

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Twelve Months ended December 31, 2016 and 2015

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on March 1, 2017. The discussion and analysis is a review of the financial results of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The MD&A's primary focus is a comparison of the financial performance for the three and twelve months ended December 31, 2016 to the three and twelve months ended December 31, 2015 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2016 and 2015 ("Consolidated Financial Statements").

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

CORPORATE OVERVIEW

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

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

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

DRILLING AND PRODUCTION SERVICES DIVISION ("DPS")

The DPS division, formerly referred to as the Drilling Services or DS division, provides equipment and product solutions for drilling, completion and production operations for oil and gas producers in western Canada. The drilling service line currently comprises the majority of the revenue for the division which includes the design and implementation of drilling fluid systems for producers drilling for oil, bitumen and natural gas. The drilling service line focuses on providing products and systems that are designed for more complex wells, such as medium to deep wells, horizontal wells and horizontal wells drilled into the oil sands. The production services line focuses on providing equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets.

ONSITE SERVICES DIVISION ("OS")

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

For a complete description of services provided in the PRD, DPS and OS divisions, please refer to the headings 'Secure Energy Services Inc.', 'Description of Business' in the Corporation's annual information form for the year ended December 31, 2016 ("AIF").

ANNUAL OPERATIONAL AND FINANCIAL HIGHLIGHTS

2016 was another challenging year for the oil and gas industry. The steep and rapid deterioration in commodity prices beginning in late 2014 impacted industry cash flows, resulting in reduced capital investment and drilling activity across the Western Canadian Sedimentary Basin ("WCSB").

However, the Corporation has continued to demonstrate resilience during this period of reduced oil and gas activity levels on the back of production related volumes in the PRD division, the addition of new facilities in underserved markets, both through organic growth and acquisitions, a focus on cost controls, and diversification of services offered across the Corporation. As a result, during the year ended December 31, 2016, Secure realized Adjusted EBITDA¹ of \$94.1 million.

In 2016, Secure demonstrated its ability to achieve numerous operational successes and generate positive cash flows during an extended downturn in oil and gas activity and in a relatively poor commodity price environment. Furthermore, the Corporation was also able to expand its market presence and enhance its service offerings by taking advantage of accretive acquisition opportunities throughout the year. Operational highlights for 2016 include:

- Completing construction of the Kakwa FST, a facility that was designed and constructed to meet specific customer requirements in a capacity constrained region;
- Expanding Secure's midstream facility network in Saskatchewan through the acquisition of PetroLama Energy Canada Inc. ("PetroLama") and the expansion of the Corporation's Kindersley FST to increase capacity and throughput;
- Increased ownership from 50 to 100 percent at its La Glace and Judy Creek facilities, which relieved Secure from administrative requirements under a joint venture structure while adding cash flow;
- Increasing capacity to meet demand at various existing facilities by adding additional tanks and disposal wells, and expanding landfill cells;
- Performing various drilling, completion, production and remediation services for ten of the most active drillers in western Canada;
- Gaining customer traction with the DPS division's new production chemicals and enhanced oil recovery ("EOR") service line;
- Enhancing the OS division's reputation for completing successful projects on pipeline integrity, demolition and decommissioning, and reclamation and remediation of contaminated sites;
- Working with customers operating in the Alberta Deep Basin and Duvernay Formation on water recycling, storage and logistics.

The equity offering completed in the first quarter of 2016 further strengthened the Corporation's balance sheet and provided significant financial flexibility to pursue accretive acquisitions and continue to invest in organic capital projects in capacity constrained regions. At December 31, 2016, Secure's net debt¹ was \$73.2 million. The Corporation continues its disciplined approach to maintaining a strong balance sheet to effectively manage the business through a period of deteriorating commodity prices and industry activity. As a result of this approach, Secure has maintained a debt to EBITDA ratio, as defined by the Corporation's credit facility, of 2.2 to 1 at December 31, 2016, well below many other oilfield service providers during the extended downturn in oil and gas activity.

¹ Refer to the 'Non-GAAP Measures' section herein.

