

MANAGEMENT DISCUSSION AND ANALYSIS

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

Three and Twelve Months ended December 31, 2014 and 2013

The following management discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on March 3, 2015. The discussion and analysis is a review of the financial results of the Corporation based upon accounting principles that are generally accepted in Canada (the issuer's "GAAP"), which includes International Financial Reporting Standards ("IFRS").

The MD&A's focus is primarily a comparison of the financial performance for the three and twelve months ended December 31, 2014 and 2013 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto prepared under IFRS for the years ended December 31, 2014. The MD&A has been prepared as of March 3, 2015. Additional information regarding the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

CORPORATE OVERVIEW

Secure is a TSX publicly traded energy services company that provides safe, innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry. The Corporation owns and operates midstream infrastructure and provides environmental services and innovative products to upstream oil and natural gas companies operating in the Western Canadian Sedimentary Basin ("WCSB") and the Rocky Mountain Region in the United States.

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

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

DRILLING SERVICES DIVISION ("DS")

The DS division provides equipment and chemicals for building, maintaining, processing and recycling of drilling and completion fluids. The drilling fluids service line comprises the majority of the revenue for the division which includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen and natural gas. The DS division focuses on providing products and systems that are designed for more complex wells, such as medium to deep wells, horizontal wells and horizontal wells drilled into the oil sands.

ONSITE SERVICES DIVISION ("OS")

The operations of the OS division include environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions ("IFS") which include water management, recycling, pumping and storage solutions; and projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation); demolition and decommissioning and reclamation and remediation of former wellsites, facilities, commercial and industrial properties.

For a complete description of services provided in the PRD, DS and OS divisions, please refer to the headings "Secure Energy Services Inc.", "Description of Business" in the Corporation's annual information form ("AIF") for the year ended December 31, 2014.

CORPORATE STRATEGY

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

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

ANNUAL OPERATIONAL AND FINANCIAL HIGHLIGHTS

Secure's three operating divisions were very active in 2014 resulting in adjusted EBITDA and adjusted EBITDA per share growth of 54% and 38% respectively, for the twelve months ended December 31, 2014. During the year Secure continued to focus on its core business strategies by constructing seven new PRD facilities in key markets, by completing eight strategic acquisitions that enhanced the Corporation's service offering and by providing services that continually exceed customer expectations. In addition to delivering operational excellence, the Corporation increased its credit facility from \$400.0 million to \$700.0 million adding considerable financial flexibility to manage through periods of low commodity pricing and muted industry activity.

The operating and financial highlights for the twelve month period ending December 31, 2014 can be summarized as follows:

(\$000's except share and per share data)	Twelve Months Ended December 31,		
	2014	2013	2012
Revenue (excludes oil purchase and resale)	794,590	541,947	392,192
Oil purchase and resale	1,477,061	950,593	637,248
Total revenue	2,271,651	1,492,540	1,029,440
Adjusted EBITDA ⁽¹⁾	211,293	137,512	99,624
Per share (\$), basic	1.77	1.28	1.03
Per share (\$), diluted	1.73	1.24	1.00
Net earnings	30,651	38,963	33,052
Per share (\$), basic	0.26	0.36	0.34
Per share (\$), diluted	0.25	0.35	0.33
Adjusted Net earnings ⁽¹⁾	60,973	38,318	33,052
Per share (\$), basic	0.51	0.36	0.34
Per share (\$), diluted	0.50	0.35	0.33
Funds from operations ⁽¹⁾	210,531	140,342	87,796
Per share (\$), basic	1.77	1.30	0.91
Per share (\$), diluted	1.72	1.27	0.88
Cash dividends per common share	0.19	0.10	nil
Capital Expenditures ⁽¹⁾	400,806	224,861	201,587
Total assets	1,496,117	1,039,725	767,911
Long term borrowings	397,385	159,931	122,810
Total long term liabilities	522,557	240,913	178,902
Common Shares - end of period	121,367,451	116,574,147	104,627,002
Weighted average common shares			
basic	119,272,994	107,747,722	96,388,929
diluted	122,364,419	110,586,896	99,362,698

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

- REVENUE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 INCREASED 47%
 - PRD division revenue (excluding oil purchase/resale) for the twelve months ended December 31, 2014 increased \$91.9 million from the 2013 comparative period. Processing and disposal volumes increased 29% and 66% over the prior year comparative period as higher activity resulted in increased demand for services and the addition of seven new facilities that were completed and commissioned during 2014 that all contributed to the increase. Recovery revenues increased as a result of a 47% increase in throughput at the

Corporation's facilities and the ability of the Corporation to capitalize on crude oil marketing opportunities at its pipeline connected FSTs and rail transloading facilities;

- DS division revenue for the twelve months ended December 31, 2014 increased \$90.8 million from the 2013 comparative period. Drilling fluids revenue increased 23% as a result of achieving a market share of 32% for the twelve month period ended December 31, 2014 combined with an increase of 7% in meters drilled in Western Canada. The increase in meters drilled resulted in revenue per operating day increasing 19% over the 2013 comparative period to \$7,657. Revenue from fluids and solids equipment contributed 67% to the increase in DS division revenues as a direct result of organic growth in the equipment fleet combined with increased utilization;
 - OS division revenue for the twelve months ended December 31, 2014 increased \$69.9 million from the 2013 comparative period. The increase is a direct result of increased project work from new and existing customers, four strategic acquisitions completed allowing OS to provide new and innovative full service solutions for fluid handling, and higher equipment utilization throughout the twelve months ended December 31, 2014 resulting from favourable weather conditions and robust activity; and
 - Oil purchase and resale revenue in the PRD division for the twelve months ended December 31, 2014 increased \$526.5 million from the 2013 comparative period. Increased pipeline capacity added at the Judy Creek FST in the third quarter of 2013, increased oil throughput at the Corporation's pipeline connected FSTs, and crude oil volumes shipped via rail all contributed to the increase. Oil purchase/resale service revenue and expenses are a direct offset however, the revenue and costs are expected to decrease significantly in 2015 as a result of the lower price of crude oil.
- **ADJUSTED EBITDA INCREASES 54%, ADJUSTED NET EARNINGS INCREASES 59% FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014**
 - For the twelve months ended December 31, 2014, the increase in adjusted EBITDA and adjusted net earnings is attributable to continued strong demand for the Corporation's services and products in all three operating divisions including: the addition of new facilities in the PRD division, increased volumes at existing facilities and the ability to capitalize on crude oil marketing opportunities through midstream infrastructure; increase in revenue per operating day in the DS division while continuing to hold market share and grow the fluids and solids equipment service offerings; and continued increases posted in the OS division as favourable weather conditions facilitated the completion of projects throughout the period combined with the addition of acquired assets from four acquisitions executed for the twelve months ended December 31, 2014.
 - During the twelve months ended December 31, 2014, the Corporation recorded a goodwill impairment of \$32.3 million to net earnings. As a result of the significant decline in commodity prices in the fourth quarter of 2014 and reduced capital budgets set by oil and gas producers, the Corporation tested all of its assets for impairment. Based on the impairment tests performed, the Corporation recorded a goodwill write down of \$32.3 million for the twelve months ended December 31, 2014 resulting in a 21% decrease in net earnings.
- **FUNDS FROM OPERATIONS INCREASES 50% FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014**
 - The 50% increase for the twelve month period ended December 31, 2014 is directly attributable to the solid results achieved in all three of the Corporation's divisions driven by increased demand, completion of eight strategic acquisitions and robust industry conditions experienced throughout the majority of 2014.
- **2014 ORGANIC CAPITAL BUDGET**
 - Secure's initial 2014 capital budget of \$225.0 million was subsequently increased to \$275.0 million in the third quarter of 2014 to capitalize on the abundance of market opportunities that were in play. The capital budget of \$275.0 million includes \$20.0 million of carry over capital from 2013 projects related to the Kindersley, Edson, and Keene FSTs. Total capital expenditures for the twelve months ended December 31, 2014 totaled \$296.0 million for both growth and expansion capital. The additional \$21.0 million spent above the announced 2014 budget was directly related to pre-spend on 2015 projects for preliminary engineering,

design, and long lead items as no carryforward amounts were included in the \$275.0 million announced spend. Major expenditures include:

- 2013 carry over capital of the Kindersley FST that was completed and operational during the first quarter, and the Edson and Keene FSTs that were completed and operational during the second quarter;
- Growth capital consisting of three SWD conversions to FSTs and four new PRD facilities with construction commencing or completed in 2014:
 - Three SWD conversions to FSTs: Conversion of the Stanley, Brazeau and 13 Mile SWDs to FSTs. Stanley was completed and commissioned in the third quarter of 2014, Brazeau was commissioned late in the fourth quarter of 2014, and 13 Mile in the first quarter of 2015;
 - Two Full Service Rail (“FSR”) facilities: Rycroft and Kindersley are the Corporation’s first organic oil by rail facilities. The Rycroft facility will offer treating, storage, disposal and transloading services. Rycroft was commissioned and operational in the first quarter of 2015 and it is anticipated that Kindersley will be commissioned in the second quarter of 2015;
 - One FST and one Landfill: Tulliby Lake FST and Landfill is the Corporation’s first heavy oil and production sand treating, and landfill facility. The Landfill was commissioned and operational near the end of the fourth quarter of 2014 and the FST in the first quarter of 2015;
- Construction and completion of an oil based mud blending plant in Fox Creek with operations commencing in July 2014; and
- Various rental equipment, equipment for onsite projects, and long leads for upcoming 2015 projects.
- Expansion capital expenditures included the following:
 - Landfill cells at South Grande Prairie, Saddle Hills, and 13 Mile. The additional cell capacity at South Grande Prairie and Saddle Hills was available in the fourth quarter of 2014, 13 Mile is anticipated to be complete in the first quarter of 2015;
 - Waste expansion at the South Grande Prairie FST was completed in the third quarter;
 - Additional disposal wells at the Obed and Drayton Valley FSTs were completed and commissioned in the fourth quarter of 2014;
 - Additional crude oil treater was constructed and commissioned at the Kindersley FST in the fourth quarter;
 - Purchase of an office in Grande Prairie to accommodate growth of the Corporation and consolidate all three divisions into one space; and
 - Completion of the DS division’s new state of the art laboratory facility that opened in July 2014.
- **COMPLETION OF EIGHT STRATEGIC ACQUISITIONS**
 - Secure executed two acquisitions in the first quarter for total consideration of \$29.2 million paid in cash and shares of the Corporation. Both acquisitions are in the OS division with assets that will grow the Corporation’s integrated fluid solutions service line and establish an onsite market presence in the US.
 - During the second quarter, Secure executed three acquisitions for total consideration of \$17.0 million paid in cash and shares of the Corporation: A mineral products plant located in Alberta, an environmental contracting business, and a drilling fluids business. The mineral products plant mainly processes barite

which is a product used in drilling fluids. The mineral products plant allows Secure to vertically integrate the operations in the DS division to improve supply logistics and quality. The environmental contracting business provides services relating to spill cleanup, pond construction, and contaminated soil excavation, stockpiling, treatment, transportation and disposal and will expand the service area of the OS division. The drilling fluids business provides additional drilling fluid systems for highly complex wells in the deep basin and key customer relationships.

