastructure**	**Environmental Solutions**	**Technical Solutions**	**Corporate**	**Total**
Revenue from services	267,998	66,086	136,311	-	470,395
Oil purchase and resale service	1,843,998	-	-	-	1,843,998
Total revenue	**2,111,996**	**66,086**	**136,311**	**-**	**2,314,393**
Cost of sales excluding items listed separately below	(1,962,483)	(53,343)	(114,297)	-	(2,130,123)
Segment profit margin	**149,513**	**12,743**	**22,014**	**-**	**184,270**
G&A expenses excluding items listed separately below	(17,720)	(4,752)	(14,494)	(17,963)	(54,929)
Depreciation, depletion and amortization (1)	(67,875)	(7,526)	(18,654)	(3,508)	(97,563)
Share-based compensation (1)	-	-	-	(16,174)	(16,174)
Interest, accretion and finance costs	(1,379)	-	-	(18,567)	(19,946)
Earnings (loss) before tax	**62,539**	**465**	**(11,134)**	**(56,212)**	**(4,342)**

($000's) **Three months ended September 30, 2018**	**Midstream Infrastructure**	**Environmental Solutions**	**Technical Solutions**	**Corporate**	**Total**
Revenue from services	89,579	29,617	63,273	-	182,469
Oil purchase and resale service	646,565	-	-	-	646,565
Total revenue	**736,144**	**29,617**	**63,273**	**-**	**829,034**
Cost of sales excluding items listed separately below	(682,478)	(23,149)	(50,191)	-	(755,818)
Segment profit margin	**53,666**	**6,468**	**13,082**	**-**	**73,216**
G&A expenses excluding items listed separately below	(6,653)	(1,844)	(5,193)	(5,948)	(19,638)
Depreciation, depletion and amortization (1)	(24,092)	(1,991)	(5,381)	(339)	(31,803)
Share-based compensation (1)	-	-	-	(6,461)	(6,461)
Interest, accretion and finance costs	(438)	-	-	(2,935)	(3,373)
Earnings (loss) before tax	**22,483**	**2,633**	**2,508**	**(15,683)**	**11,941**

($000's) **Nine months ended September 30, 2018**	**Midstream Infrastructure**	**Environmental Solutions**	**Technical Solutions**	**Corporate**	**Total**
Revenue from services	250,930	87,824	166,662	-	505,416
Oil purchase and resale service	1,748,986	-	-	-	1,748,986
Total revenue	**1,999,916**	**87,824**	**166,662**	**-**	**2,254,402**
Cost of sales excluding items listed separately below	(1,856,146)	(69,778)	(137,495)	-	(2,063,419)
Segment profit margin	**143,770**	**18,046**	**29,167**	**-**	**190,983**
G&A expenses excluding items listed separately below	(18,869)	(5,759)	(15,833)	(18,497)	(58,958)
Depreciation, depletion and amortization (1)	(61,752)	(7,187)	(16,521)	(1,018)	(86,478)
Share-based compensation (1)	-	-	-	(17,576)	(17,576)
Interest, accretion and finance costs	(1,282)	-	-	(11,161)	(12,443)
Earnings (loss) before tax	**61,867**	**5,100**	**(3,187)**	**(48,252)**	**15,528**

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

13. SEGMENT REPORTING (continued)

($000's) **As at September 30, 2019**	**Midstream Infrastructure**	**Environmental Solutions**	**Technical Solutions**	**Corporate**	**Total**
Current assets	159,814	27,285	94,786	-	**281,885**
Property, plant and equipment	1,124,934	20,538	93,908	5,959	**1,245,339**
Right-of-use assets	19,192	9,646	12,744	12,147	**53,729**
Intangible assets	21,252	890	20,884	-	**43,026**
Goodwill	-	11,127	-	-	**11,127**
Total assets	1,325,191	69,487	222,322	18,106	**1,635,106**
Current liabilities	133,678	11,183	28,977	-	**173,838**
Total liabilities	308,100	17,887	33,473	447,415	**806,875**

($000's) **As at December 31, 2018**	**Midstream Infrastructure**	**Environmental Solutions**	**Technical Solutions**	**Corporate**	**Total**
Current assets	175,763	37,224	118,434	-	**331,421**
Property, plant and equipment	1,065,943	26,336	105,258	5,845	**1,203,382**
Intangible assets	5,255	1,399	29,604	-	**36,258**
Goodwill	-	11,127	-	-	**11,127**
Total assets	1,246,961	76,086	254,609	5,845	**1,583,501**
Current liabilities	138,621	19,016	20,685	-	**178,322**
Total liabilities	279,068	19,615	27,583	412,919	**739,185**

Geographical Financial Information

($000's)	**Canada**		**U.S.**		**Total**	
Three months ended September 30,	**2019**	2018	**2019**	2018	**2019**	2018
Revenue	**711,721**	807,968	**20,303**	21,066	**732,024**	829,034
Nine months ended September 30,	**2019**	2018	**2019**	2018	**2019**	2018
Revenue	**2,260,670**	2,196,973	**53,723**	57,429	**2,314,393**	2,254,402
As at September 30, 2019 and December 31, 2018	**2019**	2018	**2019**	2018	**2019**	2018
Total non-current assets	**1,165,482**	1,115,747	**187,739**	136,333	**1,353,221**	1,252,080

CORPORATE INFORMATION

DIRECTORS

Rene Amirault - Chairman
Brad Munro (1) (2) (3)
David Johnson (2)
Daniel Steinke (4)
Kevin Nugent (1) (3)
Michele Harradence (4)
Murray Cobbe (4) (5)
Shaun Paterson (1) (4)
Rick Wise (2) (3)
Deanna Zumwalt (1)

1 Audit Committee
2 Compensation Committee
3 Corporate Governance and Nominating Committee
4 Health, Safety & Environment Committee
5 Lead Director

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

KPMG LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

LEAD BANKERS

ATB Financial
National Bank of Canada

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company
Calgary, Alberta

OFFICERS

Rene Amirault
President & Chief Executive Officer

Chad Magus
Executive Vice President & Chief Financial Officer

Corey Higham
Executive Vice President, Corporate Development

George Wadsworth
Executive Vice President, Technical Solutions

David Mattinson
Executive Vice President, Environmental Solutions

Allen Gransch
Chief Operating Officer Midstream

Brian McGurk
Executive Vice President, Corporate Services

Mike Mikuska
Executive Vice President, Commercial & Transportation

David Engel
Executive Vice President, Operations

Michael Callihoo
Corporate Secretary