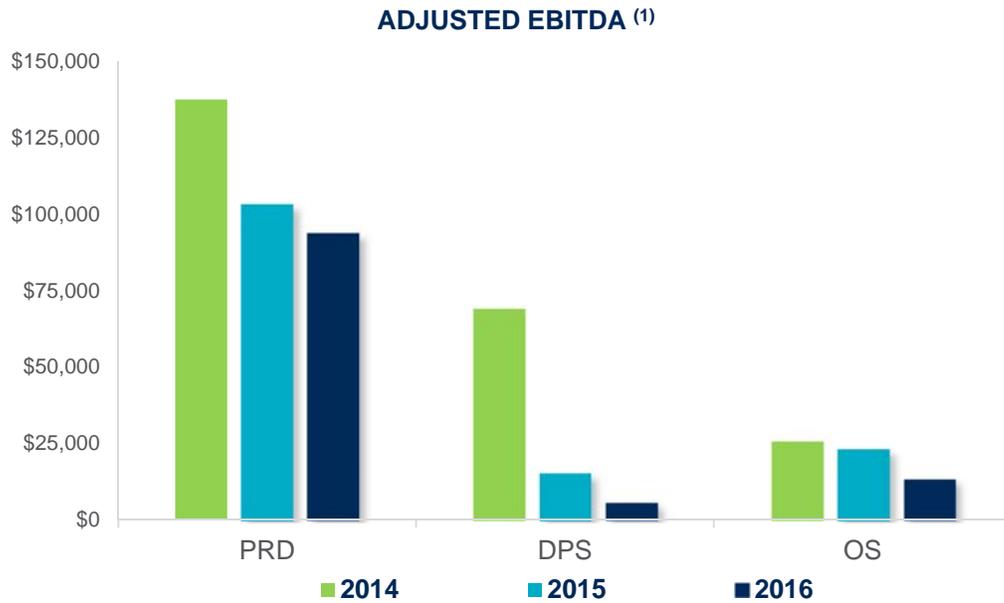
The operating and financial highlights for the year ended December 31, 2016 and each of the previous two years can be summarized as follows:

(\$000's except share and per share data)	Twelve months ended Dec 31,		
	2016	2015	2014
Revenue (excludes oil purchase and resale)	393,159	560,898	794,590
Oil purchase and resale	1,016,904	785,527	1,477,061
Total revenue	1,410,063	1,346,425	2,271,651
Adjusted EBITDA ⁽¹⁾	94,100	126,652	208,990
Per share (\$), basic	0.61	0.95	1.75
Per share (\$), diluted	0.61	0.95	1.71
Net (loss) earnings	(48,943)	(159,870)	30,651
Per share (\$), basic	(0.32)	(1.20)	0.26
Per share (\$), diluted	(0.32)	(1.20)	0.25
Adjusted net (loss) earnings ⁽¹⁾	(48,111)	(30,166)	59,246
Per share (\$), basic	(0.31)	(0.23)	0.50
Per share (\$), diluted	(0.31)	(0.23)	0.48
Funds from operations ⁽¹⁾	97,291	89,905	184,624
Per share (\$), basic	0.63	0.67	1.55
Per share (\$), diluted	0.63	0.67	1.51
Dividends per common share	0.24	0.24	0.19
Capital expenditures ⁽¹⁾	150,877	117,518	400,806
Total assets	1,425,250	1,315,420	1,496,117
Long-term liabilities	336,830	393,774	522,557
Net debt ⁽¹⁾	73,176	153,263	309,706
Common Shares - end of period	160,652,221	137,708,127	121,367,451
Weighted average common shares			
basic	154,625,869	133,380,634	119,272,994
diluted	154,625,869	133,380,634	122,364,419