- In the third quarter, Secure closed the acquisition of the assets of Predator Midstream Ltd. ("Predator") and the assets of a fluid handling company for a total consideration of \$106.2 million comprised of cash and common shares. Predator was a private midstream company that owns and operates three rail transloading terminals in Alberta. Predator transloads crude oil from truck to rail, where rail cars are aggregated and subsequently sold to refineries. The acquisition added three operational rail sites and, combined with Secure's completion and commissioning of the Rycroft FSR in Q1 2015, will provide an immediate rail terminal network from which to build on. The other acquisition specializes in providing water pumping and frac pond setup services, and provides miscellaneous equipment for rent. The acquisition will expand the service area and assets of the OS division.
- Secure completed the acquisition of a private oilfield service company in the fourth quarter for total consideration of \$6.8 million. The oilfield service acquisition adds proprietary technology.
- **FINANCIAL FLEXIBILITY**
 - During the third quarter, Secure entered into an amended and restated \$700.0 million syndicated credit facility (the "Credit Facility") that consists of a \$675.0 million extendible revolving term credit facility and a \$25.0 million revolving operating facility. The Credit Facility can be expanded to \$800.0 million through the exercise of an additional \$100.0 million accordion feature, available upon request by the Corporation subject to review and approval by the lenders.
 - Secure's debt to trailing twelve month EBITDA ratio was 2.04 as of December 31, 2014 compared to 1.38 as of December 31, 2013.
 - As at December 31, 2014, the Corporation had \$279.1 million available under its Credit Facility.
 - Secure's board of directors approved two dividend increases during 2014: a 33% increase effective April 1, 2014 and a 20% increase effective January 1, 2015.

FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

(\$000's except share and per share data)	Three Months Ended December 31,		
	2014	2013	% change
Revenue (excludes oil purchase and resale)	224,523	155,427	44
Oil purchase and resale	353,561	232,522	52
Total revenue	578,084	387,949	49
Adjusted EBITDA ⁽¹⁾	55,980	42,108	33
Per share (\$), basic	0.46	0.38	21
Per share (\$), diluted	0.45	0.37	22
Net earnings (loss)	(13,659)	11,545	(218)
Per share (\$), basic	(0.11)	0.10	(210)
Per share (\$), diluted	(0.11)	0.10	(210)
Adjusted Net earnings ⁽¹⁾	14,553	11,701	24
Per share (\$), basic	0.12	0.11	9
Per share (\$), diluted	0.12	0.10	20
Funds from operations ⁽¹⁾	54,471	42,374	29
Per share (\$), basic	0.45	0.32	41
Per share (\$), diluted	0.44	0.31	42
Cash dividends per common share	0.05	0.04	25
Capital Expenditures ⁽¹⁾	101,853	64,260	59
Total assets	1,496,117	1,039,725	44
Long term borrowings	397,385	159,931	148
Total long term liabilities	522,557	240,913	117
Common Shares - end of period	121,367,451	116,574,147	4
Weighted average common shares			
basic	121,266,210	110,706,772	10
diluted	123,479,368	113,700,987	9

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

- REVENUE FOR THE THREE MONTHS ENDED DECEMBER 31, 2014 INCREASED 44%
 - PRD division revenue (excluding oil purchase/resale) for the three months ended December 31, 2014 increased \$19.8 million from the 2013 comparative period. Processing and disposal volumes increased 13% and 46% respectively over the prior year comparative period as higher activity resulted in increased demand for services and the addition of eight new facilities that were completed and commissioned subsequent to or late in the fourth quarter of 2013 that all contributed to the increase. Recovery revenues increased due to a 15% increase in throughput at the Corporation's facilities;
 - DS division revenue for the three months ended December 31, 2014 increased \$22.9 million from the 2013 comparative period. Drilling fluids revenue increased 21% resulting from a market share of 30% combined with an increase in oil based mud and steam-assisted gravity drainage ("SAGD") wells drilled requiring more costly drilling fluids. These factors drove the increase in revenue per operating day of 22% to \$8,334 from the 2013 comparative period;
 - OS division revenue for the three months ended December 31, 2014 increased \$26.3 million from the 2013 comparative period. An increase in projects work combined with the four strategic acquisitions completed since the fourth quarter of 2014 contributed to the increase; and

- Oil purchase and resale revenue in the PRD division for the three months ended December 31, 2014 increased \$121.0 million from the 2013 comparative period. Increased oil throughput at the Corporation's pipeline connected FSTs, and crude oil volumes shipped via rail contributed to the increase.
- ADJUSTED EBITDA INCREASES 33%, ADJUSTED NET EARNINGS INCREASES 24% FOR THE THREE MONTHS ENDED DECEMBER 31, 2014
 - For the three months ended December 31, 2014, the increase in adjusted EBITDA and adjusted net earnings over the 2013 comparative period is a result of continued strong demand for the Corporation's services and products in all three operating divisions; the addition of new facilities in the PRD division, increased volumes at existing facilities; the increase in revenue per operating day in the DS division as wells drilled continue to be longer and deeper in reach requiring specialized drilling fluids; and significant growth in the OS division through diversifying the complimentary services offered and expanded geographical presence.
 - During the three months ended December 31, 2014, the Corporation recorded a goodwill impairment of \$30.5 million to net earnings. As a result of the significant decline in commodity prices in the fourth quarter of 2014 and reduced capital budgets set by oil and gas producers, the Corporation tested all of its assets for impairment. Based on the impairment tests performed, the Corporation recorded a goodwill write down reducing net earnings in the fourth quarter of 2014 by \$30.5 million.

OUTLOOK

The significant decrease in the price of crude oil and natural gas over the past few months and the continued volatility in pricing has significantly reduced the outlook for oil and gas industry activity. For 2015, the Corporation's customers have significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas.

The Canadian Association of Oilwell Drilling Contractors ("CAODC") recently updated their 2015 forecast reporting active rigs will decline by at least 45% in 2015 compared to 2014. This decrease in active rigs and the corresponding reduction in meters drilled will have an impact on all three of Secure's operating divisions to varying degrees.

In response to the reduction in oil and gas activity, Secure has implemented a number of initiatives to streamline processes and achieve cost reductions where applicable. This includes analyzing our workforce in an effort to eliminate redundant roles and consolidate finance and operations where possible. In addition, Secure has reduced discretionary spending where it does not impact safety, operations and environmental performance. Overall, based on the reduced activity levels and the Corporation's cost reduction initiatives implemented, the potential impact on 2015 annual results on each operating division from 2014 actual results are as follows:

- In the PRD division we anticipate revenue to be consistent with 2014, with the potential to be above 2014 levels by 10%. Effectively, reduced drilling and completion activities and the decline in recovered oil sales due to lower crude oil prices is offset by the additional revenue and operating margin contribution from facilities commissioned in 2014 and early 2015. These new facilities and expansion capital represent the majority of investments made in 2014, which will continue to provide revenue growth in both 2015 and in 2016. In addition, revenue from production related activities represents approximately 70% of the revenue. As a result, revenue in the division is more stable during a period of lower drilling and completion activity. Operating margins in this division may be reduced depending on potential price discounts and lower drilling activity levels;
- Activity levels in the DS division are expected to decline proportionally to the reduced rig count projected for 2015. Therefore, the Corporation expects revenue to be down approximately 40% to 45% from 2014. In addition, operating margins will be impacted as a result of higher cost of goods sold and customer price discounts; and
- The OS division anticipates a reduction in project related activity, environmental services, water management, pumping and storage solutions services to be reduced by approximately 10% to 15% from 2014. The project related activity is not directly correlated to drilling and completion work, therefore the expectation is that the division will not be as impacted by the 45% drop in active rigs. The operating margin for the OS division may be reduced

depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, and site clean-up.

While there is uncertainty as to the full impact of the reduced activity on each division, we are confident that Secure's focus on the customer will remain strong. Secure's customer strategy in 2015 includes:

- Continually working with our customers to lower their costs by providing them integrated solutions in order to streamline processes and achieve cost reductions by combining multiple services; and
- Leveraging on all three operating divisions to gain efficiencies for our customers for drilling, completion and production services.

Secure has considerable financial flexibility and remains well positioned to react to opportunities in the current environment. Secure has always maintained a strong financial position and will use that position of strength to take advantage of opportunities that may arise as a result of the downturn in the market. Secure is experiencing, as a result of this environment, increased demand for outsourcing and Secure customers divesting their facilities. This short term window allows Secure to seek out and evaluate opportunities that provide meaningful growth for both 2015 and 2016. As a result of these opportunities, the 2015 organic capital program has been revised from \$225.0 million to a capital program ranging from \$50.0 million to \$150.0 million, with \$50.0 million being the minimum committed capital for 2015. The range provided is not an indication of lost organic opportunities but rather the Corporation strategically delaying certain organic capital projects in lieu of potential accretive acquisition opportunities that may arise under current market conditions that would be considered complimentary to Secure's service offering.

The Corporation continues to develop visible growth opportunities for the business beyond 2015. The business development team will continue to advance certain organic projects and regulatory approvals to ensure they are project ready for later this year or early next year. This does not change the fact that Secure remains focused on the continued execution of its core business strategies; specifically investment in organic development of new facilities in underserved markets. This will position Secure for continued market share growth, expand geographical presence, and find new and innovative ways that not only meet but exceed customer expectations.

During the first quarter of 2015, the Corporation commissioned the 13 Mile SWD conversion to an FST in North Dakota, and commissioned the Rycroft FSR. The Tulliby Lake FST is expected to be commissioned in early March.

Secure understands the importance of protecting and reducing the industry's impact on the environment. To that end, Secure remains committed to investing in new technologies to recycle and reduce waste resulting from oil and gas drilling and production. In 2014, Secure commenced trials on a technology that recovers hydrocarbons used in the drilling process and water recycling technology that will allow producers to recycle and reuse flowback water. Secure continues to assess the economic feasibility of both technologies and is excited about the results achieved to date.

Into 2015 and beyond, Secure will remain focused on the long-term strategy of the Corporation. Secure has the right people and service offerings to position the company for long-term growth and profitability combined with a strong balance sheet, that will provide Secure with financial flexibility to effectively manage the business through a period of lower commodity pricing and industry activity.

NON-GAAP MEASURES AND OPERATIONAL DEFINITIONS

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

Operating margin

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

Operating days

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

Canadian Market Share

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

EBITDA and adjusted EBITDA

EBITDA is a measure showing earnings before finance costs, taxes, depreciation, depletion, amortization, non cash impairments on the Corporation's assets, and share based compensation. EBITDA is not a recognized measure under IFRS.

Adjusted EBITDA is defined EBITDA noted above and removes the impact of other adjustments that are considered non-recurring in nature. Adjusted EBITDA is not a recognized measure under IFRS.

Management believes that in addition to net earnings, EBITDA and Adjusted EBITDA are useful supplemental measures as they provide 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, and non-recurring/non-cash impairment charges as these are considered outside of the normal course of business.

(\$000's)	Three Months Ended Dec 31,			Twelve Months Ended Dec 31,		
	2014	2013	% Change	2014	2013	% Change
Net Earnings (Loss)	(13,659)	11,545	(218)	30,651	38,963	(21)
Add:						
Depreciation, depletion and amortization	28,628	20,513	40	99,837	67,345	48
Current tax expense	3,874	4,548	(15)	17,779	12,624	41
Deferred income tax expense (recovery)	(2,820)	46	(6,230)	2,862	3,598	(20)
Share-based payments	4,532	2,520	80	15,422	8,411	83
Goodwill Impairment	30,494	-	100	32,260	-	100
Interest, accretion and finance costs	3,358	2,727	23	10,450	7,433	41
EBITDA	54,407	41,899	30	209,261	138,374	51
Add:						
Inventory impairment	1,420	-	100	1,420	-	100
Other expenses/ (income)	153	209	(27)	612	(862)	171
Adjusted EBITDA	55,980	42,108	33	211,293	137,512	54

Adjusted net earnings

Adjusted net earnings is a measure of profitability. Adjusted net earnings provides an indication of the results generated by the principal business activities prior to recognizing non-cash impairments. It also removes the impact of other adjustments that are considered non-recurring in nature. Adjusted net earnings is not a recognized measure under IFRS.

(\$000's)	Three Months Ended Dec 31,			Twelve Months Ended Dec 31,		
	2014	2013	% Change	2014	2013	% Change
Net Earnings (Loss)	(13,659)	11,545	(218)	30,651	38,963	(21)
Add:						
Goodwill Impairment	27,035	-	100	28,801	-	100
Inventory impairment	1,063	-	100	1,063	-	100
Other expenses/ (income)	114	156	(27)	458	(645)	171
Adjusted net earnings	14,553	11,701	24	60,973	38,318	59

Capital Expenditures

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

ADDITIONAL GAAP MEASURES

Funds from operations

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

(\$000's)	Three Months Ended Dec 31,			Twelve Months Ended Dec 31,		
	2014	2013	% Change	2014	2013	% Change
Cash from operating activities	67,419	23,553	186	221,145	117,345	88
Add (deduct):						
Non-cash working capital changes	(12,948)	18,821	(169)	(10,614)	22,997	(146)
Funds from operations	54,471	42,374	29	210,531	140,342	50

RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2014

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

(\$000's except per share data)	Twelve Months Ended Dec 31,		
	2014	2013	% Change
Revenue	2,271,651	1,492,540	52
Operating expenses	2,076,178	1,360,930	53
General and administrative	84,867	60,372	41
Business development	15,477	9,482	63
Interest, accretion and finance costs	10,450	7,433	41
Total expenses	2,186,972	1,438,217	52
Goodwill Impairment	(32,260)	-	100
Other (expense) income	(1,127)	862	(231)
Earnings for the period before income taxes	51,292	55,185	(7)
Income taxes			
Current income tax expense	17,779	12,624	41
Deferred income tax expense	2,862	3,598	(20)
	20,641	16,222	27
Net earnings for the period	30,651	38,963	(21)
Other comprehensive income			
Foreign currency translation adjustment, net of tax	10,205	5,515	85
Total comprehensive income	40,856	44,478	(8)
Earnings per share			
Basic	0.26	0.36	(28)
Diluted	0.25	0.35	(29)

PRD DIVISION OPERATIONS

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

Processing, recovery and disposal services:

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

Oil purchase/resale service:

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

TWELVE MONTHS ENDED DECEMBER 31, 2014

(\$000's)	Year Ended Dec 31,		
	2014	2013	% Change
Revenue			
Processing, recovery and disposal services (a)	271,281	179,343	51
Oil purchase and resale service	1,477,061	950,593	55
Total PRD division revenue	1,748,342	1,129,936	55
Operating Expenses			
Processing, recovery and disposal services (b)	107,541	68,385	57
Oil purchase and resale service	1,477,061	950,593	55
Depreciation, depletion, and amortization	66,315	44,607	49
Total operating expenses	1,650,917	1,063,585	55
General and administrative	33,178	23,247	43
Total PRD division expenses	1,684,095	1,086,832	55
Operating Margin ⁽¹⁾ (a-b)	163,740	110,958	48
Operating Margin ⁽¹⁾ as a % of revenue (a)	60%	62%	

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

Revenue (PRD division)

Revenue from processing, recovery and disposal for the twelve months ended December 31, 2014 increased 51% to \$271.3 million from \$179.3 million in the comparative period of 2013.

Processing: For the twelve months ended December 31, 2014, processing volumes increased 29% from the comparative period in 2013. The increase in volumes and revenue is a result of an increase in overall demand for the PRD division's services and the addition of new facilities and expansions at current facilities late in 2013 and throughout 2014 which include: completion of the Kindersley FST in December 2013, Edson and Keene FSTs in April 2014, Stanley FST in July 2014, and Brazeau FST in December 2014.

Recovery: Revenue from recovery for the twelve months ended December 31, 2014 increased by 41% from the comparative period in 2013. The increase in recovery revenue for the twelve months ended December 31, 2014 is a result of the Corporation's ability to capitalize on crude oil marketing opportunities at its pipeline connected FSTs and rail transloading facilities, and a 47% increase in throughput at Secure facilities.

Disposal: Secure's disposal volumes for the twelve months ended December 31, 2014 increased by 66% from the comparative period of 2013. The increase in volumes is related to increased demand and the addition of new facilities subsequent to the third quarter of 2013 which include: completion of the 13 Mile Landfill in North Dakota in October 2013; Saddle Hills Landfill in November 2013; the Keene SWD in North Dakota in November 2013, and the Tulliby Lake Landfill in November 2014.

Oil purchase/resale service: Revenue from oil purchase and resale services for the twelve months ended December 31, 2014 increased 55% to \$1,477.1 million from \$950.6 million in the comparative period of 2013. The increase in the period is due to increased pipeline capacity added at the Judy Creek FST in the third quarter of 2013, increased oil throughput at the Corporation's pipeline connected FSTs, and increased crude oil volumes shipped via rail. The revenue from this service line will fluctuate monthly based on the factors described above.

Operating Expenses (PRD division)

Operating expenses from PRD services for the twelve months ended December 31, 2014 increased 57% to \$107.5 million from \$68.4 million in the comparative period of 2013.

The increase in operating expenses relate to the new facilities, expansions added organically, and the increase in processing, recovery and disposal volumes at the Corporation's existing facilities. This includes upfront commissioning costs associated with the Kindersley, Edson, Keene, Stanley, Brazeau, and 13 Mile FST's, and the Rycroft FSR. New facilities accounted for 33% of the increase in operating expenses over the 2013 comparative period.

Trucking costs increased \$2.0 million over the 2013 comparative period as a result of the following: moving crude oil from FSTs that are not pipeline connected to pipeline connected facilities, move crude oil to rail terminals, higher disposal volumes that result in increased solids transferred from the Corporation's FSTs to Landfills, and a disposal well at one of the Corporation's FSTs was temporarily shut down during the year resulting in trucking costs incurred to move volumes received to a nearby facility for disposal.

In addition, for the twelve months ended December 31, 2014, non-recurring maintenance costs were incurred for liner repairs at one of the Corporation's Landfills which accounts for approximately \$2.8 million in additional operating expenses for the twelve months ended December 31, 2014. Repair of the liner began in the fourth quarter of 2013 and were complete by the end of the third quarter of 2014, and are considered to be one-time costs

Operating margin as a percentage of revenue for the twelve months ended December 31, 2014 was 60% compared to 62% in the comparative period of 2013. The 2% decrease for the twelve months ended December 31, 2014 is a direct result of the increased trucking charges and one-time costs related to the liner repairs at the Corporation's Landfill as described above.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the twelve months ended December 31, 2014 increased 49% to \$66.3 million from \$44.6 million in the comparative period of 2013. The increase is due to the addition of new facilities, expansions

at existing facilities and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

General and administrative ("G&A") expenses for the twelve months ended increased 43% to \$33.2 million from \$23.2 million in the comparative period of 2013. The increase in G&A over the 2013 comparative period is a result of additional employees to support the opening of new facilities and organic growth at existing facilities both in Canada and the US, additional office space, and an increase in costs related to Secure's rebranding initiative in the second quarter of 2014.

THREE MONTHS ENDED DECEMBER 31, 2014

(\$000's)	Three Months Ended Dec 31,		
	2014	2013	% Change
Revenue			
Processing, recovery and disposal services (a)	71,422	51,586	38
Oil purchase and resale service	353,561	232,522	52
Total PRD division revenue	424,983	284,108	50
Operating Expenses			
Processing, recovery and disposal services (b)	31,350	20,857	50
Oil purchase and resale service	353,561	232,522	52
Depreciation, depletion, and amortization	19,270	13,749	40
Total operating expenses	404,181	267,128	51
General and administrative	9,680	5,982	62
Total PRD division expenses	413,861	273,110	52
Operating Margin ^{(1) (a-b)}	40,072	30,729	30
Operating Margin ⁽¹⁾ as a % of revenue (a)	56%	60%	

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

Revenue (PRD division)

Revenue from processing, recovery and disposal for the three months ended December 31, 2014 increased 38% to \$71.4 million from \$51.6 million in the comparative period of 2013.

Processing: For the three months ended December 31, 2014, processing volumes increased 13% from the comparative period in 2013. The increase in volumes and revenue is a result of an increase in overall demand for the PRD division's services combined with the addition of new facilities, and expansions at current facilities during or subsequent to the fourth quarter of 2013 which include: completion of the Kindersley FST in late December 2013, Edson and Keene FSTs in April 2014, Stanley FST in July 2014, and Brazeau FST in December 2014.

Recovery: Revenue from recovery for the three months ended December 31, 2014 increased by 15% from the comparative period in 2013. The increase in recovery revenue for the three months ended December 31, 2014 is a result of the Corporation's ability to capitalize on crude oil marketing opportunities at its pipeline connected FSTs and rail transloading facilities, and a 40% increase in throughput at Secure facilities. The increase was offset by lower recovered oil revenue in the fourth quarter of 2014 compared to 2013 as a result of the lower price of oil.

Disposal: Secure's disposal volumes for the three months ended December 31, 2014 increased by 46% from the comparative period of 2013. The increase in volumes is related to increased demand and the addition of new facilities during or

subsequent to the fourth quarter of 2013 which include: completion of the 13 Mile Landfill in North Dakota in October 2013; Saddle Hills Landfill in November 2013; the Keene SWD in North Dakota in November 2013, and the Tulliby Lake Landfill in November 2014.

Oil purchase/resale service: Revenue from oil purchase and resale services for the three months ended December 31, 2014 increased 52% to \$353.6 million from \$232.5 million in the comparative period of 2013. The increase in the period is due to increased oil throughput at the Corporation's pipeline connected FSTs, and increased crude oil volumes shipped via rail. The revenue from this service line will fluctuate monthly based on the factors described above.

Operating Expenses (PRD division)

Operating expenses from PRD services for the three months ended December 31, 2014 increased 50% to \$31.4 million from \$20.9 million in the comparative period of 2013.

The increase in operating expenses relate to the new facilities, expansions added organically, and the increase in processing, recovery and disposal volumes at the Corporation's existing facilities. New facilities accounted for 28% of the increase in operating expenses over the 2013 comparative period. Included in the 28% increase are one-time costs of \$1.9 million for upfront commissioning costs associated with the Brazeau, and 13 Mile FST's, the Rycroft FSR and costs incurred to integrate and optimize the operations of the rail facilities that were acquired as part of the Predator acquisition in the third quarter of 2014.