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

- REVENUE OF \$1,410.1 MILLION FOR THE YEAR ENDED DECEMBER 31, 2016
 - Total processing, recovery and disposal volumes at PRD facilities for the year ended December 31, 2016 decreased from the 2015 comparative periods as poor weather conditions during the second and third quarters and continued low oil prices during the year negatively impacted volumes at PRD facilities from drilling and completion related activities. The impact of the above to the PRD division's revenue was partially mitigated by ongoing production related volumes and the addition of facilities in 2015 and 2016, which included the construction and commissioning of Tulliby Lake FST, Kakwa FST, Big Mountain SWD, and Wonowon SWD, the conversion of the Rycroft FSR to include water disposal services, the conversion of the 13 Mile facility from an SWD to an FST, the acquisition of the Alida crude oil terminalling facility from PetroLama in June 2016, and the increased ownership in the La Glace and Judy Creek FSTs from 50% to 100% in July 2016. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) of \$198.8 million in 2016, down 18% from 2015;
 - Oil purchase and resale revenue in the PRD division for the year ended December 31, 2016 increased by 29% from the 2015 comparative period to \$1,016.9 million due primarily to additional oil purchase and resale volumes related to the newly acquired Alida crude oil terminalling facility, the Kakwa FST commissioned in 2016 and the increased ownership in the La Glace and Judy Creek FSTs;
 - Activity in the DPS division is strongly correlated with oil and gas drilling activity in the WCSB, which experienced a 33% decline in active rig count in 2016 from 2015 levels. As a result of these decreased activity levels and pricing pressures, DPS division revenue decreased by 42% to \$111.3 million in 2016;
 - OS division revenue decreased 34% in 2016 primarily due to reduced Projects revenue resulting from two significant jobs in 2015 for which there was no equivalents in 2016, wet weather conditions in the second and third quarters restricting site access and delaying job starts, and lower completion activities given the poor weather conditions and relatively low oil price during the year. The impact to revenue was partially mitigated by new service offerings and geographic expansion.

- ADJUSTED EBITDA OF \$94.1 MILLION FOR THE YEAR ENDED DECEMBER 31, 2016
 - Adjusted EBITDA of \$94.1 million, a 26% decrease from 2015 and comparable to the decline in revenue as Secure has streamlined operations decreasing fixed costs across the Corporation's cost structure, resulting in strong operating margin percentages.
 - The following graph demonstrates the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the years ended December 31, 2016, 2015, and 2014.



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

- Adjusted EBITDA in 2016 was impacted by unseasonable weather conditions in the middle of the year causing a reduction in drilling and completion activity throughout the WCSB which most heavily impacted the DPS division as the majority of operations are tied directly to drilling operations. The decrease in the PRD division was partially offset by ongoing production related volumes, the construction of new facilities in 2015 and 2016 and expansions at certain of the Corporation's existing facilities in the past year, two acquisitions, and cost saving initiatives implemented in 2015 and 2016 which have resulted in a strong operating margin and reduced general and administrative costs. The decrease in the OS division due to project work delays resulting from wet weather, and reduced services correlated to completions activity was somewhat mitigated by geographic expansion, new and diversified service lines and integrated service offerings.
- NET LOSS OF \$48.9 MILLION FOR THE YEAR ENDED DECEMBER 31, 2016
 - For the year ended December 31, 2016, Secure's net loss of \$48.9 million improved by 69% compared to the net loss of \$159.9 million in 2015. The decrease in net loss is primarily a result of non-cash impairments of non-current assets totaling \$157.7 million recorded in the second half of 2015 in response to the decrease in commodity prices and industry activity levels.