Trucking costs increased \$0.9 million over the 2013 comparative period as a result of the following: higher disposal volumes that result in increased solids transferred from the Corporation's FSTs to Landfills, and a disposal well at two of the Corporation's FSTs were temporarily shut down in the quarter resulting in trucking costs incurred to move volumes received to a nearby facility.

Operating margin as a percentage of revenue for the three months ended December 31, 2014 was 56% compared to 60% in the comparative period of 2013. The 4% decrease for the three months ended December 31, 2014 is a direct result of the upfront commissioning costs associated with organic capital including integration of the acquired rail facilities, and increased trucking costs described above.

Depreciation, Depletion and Amortization (PRD division)

Depreciation, depletion and amortization expense for the three months ended December 31, 2014 increased 40% to \$19.3 million from \$13.7 million in the comparative period of 2013. The increase is due to the addition of new facilities, expansions at existing facilities and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a corresponding increase to the amount of depletion expensed.

General and Administrative (PRD division)

G&A expenses for the three months ended December 31, 2014 increased 62% to \$9.7 million from \$6.0 million in the comparative period of 2013. Major drivers for the increase over the 2013 comparative period are an increase relating to additional employees to support the opening of new facilities and organic growth at existing facilities both in Canada and the US, and additional office space to accommodate growth.

DS DIVISION OPERATIONS

The DS division's main geographic area of operations is the WCSB. The DS division also has operations in the Rocky Mountain Region in the United States, primarily in North Dakota and Colorado. WCSB operations are coordinated from the Calgary, Alberta office, while U.S. operations are coordinated through the Denver, Colorado office.

Drilling services:

The DS division has two main service lines: drilling fluids, and fluids and solids solutions. The drilling fluids service line is the core service of the DS division and operates in the WCSB as well as the U.S. (primarily in Colorado and North Dakota). Drilling fluid products are designed to optimize the efficiency of customer drilling operations through engineered solutions that improve drilling performance and penetration, while reducing non-productive time. Increasingly complex horizontal and directional drilling programs require experienced drilling fluid technical personal who design adaptable drilling programs

to meet the needs of drilling fluid customers. These programs can save customers significant amounts of money by proactively anticipating the drilling challenges the customers may encounter.

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

TWELVE MONTHS ENDED DECEMBER 31, 2014

(\$000's)	Year Ended December 31,		
	2014	2013	% Change
Revenue			
Drilling services (a)	398,965	308,160	29
Operating expenses			
Drilling services (b)	299,739	230,400	30
Depreciation and amortization	22,139	17,762	25
Total DS division operating expenses	321,878	248,162	30
General and administrative	32,959	23,549	40
Total DS division expenses	354,837	271,711	31
Operating Margin ⁽¹⁾ (a-b)	99,226	77,760	28
Operating Margin % ⁽¹⁾	25%	25%	

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

Revenue (DS division)

Revenue from the DS division for the twelve months ended December 31, 2014 increased 29% to \$399.0 million from \$308.2 million in the comparative period of 2013.

The increase in revenue for the twelve months ended December 31, 2014 is the result of a combined 23% increase in the drilling fluids service line revenue and 67% increase in revenue for the fluids and solids control equipment service line from the comparative period in 2013. For the twelve months ended December 31, 2014, average rig count was up 6%, depth per well and meters drilled increased 5% and 7% respectively over the 2013 comparative period.

The drilling fluids service line revenue will fluctuate each quarter based on market share, meters drilled per well, and the type of wells drilled which in turn drives revenue per operating day. The DS division market share in Canada for the twelve months ended December 31, 2014 was 32%, consistent with the 2013 comparative period. Meters drilled per well increased by 7% over the 2013 comparative period. As meters drilled per well increases, wells become more technically challenging requiring more costly drilling fluids, resulting in higher product usages, increased probability of lost circulation events and a higher usage of specialty chemicals. The number of wells drilled that used oil based mud increased by 18% over the 2013 comparative period as a result of an increase in horizontal and directional drilling in which these muds are utilized. Oil based muds contribute higher revenue that drives increases in revenue per operating day. As a result of the factors noted above,

revenue per operating day increased to \$7,657 for the twelve months ended December 31, 2014 from \$6,430 in the 2013 comparative period. Operating rig days for the twelve months ended December 31, 2014 were 41,209 compared to 39,991 in the 2013 comparative period.

The fluids and solids equipment revenue is driven by the size of the available equipment fleet, utilization, and rental rates in any given period. The increase in the fluids and solids equipment revenue for the twelve months ended December 31, 2014 over the 2013 comparative period, is a direct result of organic growth in the centrifuge and tank fleet and increased utilization of the available equipment fleet.

Operating Expenses (DS division)

Operating expenses for the DS Division for the twelve months ended December 31, 2014 increased 30% to \$299.7 million from \$230.4 million in the comparative period of 2013. DS division operating margins vary each quarter due to changes in product mix, well type, geographic area, nature of activity, and contribution from the fluids and solids equipment service line. As wells become longer in reach, more specialized products are used which tend to have higher product margin. Inherent in the fluids and solids equipment business, operating margins achieved are higher given the initial capital investment for the equipment. Overall, the increase in operating expenses over the comparative period is a direct result of an increase in revenues.

Operating margin for the twelve months ended December 31, 2014 was 25%, consistent with the 2013 comparative period. The margin for the twelve months ended was impacted by a higher proportion of sales volume relating to the purchase and sale of low margin oil based stock used in oil based drilling. In periods of increased activity in oil based drilling fluids, revenue and product costs increase accordingly resulting in decreased margins on a percentage basis. In addition, an inventory write-down of \$1.4 million was taken in the fourth quarter as a result of the average cost of inventory held exceeding the realizable value. To offset this, a significant portion of the growth in revenues from the 2013 comparative period is due to organic growth of the fluids and solids equipment which has inherently higher margins as a rentals based business.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the twelve months ended December 31, 2014 increased 25% to \$22.1 million from \$17.8 million in the comparative period of 2013. Depreciation and amortization expense increased compared to the prior year comparative periods as a result of a larger fixed asset base driven by capital additions to the fluids and solids control equipment fleet combined with the acquisition of the barite processing plant in the second quarter of 2014.

General and Administrative (DS division)

G&A expense for the twelve months ended December 31, 2014 increased 40% to \$33.0 million from \$23.5 million in the comparative period of 2013. Major drivers for the twelve months ended December 31, 2014 over the 2013 comparative period are an increase in staffing costs to support the three strategic acquisitions executed in Canada during 2014 and to support the organic growth in both drilling fluids and fluids and solids control equipment in Canada and the US, and increased costs related to Secure's rebranding initiative in the second quarter.

THREE MONTHS ENDED DECEMBER 31, 2014

(\$000's)	Three Months Ended December 31,		
	2014	2013	% Change
Revenue			
Drilling services (a)	109,226	86,287	27
Operating expenses			
Drilling services (b)	82,448	62,506	32
Depreciation and amortization	6,134	5,104	20
Total DS division operating expenses	88,582	67,610	31
General and administrative	9,035	5,978	51
Total DS division expenses	97,617	73,588	33
Operating Margin ^{(1) (a-b)}	26,778	23,781	13
Operating Margin % ⁽¹⁾	25%	28%	

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

Revenue (DS division)

Revenue from the DS division for the three months ended December 31, 2014 increased 27% to \$109.2 million from \$86.3 million in the comparative period of 2013.

The increase in revenue for the three months ended December 31, 2014 is the result of a combined 21% increase in the drilling fluids service line revenue and 47% increase in revenue for the fluids and solids equipment service line from the comparative period in 2013.

The DS division market share in Canada for the three months ended December 31, 2014 was 30%, a decrease of 1% from the 2013 comparative period. Meters drilled by the DS division's customers increased by 8% over the 2013 comparative period. The number of wells drilled that used oil based mud increased by 4% over the 2013 comparative period resulting from an increase in horizontal and directional drilling in which these muds are utilized. In addition, the number of SAGD wells increased by 4% over the 2013 comparative period. SAGD wells are more complex and require more costly drilling fluids which contribute to increased revenue per operating day. As a result of the factors noted above, revenue per operating day increased to \$8,334 for the three months ended December 31, 2014 from \$6,857 in the 2013 comparative period.

The increase in the fluids and solids equipment revenue for the three months ended December 31, 2014 over the 2013 comparative period is a direct result of organic growth in the centrifuge and tank fleet.

Operating Expenses (DS division)

Operating expenses for the DS Division for the three months ended December 31, 2014 increased 32% to \$82.4 million from \$62.5 million in the comparative period of 2013. The increase in operating expenses over the comparative period is a direct result of an increase in revenues.

Operating margins for the three months ended December 31, 2014 decreased to 25% from 28% in the 2013 comparative period. The decrease in margin is a direct result of a higher proportion of sales volume relating to the purchase and sale of low margin oil based stock used in oil based drilling. In periods of increased activity using oil based drilling fluids, revenue and product costs increase accordingly resulting in decreased margins on a percentage basis. Headcount increased over the 2013 comparative period resulting from acquisitions and anticipated increased activity for the winter drilling season which impacted margins as December activity dropped significantly due to the decrease in oil prices and reduction in producer spending. In addition, an inventory write-down of \$1.4 million was taken in the fourth quarter as a result of the average cost of inventory held exceeding the realizable value.

Depreciation and Amortization (DS division)

Depreciation and amortization expense for the three months ended December 31, 2014 increased 20% to \$6.1 million from \$5.1 million in the 2013 comparative period. Depreciation and amortization expense increased compared to the 2013 comparative period as a result of a larger fixed asset base driven by capital additions to the fluids and solids equipment fleet combined with the acquisition of the barite processing plant in the second quarter of 2014, and an increase in intangible assets through acquisitions.

General and Administrative (DS division)

G&A expense for the twelve months ended December 31, 2014 increased 51% to \$9.0 million from \$6.0 million in the comparative period of 2013. Major drivers for the three months ended December 31, 2014 over the 2013 comparative period are an increase in staffing costs to support the three strategic acquisitions executed in Canada during 2014 and to support the organic growth in both drilling fluids and fluids and solids equipment in Canada and the US.

OS DIVISION OPERATIONS

The OS division has three main service lines: environmental services, integrated fluids solutions, and projects. Environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and projects which provide pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and remediation and reclamation of former wellsites, facilities, commercial and industrial properties.

TWELVE MONTHS ENDED DECEMBER 31, 2014

(\$000's)	Year Ended Dec 31,		
	2014	2013	% Change
Revenue			
Onsite services (a)	124,344	54,444	128
Operating expenses			
Onsite services (b)	91,869	44,152	108
Depreciation and amortization	10,532	4,020	162
Total OS division operating expenses	102,401	48,172	113
General and administrative	7,450	5,784	29
Total OS division expenses	109,851	53,956	104
Operating Margin ^{(1) (a-b)}	32,475	10,292	216
Operating Margin % ⁽¹⁾	26%	19%	

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

Revenue (OS division)

Revenue for the twelve months ended December 31, 2014 increased 128% to \$124.3 million from \$54.4 million in the comparative period of 2013.

The overall increase for the twelve months ended December 31, 2014 is a direct result of increased project work, the four acquisitions completed during 2014, and a shortened spring break-up compared to the prior year as work continued when there has typically been a slowdown.

Projects revenue for the twelve months ended December 31, 2014 increased due to the acquisition completed in April 2014 which added a new geographic area and increased customer base. Additionally, there was an increase in remediation and reclamation projects, pipeline integrity, and demolition projects completed that contributed to increased revenues, combined with higher utilization of equipment as a result of favourable weather conditions and robust industry activity as compared to the 2013 period.

IFS revenue increased for the twelve months ended December 31, 2014 as a direct result of the acquisition completed in the first quarter of 2014 combined with an additional acquisition completed in August 2014 which added a new geographic area, and an increased customer base. High equipment utilization, addition of new customers, and the increased offering of complimentary and in demand services, has positively impacted IFS. As the winter drilling season was extended due to a late spring break-up, demand for an integrated fluids solutions package remained strong throughout the period.

Environmental services revenue increased for the twelve months ended December 31, 2014 as the CleanSite waste container services was in the start-up phase in the fourth quarter of 2013. The increase in the available fleet and customer demand has driven the growth in this service line.

Operating Expenses (OS division)

Operating expenses for the twelve months ended December 31, 2014 increased 108% to \$91.9 million from \$44.2 million for the 2013 comparative period. The increase is a direct result of the four acquisitions completed during 2014, and an overall increase in activity and revenues from the 2013 comparative period.

For the twelve months ended December 31, 2014, operating margins increased to 26% from 19% in the 2013 comparative period. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. The increase in margin over the 2013 comparative period is a result of an increase in remediation and reclamation projects, pipeline integrity, and demolition projects which contribute higher margins combined with the acquisition of two rentals based business' during 2014, which inherently achieve higher margins.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the twelve months ended December 31, 2014 increased 162% to \$10.5 million from \$4.0 million in the comparative period of 2013. The increase in depreciation over the 2013 comparative period is due to the four acquisitions completed during 2014, and organic capital additions of various types of equipment to meet increasing customer demand.

General and Administrative (OS division)

G&A expenses for the twelve months ended December 31, 2014 increased 29% to \$7.5 million from \$5.8 million in the comparative period of 2013. G&A expenses increased due to the four acquisitions completed, an overall increase in activity and operations in the division, increased costs related to Secure's rebranding initiative in the second quarter of 2014, and costs associated with moving to a new OS division office. G&A is expected to fluctuate based on the growth of the division.

THREE MONTHS ENDED DECEMBER 31, 2014

(\$000's)	Three Months Ended Dec 31,		
	2014	2013	% Change
Revenue			
Onsite services (a)	43,875	17,554	150
Operating expenses			
Onsite services (b)	33,335	14,477	130
Depreciation and amortization	3,110	1,425	118
Total OS division operating expenses	36,445	15,902	129
General and administrative	1,770	1,484	19
Total OS division expenses	38,215	17,386	120
Operating Margin ^{(1) (a-b)}	10,540	3,077	243
Operating Margin % ⁽¹⁾	24%	18%	

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

Revenue (OS division)

Revenue for the three months ended December 31, 2014 increased 150% to \$43.9 million from \$17.6 million in the comparative period of 2013.

The overall increase for the three months ended December 31, 2014 is a direct result of increased project and environmental work, in conjunction with the four acquisitions completed since the fourth quarter of 2013.

Projects revenue for the three months ended December 31, 2014 increased due to the acquisition completed in April 2014 which added a new geographic area and increased customer base. Additionally, there was an increase in demolition projects completed that contributed to increased revenues combined with overall higher utilization of equipment.

IFS revenue increased for the three months ended December 31, 2014 as a direct result of the acquisition completed in the first quarter of 2014 combined with an additional acquisition completed in the third quarter of 2014 which added a new geographic area, and an increased customer base. High equipment utilization, addition of new customers, and the increased offering of complimentary and in demand services, has positively impacted IFS in the quarter.

Environmental services revenue increased for the three months ended December 31, 2014 as the CleanSite waste container service was in the start-up phase in the 2013 comparative period. The increase in the available fleet and customer demand has driven the growth in this service line. In addition, a large liner removal project was undertaken in the quarter contributing to increased revenue.

Operating Expenses (OS division)

Operating expenses for the three months ended December 31, 2014 increased 130% to \$33.3 million from \$14.5 million for the 2013 comparative period. The increase is a direct result of the four acquisitions completed during 2014, and an overall increase in activity and revenues from the 2013 comparative period.

For the three months ended December 31, 2014, operating margins increased to 24% from 18% in the 2013 comparative period. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. The increase in margin over the 2013 comparative period is

a result of an increase in demolition projects and the liner removal project both of which contributed higher margins combined with the acquisition of two rentals based business' during 2014, which inherently achieve higher margins.

Depreciation and Amortization (OS division)

Depreciation and amortization expense for the three months ended December 31, 2014 increased 118% to \$3.1 million from \$1.4 million in the comparative period of 2013. The increase in depreciation over the 2013 comparative period is due to the four acquisitions completed during 2014, and organic capital additions of various types of equipment to meet increasing customer demand.

General and Administrative (OS division)

G&A expenses for the three months ended December 31, 2014 increased 19% to \$1.8 million from \$1.5 million in the comparative period of 2013. G&A expenses increased due to the four acquisitions completed since the fourth quarter of 2013, an overall increase in activity and operations in the division, and costs associated with moving to a new OS division office.

OTHER INCOME AND EXPENSES

Corporate expenses

(\$000's)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2014	2013	% Change	2014	2013	% Change
General and administrative	2,474	1,846	34	11,280	7,792	45

Corporate expenses for the three and twelve months ended December 31, 2014 increased to \$2.5 million and \$11.3 million from \$1.8 million and \$7.8 million in the comparative periods of 2013. Included in corporate expenses are all public company costs, salaries, share based payments and office costs relating to corporate employees and officers. The increase for the three and twelve months ended December 31, 2014 is attributed to increased headcount due to growth of the Corporation, higher salaries, bonus, and share based compensation.

Business Development Expenses

(\$000's)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Business development	4,392	2,654	65	15,477	9,482	63

Business development expenses for the three and twelve months ended December 31, 2014 increased to \$4.4 million and \$15.5 million from \$2.7 million and \$9.5 million in the comparative periods of 2013. Business development expenses include prospect costs associated with organic and acquisition opportunities in Canada and the United States, and research and development costs. Business development expenses increased for the three and twelve months ended December 31, 2014 due to costs associated with the eight acquisitions completed, prospect costs for potential new facility locations, increased salaries resulting from a higher headcount required to support the increased capital expenditure program related to organic and acquisition opportunities, and continued investment in research and development activities. The Corporation continues to expand and evaluate a number of potential projects and prospects.

Interest and Financing costs

(\$000's)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Interest and finance costs	3,144	2,476	27	9,431	6,694	41

Interest and financing costs for the three and twelve months ended December 31, 2014 increased to \$3.1 million and \$9.4 million from \$2.5 million and \$6.7 million in the 2013 comparative periods. On September 26, 2014, the Corporation entered into an amended and restated \$700.0 million syndicated credit facility. In conjunction with obtaining the Credit Facility, the Corporation incurred \$1.2 million in financing fees and was required to expense \$0.4 million of unamortized financing fees related to the previous credit facility in the third quarter.

Interest is capitalized on capital projects with a substantial time to completion. Typically, interest is only capitalized on the construction of the Corporation's FSTs and FSRs. For the three and twelve months ended December 31, 2014, capitalized interest was \$0.4 million and \$1.0 million versus \$0.1 million and \$1.3 million respectively, for the 2013 comparative periods.

The increase in interest and financing costs is a direct result of the increased balance drawn on the credit facility as at December 31, 2014 that was \$398.5 million compared to \$160.5 million as at December 31, 2013.

Foreign Currency Translation Adjustment

(\$000's)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Foreign currency translation adjustment	5,918	2,975	99	10,205	5,515	85

Included in Other Comprehensive Income ("OCI") is \$6.0 million and \$10.2 million for the three and twelve months ended December 31, 2014 of foreign currency translation adjustments relating to the conversion of the financial results of the US operations as at December 31, 2014. The US dollar increased 4% and 9% in value relative to the Canadian dollar during the three and twelve months ended December 31, 2014. The foreign currency translation adjustment included in the consolidated statements of comprehensive income does not impact net earnings for the period.

Goodwill impairment

(\$000's)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Goodwill impairment	(30,494)	-	100	(32,260)	-	100

As a result of the significant decline in commodity prices in the fourth quarter of 2014 and reduced capital budgets set by oil and gas producers, the Corporation tested all of its assets for impairment. As a result of the impairment tests performed, the Corporation recorded a goodwill write-down of \$32.3 million for the twelve months ended December 31, 2014. The goodwill impairment recorded in the Drilling Services segment was \$16.6 million and \$15.7 million was recorded in the PRD segment.

\$1.8 million of goodwill was written off in the third quarter of 2014 in the PRD segment, as the Watford facility was damaged by a strike of lightning. An additional impairment of \$2.9 million was taken on the Watford facility in the fourth quarter as timing to build out the permanent facility has not been set, in conjunction with the market factors noted above.

Income Taxes

(\$000's)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Income taxes						
Current income tax expense	3,874	4,548	(15)	17,779	12,624	41
Deferred income tax expense (recovery)	(2,820)	46	(6,230)	2,862	3,598	(20)
	1,054	4,594	(77)	20,641	16,222	27

Income tax expense for the three months ended December 31, 2014 decreased to \$1.1 million from \$4.6 million in the 2013 comparative period. The decrease is a result of the tax effect on the goodwill impairment taken in the fourth quarter of 2014.

Income tax expense for the twelve months ended December 31, 2014 increased to \$20.6 million from \$16.2 million in the 2013 comparative period. The increase in the current income tax expense for the twelve months ended December 31, 2014 is attributable to the overall increase in the Corporation's net earnings before income taxes as compared to the prior periods. The decrease in deferred income tax expense relates to a combination of changes in the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes compared to the amounts used for taxation purposes.

SIGNIFICANT PROJECTS

Secure's 2014 capital expenditure program included a number of significant projects. For a discussion of the Corporation's 2014 capital expenditure program, see "**Liquidity and Capital Resources**" in this MD&A.

GEOGRAPHICAL FINANCIAL INFORMATION

(\$000's)	Canada		USA		Total	
	2014	2013	2014	2013	2014	2013
Three Months Ended Dec 31						
Revenue	551,415	374,225	26,669	13,724	578,084	387,949
Year ended December 31,						
Revenue	2,185,645	1,442,281	86,006	50,259	2,271,651	1,492,540
As December 31,						
Total non-current assets	1,006,518	686,536	177,480	116,880	1,183,998	803,416

Revenue from assets in the United States for the three and twelve months ended December 31, 2014 increased 94% and 71% from the comparative periods of 2013. For the three and twelve months ended December 31, 2014, the increase in revenue relates to an increase in overall demand for the PRD division's services in the US and the addition of new facilities and expansions at current facilities late in the fourth quarter of 2013 and throughout 2014 which include: completion of the Keene SWD and 13 Mile Landfill late in the fourth quarter of 2013, commissioning of the Keene FST in April 2014, and commissioning of the Stanley FST in the third quarter of 2014.