- ADJUSTED NET LOSS OF \$48.1 MILLION FOR THE YEAR ENDED DECEMBER 31, 2016
 - For the year ended December 31, 2016, Secure's adjusted net loss of \$48.1 million increased from \$30.2 million in 2015 primarily as a result of the factors discussed above impacting Adjusted EBITDA, partially offset by lower general and administrative expenses and business development expenses as the Corporation is realizing the benefit of the cost saving initiatives implemented in 2015 and 2016. Secure has reduced personnel levels to match current industry activity levels, as well as reduced discretionary spending and streamlined and consolidated support functions where possible.
- 2016 CAPITAL EXPENDITURES OF \$150.9 MILLION FOR THE YEAR ENDED DECEMBER 31, 2016
 - Excluding business acquisitions, capital expenditures for the year ended December 31, 2016 of \$62.6 million include:
 - Construction of the Kakwa FST, which opened in August 2016;
 - Disposal well additions at the Kaybob and Big Mountain SWD facilities;
 - Cell expansions at the South Grande Prairie and Fox Creek landfills;
 - Expansion of the Kindersley FST to increase storage and throughput capacity; and
 - Sustaining capital expenditures at existing facilities required to maintain ongoing business operations.
- PETROLAMA ACQUISITION
 - On June 1, 2016, Secure closed the acquisition of all the operating assets (excluding working capital) of PetroLama ("PetroLama Acquisition"). The main asset acquired by the Corporation from PetroLama is a crude oil terminal in Alida, Saskatchewan which is connected to the Tundra Energy Marketing Limited (formerly Enbridge Pipelines (Saskatchewan) Inc.) pipeline system and includes truck unload risers and storage tanks. Secure also acquired various marketing contracts relating to the purchase, sale and transportation of propane, butane and condensate.
 - The PetroLama Acquisition provides Secure with an attractive entry point into the southeast Saskatchewan midstream market. Secure has expanded its market presence and enhanced its service offering for continued midstream growth. The Alida terminal, a facility constructed in 2013, is uniquely positioned for sustainable cash flow generation in a new market area. Secure expects to leverage PetroLama's existing business into further growth opportunities and build upon PetroLama's relationships with oil producers, marketers and refiners with its breadth of oil and gas services. Secure expects its size and strong history of operational expertise in the PRD division will allow the Corporation to achieve additional operating efficiencies.
 - The purchase price was paid with \$61.7 million in cash and the balance of \$5.9 million through the issuance of 664,972 common shares of the Corporation ("Common Shares"), and included \$13.8 million of crude oil inventory stored at Cushing, Oklahoma. The value of the oil inventory fluctuates with oil prices and the U.S. dollar. At December 31, 2016, the oil inventory was valued at \$15.6 million and is hedged with futures contracts. Subsequent to December 31, 2016 the oil inventory was sold and the storage lease expired on January 31, 2017.
- JV ACQUISITION
 - On July 12, 2016, Secure completed the acquisition of the outstanding 50% interest in all of the joint venture assets of the La Glace and Judy Creek facilities (the "JV Acquisition"), increasing Secure's interest in these facilities to 100%.
 - The purchase price of \$26.6 million included working capital and was funded through existing capacity under the Corporation's credit facility. The JV Acquisition relieves Secure of the administrative requirements of operating the facilities under a joint venture structure, while adding additional cash flow from an increase in ownership in the facilities.

- FINANCIAL FLEXIBILITY

- On March 22, 2016, the Corporation completed a bought deal common share financing (the "Offering"), issuing a total of 19,550,000 Common Shares at a price of \$7.65 per Common Share for gross proceeds of \$149.6 million. Proceeds of the Offering have been used to repay outstanding debt and fund the cash portion of the PetroLama Acquisition and JV Acquisition, with the remaining balance expected to be used to fund capital expenditures, for other strategic acquisition opportunities, and/or general working capital purposes.
- The total amount drawn on Secure's credit facility as at December 31, 2016 decreased by 20% to \$209.0 million compared to \$262.0 million at December 31, 2015. The Corporation strengthened its balance sheet and increased its financial flexibility to take advantage of opportunities during the current low commodity price environment.
- Secure is in compliance with all covenants related to its credit facility at December 31, 2016. Secure's debt to trailing twelve month EBITDA ratio, where EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis, was 2.2 to 1 as at December 31, 2016 (2015 – 2.2 to 1).

FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

(\$000's except share and per share data)	Three months ended Dec 31,		
	2016	2015	% change
Revenue (excludes oil purchase and resale)	124,584	129,770	(4)
Oil purchase and resale	405,939	160,203	153
Total revenue	530,523	289,973	83
Adjusted EBITDA ⁽¹⁾	33,046	31,808	4
Per share (\$), basic	0.21	0.23	(9)
Net loss	(10,075)	(86,825)	(88)
Per share (\$), basic and diluted	(0.06)	(0.63)	(90)
Adjusted net loss ⁽¹⁾	(11,430)	(14,650)	(22)
Per share (\$), basic	(0.07)	(0.11)	(36)
Funds from operations ⁽¹⁾	33,978	25,631	33
Per share (\$), basic	0.21	0.19	11
Dividends per common share	0.06	0.06	-
Capital expenditures ⁽¹⁾	15,408	29,359	(48)
Total assets	1,425,250	1,315,420	8
Net debt ⁽¹⁾	73,176	153,263	(52)
Common Shares - end of period	160,652,221	137,708,127	17
Weighted average common shares - basic and diluted	160,314,786	137,500,242	17