United States based non-current assets as at December 31, 2014 of \$177.5 million have increased 52% from \$116.9 million as at December 31, 2013. The increase is a direct result of the conversion of the Keene SWD into an FST which was commissioned in April 2014, conversion of the Stanley SWD into an FST which was commissioned during the third quarter, conversion of the 13 Mile SWD into an FST which was commissioned in the first quarter of 2015, and preliminary design and engineering for 2015 organic projects in North Dakota including expansion of the 13 Mile Landfill.

The Corporation now operates two water disposal facilities in North Dakota, one landfill, three FSTs, offers fluids and solids equipment, and onsite services throughout the US Rocky Mountain region. As noted above, the Corporation opened its first FST in the US in the first quarter of 2014, its second FST in the third quarter of 2014, and the 13 Mile FST conversion was commissioned in the first quarter of 2015. Commissioning of the FSTs in the US market to provide a more diverse service offering, combined with the rebranding initiative in the second quarter of 2014, has increased Secure's brand recognition and presence in the US market.

SUMMARY OF QUARTERLY RESULTS

Seasonality

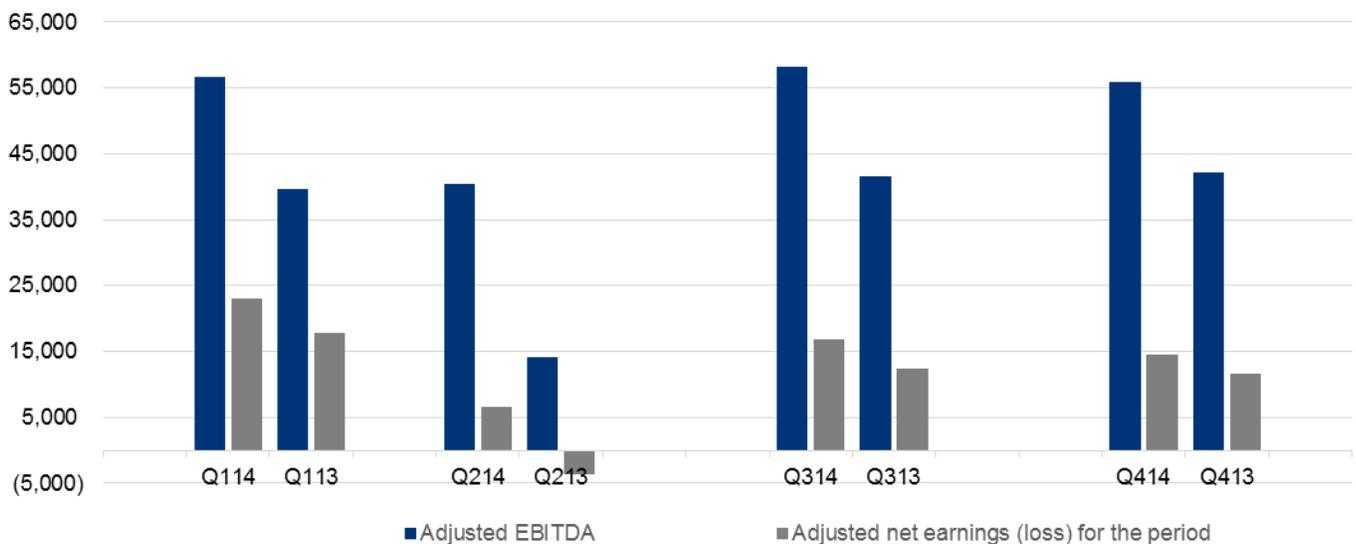
Seasonality impacts the Corporation's operations. In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many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

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

(\$000s except share and per share data)	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (excluding oil purchase and resale)	224,523	208,743	155,690	205,632	155,427	153,868	85,530	147,122
Oil purchase and resale	353,561	390,671	412,249	320,580	232,522	289,892	252,323	175,856
Total Revenue	578,084	599,414	567,939	526,212	387,949	443,760	337,853	322,978
Net earnings (loss) income for the period	(13,659)	14,756	6,564	22,989	11,545	12,036	(2,375)	17,758
Earnings (loss) per share - basic	(0.11)	0.12	0.06	0.20	0.10	0.11	(0.02)	0.17
Earnings (loss) per share - diluted	(0.11)	0.12	0.05	0.19	0.10	0.11	(0.02)	0.17
Adjusted net earnings ⁽¹⁾	14,553	16,867	6,564	22,989	11,701	12,487	(3,628)	17,758
Earnings (loss) per share adjusted - basic	0.12	0.14	0.06	0.20	0.11	0.11	(0.03)	0.17
Earnings (loss) per share adjusted - diluted	0.12	0.14	0.05	0.19	0.10	0.11	(0.03)	0.17
Weighted average shares - basic	121,266,210	120,048,665	118,489,217	117,235,063	110,706,772	108,648,873	106,824,753	104,734,964
Weighted average shares - diluted	123,479,368	123,736,572	121,757,066	120,436,149	113,700,987	111,500,617	106,824,753	107,363,836
Adjusted EBITDA ⁽¹⁾	55,980	58,229	40,393	56,691	42,108	41,541	14,158	39,705

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

Quarterly Financial Highlights (\$000s)



Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's significant growth and acquisitions completed in the twelve months ended December 31, 2014 and 2013, variations in quarterly results extend beyond seasonal factors. While Secure has experienced increased demand for its services over the last eight quarters, the most significant impact relates to new facilities, expansions of existing facilities and acquisitions.

Each quarter was impacted by the date at which an acquisition occurred or any one of the constructed or acquired FSTs, SWDs or landfills commenced operations. For a complete description of Secure's PRD, DS, and OS division business assets and operations, please refer to the headings "Secure Energy Services Inc.", and "Description of Business" in the Corporation's AIF for the year ended December 31, 2014 which includes a description of the date of acquisitions or on which each of Secure's facilities commenced operations.

The following summarizes the facilities commissioned and acquisitions completed since December 31, 2013 that have impacted the 2014 quarterly results: In the first quarter, the Corporation commissioned the Kindersley FST and completed two acquisitions comprised of a rentals based business specialized in water handling and an environmental contracting business. In the second quarter, the Corporation commissioned the Edson and Keene FSTs and completed three acquisitions including a mineral products plant, a drilling fluids business and an environmental contracting business. In the third quarter, the Corporation commissioned the Stanley FST, completed the acquisition of the assets of Predator, and a rentals based business in the OS division complementing the first quarter water handling business acquired. In the fourth quarter, the Corporation opened the Tulliby Lake Landfill and 13 Mile FST and completed the acquisition of an oilfield service company that has proprietary technology products that provide high impact solutions for production, drilling and completion fluids.

In addition to when the facility commenced operating activities or was acquired, the quarters were also impacted by the length of time required for several oil and natural gas producers to conduct their own individual audits of the facilities to ensure Secure meets all required internal specifications for disposal of oilfield wastes. This process is conducted at all landfills, FSTs and SWDs before the producer will begin sending waste. Depending on the producer, this process can take several months.

By offering the oil purchase and resale service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. The increases realized in the last eight quarters is a result of Secure becoming a single shipper at Drayton Valley FST and La Glace FST during 2012, and the Judy Creek FST in the third quarter of 2013. See the "Business Risks" section in this MD&A for further discussion on this service.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Provided by Operations

(\$000's)	Year Ended December 31,		
	2014	2013	% Change
Funds from operations ⁽¹⁾	210,531	140,342	50

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

Funds from operations for the twelve months ended December 31, 2014 increased to \$210.5 million from \$140.3 million in the comparative period of 2013. The 50% increase for the twelve month period ended December 31, 2014 is a result of an increased demand for the Corporation's products and services; new PRD facility additions and expansions; increased revenue

per operating day for drilling fluids, increased rental revenues from organic growth of the fluids and solids control rental fleet, and the eight acquisitions completed during the twelve months ended December 31, 2014.

Investing Activities

(\$000's)	Three months ended December 31,			Twelve Months Ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Capital expenditures ⁽¹⁾						
Expansion and growth capital expenditures	91,165	63,520	44	295,977	193,841	53
Acquisitions	6,805	-	-	97,839	26,683	267
Sustaining capital expenditures	3,883	740	425	6,990	4,337	61
Total capital expenditures	101,853	64,260	59	400,806	224,861	78

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

The Corporation's growth and expansion capital expenditures for the three months ended December 31, 2014 increased to \$91.2 million from \$63.5 million in the comparative period of 2013. Capital expenditures for the three months ended December 31, 2014 are allocated as follows:

- \$52.8 million in PRD growth capital relating to the Brazeau and 13 Mile SWD conversions to FSTs, Rycroft and Kindersley FSRs, and Tulliby Lake FST and Landfill;
- \$17.2 million for expansion capital for landfill cells under construction in the quarter at Saddle Hills, South Grande Prairie and 13 Mile, additional centrifuges at the Obed FST; an additional treater at the Kindersley FST, and a second disposal well at the Nose Hill SWD;
- \$10.1 million for long lead equipment and pre-spend for engineering and design for 2015 capital projects; and
- \$11.1 million for rental equipment such as centrifuges, Target Tanks, hydraulic stands, invert tanks and other miscellaneous capital expenditures.

The Corporation's growth and expansion capital expenditures for the twelve months ended December 31, 2014 increased to \$296.0 million from \$193.8 million in the comparative period of 2013. Capital expenditures for the twelve months ended December 31, 2014 are allocated as follows:

- \$190.0 million in PRD growth capital:
 - Kindersley FST was completed and operational during the first quarter;
 - Edson and Keene FST's were completed, commissioned and operational during the second quarter of 2014;
 - Waste portion of the Stanley FST was completed and commissioned in the third quarter of 2014, Brazeau FST in the fourth quarter of 2014;
 - 13 Mile SWD is currently under construction to convert to an FST with the waste portion of the facility anticipated to be commissioned in the first quarter of 2015;
 - The Rycroft and Kindersley FSRs are the Corporation's first organic oil rail facilities. The Rycroft FSR will offer treating, storage, disposal and transloading services. The Rycroft FSR was commissioned and operational in the first quarter of 2015 and the Kindersley FSR is anticipated to be commissioned in the second quarter of 2015; and
 - Tulliby Lake FST and Landfill is the Corporation's first heavy oil and production sand treating, and Landfill facility. The landfill was commissioned and operational near the end of the fourth quarter of 2014 and the FST in the first quarter of 2015.
- \$47.9 million for expansion capital:
 - Landfill cells at South Grande Prairie, Saddle Hills, and 13 Mile. The additional cell capacity at South Grande Prairie and Saddle Hills was available in the fourth quarter of 2014, 13 Mile is anticipated to be complete in the first quarter of 2015;

- Additional disposal wells at both the Obed and Drayton Valley FSTs were commissioned in the fourth quarter;
 - Purchase of an office in Grande Prairie to accommodate growth of the Corporation and consolidate all three divisions into one space;
 - Additional treater is was constructed at the Kindersley FST and commissioned in the fourth quarter; and
 - Waste expansion at South Grande Prairie FST was completed and commissioned in the fourth quarter.
- \$21.0 million for long lead equipment and pre-spend for engineering and design for 2015 capital projects; and
 - \$37.1 million for rental equipment such as centrifuges, Target Tanks, hydraulic stands, invert tanks, fluid handling equipment rentals and other miscellaneous capital expenditures, the oil based mud blending plant in Fox Creek was completed and commissioned in July 2014, and completion of the new DS state of the art laboratory facility opened in July 2014.

For the three and twelve months ended December 31, 2014 acquisitions were \$6.8 million and \$97.8 million compared to \$nil and \$26.7 million in the 2013 comparative periods.

In the first quarter of 2014, the Corporation completed two acquisitions in the OS division for \$16.4 million in cash consideration, with assets that will grow the Corporation's IFS service line and establish an onsite market presence in the US.

In the second quarter of 2014, the Corporation completed three acquisitions for \$13.2 million in cash consideration. A mineral products plant which mainly processes barite that will allow the Corporation to vertically integrate the operations in the DS division to improve logistics and quality of product, a drilling fluids business that will provide additional drilling fluids systems for highly complex wells in the deep basin and key customer relationships, and an environmental contracting business that provides services relating to spill cleanup, pond construction, and contaminated soil excavation, stockpiling, treatment, transportation and disposal and will expand the service area of the OS division.

In the third quarter of 2014, the Corporation completed two acquisitions for \$61.4 million in cash consideration. Secure closed the acquisition of the assets of Predator and acquired the assets of a private oilfield services company. Predator is a private midstream company that owns and operates three rail transloading terminals in Alberta. Predator transloads crude oil from truck to rail, where rail cars are aggregated and subsequently sold to refineries. The acquisition will add three operational rail sites and combined with Secure's current construction of the Rycroft FSR, will provide an immediate rail terminal network from which to build on. The other acquisition specializes in providing water pumping and frac pond setup services, and provides miscellaneous equipment for rent. The acquisition will expand the service area and assets of the OS division.

In the fourth quarter of 2014, the Corporation completed one acquisition for \$6.8 million in cash consideration. The oilfield service acquisition adds proprietary technology products that provide high impact solutions for production, drilling and completion fluids

These eight strategic acquisitions are a continuation of the Corporation's strategy to add complementary services along the energy services value chain. In the 2013 comparative periods, the Corporation completed the acquisition of Frontline Integrated Services Ltd. and Target Rentals Ltd.

Sustaining capital or maintenance capital refers to capital expenditures in respect of capital asset additions, or replacements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion and growth capital involves judgment by management. During the three and twelve month periods ended December 31, 2014, sustaining capital was \$3.9 million and \$7.0 million compared to \$0.7 million and \$4.3 million respectively, for the 2013 comparative periods. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new equipment or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades. As a facility matures, the amount of sustaining capital required will increase.

Financing Activities

(\$000's)	Twelve Months Ended December 31,		
	2014	2013	% Change
Issue of common shares, net of issue costs	13,679	113,899	(88)
Net draws (repayments) on revolving credit facility	238,000	37,000	543
Financing costs	(1,210)	(651)	86
Dividends paid	(22,386)	(10,820)	107
Net cash flow from financing activities	228,083	139,428	64

For the twelve months ended December 31, 2014, the Corporation issued 2,812,176 common shares for the eight acquisitions completed. In addition, the increase of common shares relates to the exercising of options in accordance with the Corporation's share-based payment plan (the "Plan"). Under the Plan, the Corporation may grant share options to its employees and directors for up to 10% of the issued and outstanding common shares of the Corporation calculated on a non-diluted basis at the time of grant. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant. Lastly, the increase relates to the vesting of Restricted Share Units ("RSUs") in accordance with the Corporation's RSU plan in which common shares were issued. RSUs issued vest in three equal portions on the first, second and third anniversary of the grant date and are settled in common shares of the Corporation.

On September 26, 2014, the Corporation entered into an amended and restated \$700.0 million syndicated credit facility. The Credit Facility consists of a \$675.0 million extendible revolving term credit facility and a \$25.0 million revolving operating facility that replaced the Corporation's \$400.0 million credit facility. The Credit Facility includes an accordion feature which, if exercised and approved by the Corporation's lenders, would increase the Credit Facility by \$100.0 million.

Amounts borrowed under the Credit Facility will bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the Bankers' Acceptance rate plus 1.45% to 3.00%, depending in each case on the ratio of consolidated Senior Debt to EBITDA ratio, with any unused outstanding amounts subject to standby fees ranging from 0.29% to 0.60%. Senior Debt includes amounts drawn on the Credit Facility, finance leases, and any outstanding letters of credit. Total Debt is equal to Senior Debt plus any unsecured debt, excluding any convertible debentures. The Corporation currently does not have any unsecured debt and as a result, Total Debt is equal to Senior Debt. The Credit Facility is to be used for working capital purposes, capital expenditures, acquisitions, and general corporate purposes.

The Credit Facility is due on September 26, 2018 (the "maturity date"), and includes an option for the Corporation to extend the maturity date (once per annum) to a maximum of four years from the extension request date, subject to the approval of the Corporation's lenders. Repayment of any amounts drawn on the Credit Facility would therefore be repayable on the maturity date if the Credit Facility was not extended.

The following covenants apply to the existing Credit Facility:

- The Total Debt to EBITDA Ratio shall not exceed 5:00:1; where EBITDA is adjusted for acquisitions on a pro-forma trailing twelve month basis;
- The Senior Debt to EBITDA Ratio shall not exceed 3:5:1 and
- The Interest Coverage Ratio shall not be less than 2:50:1.

At December 31, 2014, the Corporation was in compliance with all covenants.

As at December 31, 2014, the Corporation had drawn \$398.5 million on its Credit Facility compared to \$160.5 million in the 2013 comparative period. The amount drawn on the Credit Facility relates to capital expenditures and working capital requirements. Working capital in the DS division, specifically inventory, requires certain minimum levels to be held in order to meet the needs of customers for the active winter drilling season. The Corporation had \$279.1 million available under its

credit facility as at December 31, 2014. The Corporation is well positioned, based on the available amount of its Credit Facility and expected funds from operations, to execute on the 2015 capital program.

At December 31, 2014, the Corporation had issued approximately \$22.4 million in letters of credit and approximately \$16.0 million of performance bonds to various environmental regulatory authorities in Alberta and British Columbia and letters of credit related to certain crude oil marketing contracts. The Alberta Energy Regulator ("AER") has implemented the Oilfield Waste Liability ("OWL") program. The OWL program is expected to replace the current fully funded liability management program for oilfield waste facilities with a facility specific asset to liability risk based assessment that is backed by the existing upstream oil and natural gas industry liability management program. The amount of letters of credit issued will fluctuate based on the growth of the Corporation, requirements for crude oil contracts and future refunds under the OWL program, which are undeterminable at this time.

During twelve months ended December 31, 2014, the Corporation paid dividends of \$22.4 million to holders of common shares. Of the dividends declared for the twelve months ended December 31, 2014, \$3.0 million was reinvested in additional common shares through the DRIP.

Subsequent to December 31, 2014, the Corporation declared dividends to holders of common shares in the amount of \$0.02 per common share payable on January 15, 2015, February 16, 2015, and March 16, 2015, for shareholders of record on January 1, 2015, February 1, 2015 and March 1, 2015, respectively.

Contractual Obligations

The Corporation has a total of \$330.8 million in commitments, excluding the above commitment relating to the credit facility. The \$330.8 million includes commitments for operating lease agreements primarily for heavy equipment, vehicles, land leases and office space, rail car operating leases as a result of the acquisition of Predator, and pipeline volumes for transportation of crude oil; capital commitments relating to purchases for use in the Corporation's current and future capital projects, and inventory purchase commitments for use in the normal course of operations and for use at the mineral products plant acquired in the second quarter. Overall, the Corporation has sufficient funds from operations and availability through the credit facility to meet upcoming commitments.

(\$000's)	Payments due by period			Total
	1 year or less	1-5 years	5 years and thereafter	
Finance leases	10,458	12,060	-	22,518
Operating leases	7,344	22,376	7,683	37,403
Crude oil transportation	24,029	92,085	86,650	202,764
Inventory purchases	19,575	35,100	-	54,675
Capital Commitments	11,679	-	-	11,679
Earn out payments	1,721	-	-	1,721
Total Commitments	74,806	161,621	94,333	330,760

In the normal course of operations, the Corporation is committed to the purchase and sale of volumes of commodities for use in the Corporation's operations and crude oil marketing activities. In addition, the Corporation is committed over the next 12 months to purchasing oil and non-oil commodities for use in the normal course of operations of the DS and PRD divisions.

BUSINESS RISKS

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

Oil and Natural Gas prices

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

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

Oil and Natural Gas market

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

Market conditions

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

Global financial conditions

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

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

Governmental regulation

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

Transportation of Dangerous Goods

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

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

Merger and acquisition activity

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

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

Regulation and taxation of energy industry

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

Provincial royalty rate changes

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

Expansion of the Corporation's business into new jurisdictions

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

Competitive conditions

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

Performance of obligations

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

Development of new technology and equipment

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

Equipment risks

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

Potential replacement or reduced use of products and services

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

Commodity price risk – non-trading

Crude oil prices are primarily based on West Texas Intermediate ("WTI"), plus or minus a differential to WTI based on the crude type and market conditions (the "commodity price"). The value of the Corporation's crude oil inventory is impacted by the commodity price of crude oil. Crude oil prices have historically fluctuated widely and are affected by numerous factors outside of the Corporation's control. As part of normal operating activities, the Corporation is required to hold a certain amount of inventory in any given month. The Corporation is therefore exposed to commodity price fluctuations. The Corporation has elected not to actively manage commodity price risk associated with crude oil inventory at this time.

Crude oil marketing and Commodity price risk – trading

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

Credit risk

Credit risk affects both non-trading and trading activities. The Corporation provides credit to its customers in the normal course of operations and assumes credit risk with counterparties through its trading activities. In addition, the Corporation is at risk for potential losses if counterparties in its trading activities do not fulfill their contractual obligations. A substantial portion of the Corporation's accounts receivable are with customers or counterparties involved in the oil and natural gas industry, whose revenues may be affected by fluctuations in oil and natural gas prices, economic conditions, environmental regulations, government policy, royalty rates and geopolitical factors. Collection of these receivables could be influenced

by economic factors affecting this industry. The carrying value of trade accounts receivable reflects management's assessment of the associated risks. In order to mitigate collection risk, the Corporation assesses the credit worthiness of customers or counterparties by assessing the financial strength of the customers or counterparties through a formal credit process and by routinely monitoring credit risk exposures. In addition, the Corporation uses standard agreements that allow for the netting of exposures associated with a single counterparty. Where the Corporation has a legally enforceable right to offset, the amounts are recorded on a net basis.

Sources, Pricing and Availability of Products and Third Party Services

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

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

Contract bidding success and renewal of existing contracts

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

Seasonal nature of the industry

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

round, spring break-up reduces the Corporation's activity levels. In the areas in which Secure operates, the second quarter has generally been the slowest quarter as a result of spring break-up.

Foreign currency risk

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

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

Environmental Activism

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

Terrorist activities

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

Economic dependence

The top ten customers of the Corporation accounted for approximately 41% of revenue for fiscal 2014, of which no single customer accounted for more than approximately 10%. The Corporation does not generally enter into long term contracts with its customers and there can be no assurance that the current customers will continue their relationships with the Corporation. The loss of one or more major customers, any significant decrease in services provided to a customer, or prices paid or any other changes to the terms of service with customers, could have a material adverse effect on the financial

results, cash flows, and the overall financial condition of the Corporation. In addition, treatment and waste disposal services are largely dependent on the willingness of customers to outsource their waste management activities. As such, the demand for Secure's services could be curtailed by a trend towards internal waste management. A concentrated portion of Secure's PRD division current and future revenue is generated from pipeline connected FST facilities. As significant revenue is generated from each pipeline connected FST facility, any single event that interrupts one of these operations could result in the loss of revenues.

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

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

Landfill closure costs

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

Environmental protection & health and safety

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

The Corporation is subject to a complex and increasingly stringent array of legal requirements and potential liabilities, including with respect to the ownership and management of property, the need to obtain and comply with permits and approvals, the health and safety of employees, and the handling, use, storage, disposal, intentional or accidental release of

hazardous products or oilfield waste material. Failure to comply with these requirements could expose the Corporation to substantial penalties. There can be no assurance that the Corporation will not be required, at some future date, to incur significant costs to comply with environmental laws, or that its operations, business, assets or cash flow will not be materially adversely affected by existing conditions or by the requirements or potential liability under current or future environmental laws.

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

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

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

Key personnel

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

Availability of qualified employees

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

Proprietary technology

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

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

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

The products developed by the Corporation may also incorporate technology that will not be protected by any patent and are capable of being duplicated or improved upon by competitors. Accordingly, the Corporation may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary information of the Corporation and trade secrets. In addition, effective patent protection may be unavailable or limited in

certain foreign countries and may be unenforceable under the laws of certain jurisdictions. Policing unauthorized use of the Corporation's enhancements could prove to be difficult, and there can be no assurance that the steps taken by the Corporation will prevent misappropriation of its enhancements. In addition, litigation may be necessary in the future to enforce the intellectual property rights of the Corporation to protect their patents, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on the Corporation's business, results of operations or financial condition.

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

Risk of third party claims for infringement

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

Operating risks and insurance

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

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

Financing future growth or expansion

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

Raising additional capital

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

Access to capital

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

The credit agreement governing the Credit Facility contains covenants that restrict the Corporation's ability to take various actions. In addition, the credit agreement requires the Corporation to comply with specified financial ratios. The Corporation's ability to comply with these covenants will likely be affected by events beyond its control, and the Corporation cannot assure that it will satisfy those requirements. If the Corporation's financial performance results in a breach of any existing or future financial covenants, access to financing could be restricted and/or all or a portion of the Corporation's debt could become due on demand.

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

Volatility of market price of Common Shares

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

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

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

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

Leverage and restrictive covenants

The degree to which the Corporation is financially leveraged could have important consequences to the shareholders of the Corporation, including: (i) a portion of the Corporation's cash flow from operations will be dedicated to the payment of the principal of and interest on its indebtedness; and (ii) certain of the Corporation's borrowings have variable rates of interest, which float with the lender's prime rate, and as such, as these banking facilities are drawn, the Corporation will be exposed

to higher interest costs if the prime rate should increase. The Corporation's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. The Corporation's lender has been provided with security over all of the assets of the Corporation. A failure to comply with the obligations in the agreements in respect of the revolving credit facility could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness.

Interest rates

The Corporation's banking facilities have interest rates which float with the lender's prime rate ranging from 0.45% to 2.00% above the prime rate ranging or 1.45% to 3.00% above the Bankers' Acceptance rate depending on the Corporation's prevailing consolidated senior debt to EBITDA ratio and as such, as these banking facilities are drawn, the Corporation will be exposed to higher interest costs if the Canadian prime rate and Bankers' Acceptance rate should increase.

Legal proceedings

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

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

Breach of confidential information

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

Disclosure controls & procedures

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

Internal controls over financial reporting

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

Conflict of interest

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

Forward Looking Statements may prove inaccurate

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

OUTSTANDING SHARE CAPITAL

As at March 3, 2015, there were 121,670,651 Common Shares issued and outstanding. In addition as at March 3, 2015, there were 8,924,737 share options outstanding, of which 2,953,996 were exercisable, 1,631,220 RSUs outstanding, of which nil were redeemable, and 151,828 PSUs outstanding, of which nil were redeemable.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2014 and 2013, the Corporation did not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the three and twelve months ended December 31, 2014, the Corporation earned \$9.9 million and \$39.0 million of revenue and incurred \$1.3 million and \$3.4 million of expenses with related parties. Related parties include companies that have common directors, officers, employees and shareholders. The nature of the expenses relate to operating and general and administrative expenses for use in the Corporation's PRD, DS and OS divisions. Amounts are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the three and twelve months ended December 31, 2014, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2013 - Nil). This assessment is undertaken each financial reporting period through examining the financial position of the related party and the market in which the related party operates.

ACCOUNTING POLICIES

Secure's significant accounting policies are set out in Note 2 of the Corporation's annual audited financial statements for the year ended December 31, 2014.

FINANCIAL AND OTHER INSTRUMENTS

As at December 31, 2014, the Corporation's financial instrument assets include cash, accounts receivables and accrued receivables. The Corporation's financial instrument liabilities include accounts payable and accrued liabilities, and long term borrowings. The fair values of these financial instruments approximate their carrying amount due to the short term maturity of these instruments except long term borrowings. Long term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to foreign currency exchange rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future foreign currency exchange rates. The estimated fair value of all derivative financial instruments are based on observable market data. Refer to note 19, Financial Instruments of the accompanying financial statements for a summary of the fair value of derivative financial instruments existing at December 31, 2014. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, and market risk. A discussion of how these and other risks are managed can be found in the "Business Risk" section of this MD&A. Further information on how the fair value of financial instruments is determined is included in the "Critical accounting estimates and judgements" section of this MD&A.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of the Corporation's condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgements used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the condensed consolidated financial statements are prepared. Actual results could differ from these estimates. Please refer to the Corporation's consolidated financial statements for the year ended December 31, 2014 for a complete description of the accounting policies of the Corporation. Management considers the following to be the most significant of these estimates and judgements:

Significant judgements

Determining cash generating units ("CGU's")

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

Significant estimates and assumptions

Depreciation, depletion and amortization

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

Recoverability of assets

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

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

Corporation's weighted average cost of capital, with reference to an approximate industry peer group. Changes in the general economic environment could result in significant changes to this estimate.

At December 31, 2014, the current commodity price environment which has created considerable uncertainty as to the level of exploration and development activity that will be undertaken by several of the Corporation's customers considerably increases the estimation uncertainty associated with the future cash flows used in the impairment tests. Assumptions that are valid at the time of preparing the cash flow models may change significantly when new information becomes available.

Asset retirement obligations and accretion

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

Inventories

The Corporation evaluates its inventory to ensure it is carried at the lower of cost and net realizable value. Allowances are made against slow moving, obsolete, and damaged inventories and are charged to cost of sales. These allowances are assessed at each reporting date for adequacy. The reversal of any write-down of inventory arising from an increase in net realizable value shall be recognized as a reduction in cost of sales in the period in which the reversal occurred.

Share - based payments

The Corporation provides share-based awards to certain employees in the form of stock options, restricted share unit plan, and performance share unit plan (the "Awards"). The Corporation follows the fair-value method to record share-based payment expense with respect to the Awards granted. In order to record share-based payment expense, the Corporation estimates the fair value of the Awards granted using assumptions related to interest rates, expected lives of the Awards, volatility of the underlying security, forfeitures and expected dividend yields.

Deferred Income taxes

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

Provision for doubtful accounts

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

Purchase price allocations

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

FUTURE ACCOUNTING PRONOUNCEMENTS

In 2010, the IASB issued IFRS 9 Financial Instruments, which addresses the classification and measurement of financial assets. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Corporation's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. An embedded derivative in a structured product will no longer have to be assessed for possible separate accounting treatment unless the host is a non-financial contract. A hybrid contract that includes a financial host must be classified and measured in its entirety. The IASB has determined the mandatory effective date of IFRS 9 to be January 1, 2018. IFRS 9 is still available for early adoption. The full impact of the standard on the Corporation's consolidated financial statements is still being assessed at this time.

On May 28, 2014, the International Accounting Standards Board issued International Financial Reporting Standard ("IFRS") 15, "Revenue from Contracts with Customers", which is the result of the joint project with the Financial Accounting Standards Board. The new standard replaces the two main recognition standards IAS 18, "Revenue", and IAS 11, "Construction Contracts". The new standard provides a five step model framework as a core principle upon which an entity recognizes revenue and becomes effective January 1, 2017. The Corporation is currently assessing the potential impact of the adoption of IFRS 15 on the Corporation's financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

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

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

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers Annual and Interim Filings", an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2014. Based on this evaluation, the CEO and CFO have concluded that, subject to the inherent limitations noted below, the Corporation's DC&P and ICFR are effective. Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected. There was no change to the Corporation's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

A Statement of Defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, more recently amended on October 17, 2013, the Corporation claims damages in the amount of \$97.9 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the Competition Act (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. In addition, the amended counterclaim now includes damages related to Tervita's acquisition of Complete Environmental Inc., the previous owner of the Babkirk landfill in northeast British Columbia. The Corporation contends that Tervita purchased the landfill with the intention of maintaining its geographic monopoly and conspiring to cause injury to the Corporation. A decision to that effect by the Competition Tribunal of Canada is now under review by the Supreme Court of Canada.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains or implies forward-looking statements pertaining to: corporate strategy; goals; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including market fundamentals and the impact to each division on revenue and operating margins, drilling levels, commodity prices for oil, natural gas liquids ("NGLs") and natural gas; industry fundamentals for the first quarter of 2015; capital forecasts and spending by producers; demand for the Corporation's services; expansion strategy; the impact of the reduction in oil and gas activity on 2015 activity levels; revenue and operating margin for the PRD, DS and OS divisions; the amount of the revised 2015 capital program; the amounts of the PRD, DS and OS divisions' proposed 2015 capital budgets and the intended use thereof; debt service; capital expenditures; completion of facilities; the impact of new facilities on the Corporation's financial and operational performance; future capital needs; access to capital; acquisition strategy; anticipated commissioning of the water recycling at South Grande Prairie FST, and anticipated commissioning of the Tulliby Lake FST; Rycroft FSR; and 13 Mile SWD conversion.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as the assumption that increases in market activity and growth will be consistent with industry activity in Canada, and the United States and growth levels in similar phases of previous economic cycles. Forward-looking statements concerning the availability of funding for future operations are based upon the assumption that the sources of funding which the Corporation has relied upon in the past will continue to be available to the Corporation on terms favourable to the

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

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to and under the heading "Business Risks" and under the heading "Risk Factors" in the Corporation's annual information form ("AIF") for the year ended December 31, 2014. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

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