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

- REVENUE OF \$530.5 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2016
 - Total processing, recovery and disposal volumes at PRD facilities for the three months ended December 31, 2016 increased approximately 6% from the 2015 comparative period due primarily to the addition of new facilities subsequent to December 31, 2015 and contributions from the PetroLama and JV Acquisitions in 2016. The increased volumes, combined with an average crude oil pricing increase of 17% from the comparative period of 2015, resulted in the PRD division achieving revenue (excluding oil purchase and resale) for the three months ended December 31, 2016 of \$62.0 million, an increase of 12% from the 2015 comparative period;
 - Oil purchase and resale revenue in the PRD division for the three months ended December 31, 2016 increased by 153% from the 2015 comparative period to \$405.9 million, primarily due to additional oil purchase and resale volumes related to the newly acquired Alida facility and the increased ownership in the La Glace and Judy Creek FSTs;
 - DPS division revenue for the three months ended December 31, 2016 was \$38.1 million, a 10% decrease from the 2015 comparative period. Reduced pricing to customers, shifts in the product mix between oil and non-oil based product, and the wind down of the DPS U.S. operations in the fourth quarter of 2015 were partially offset by an 8% increase in active rig count in the WCSB;
 - OS division revenue of \$24.5 million in the three months ended December 31, 2016 decreased 24% from the 2015 comparative period. Reduced revenues across all three OS service lines was a result of decreased large scale Projects revenues from two significant jobs in 2015 for which there was no equivalents in 2016, wet weather conditions continuing into the fourth quarter restricting site access and delaying job starts, and lower completion activities given the poor weather conditions and relatively low oil price during the year. Many reclamation and remediation projects were reduced or deferred into 2017 as capital budgets were revised.

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- ADJUSTED EBITDA OF \$33.0 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2016
 - Diversification across Secure's three divisions has contributed to Adjusted EBITDA for the three months ended December 31, 2016 of \$33.0 million, a 4% increase from the 2015 comparative period. The fourth quarter of 2016 saw a 17% increase in average crude oil pricing from the 2015 comparative period and benefitted from ongoing production related volumes, new facilities, facility expansions, and the PetroLama and JV acquisitions in the PRD division in 2016, partially offset by certain service lines which were still negatively impacted by reduced drilling and completion activity.
 - Q4 2016 CAPITAL EXPENDITURES
 - Total capital expenditures for the three months ended December 31, 2016 of \$15.4 million relate primarily to various expansion and sustaining projects at existing PRD facilities, including the addition of a cell at the Fox Creek landfill, and expansion at the Kindersley FST to increase capacity and throughput.

OUTLOOK

Crude oil prices remained depressed in 2016, with an average crude oil price decrease of 8% from 2015, driven by the continued imbalance of global oil supply and demand. However, since The Organization of the Petroleum Exporting Countries' (OPEC) announcement on November 30, 2016 to cut production by 1.2 million barrels per day commencing in January 2017, there has been an upward shift on crude oil prices and the oil and gas industry is cautiously anticipating a more stable commodity price environment to operate in.

Because of the increased stability in commodity prices over the past number of months, Secure anticipates an increase in oil and gas producers' capital budgets for 2017 over 2016, which will drive higher activity levels in the WCSB and benefit all three of the Corporation's divisions. In January 2017, industry rig counts increased by 27% from January 2016 evidencing increased activity levels during the first quarter of 2017, primarily driven by the stabilized commodity environment, but also due to an improvement of weather conditions from the fourth quarter of 2016, which delayed projects until early 2017. Secure will continue to exercise caution and demonstrate the ability to operate profitably in this climate by maintaining its current cost structures which have enabled the Corporation to improve margins, reduce overhead costs and streamline operations to enhance customer service through the integrated services provided.

Secure anticipates 2017 capital spending of approximately \$50 million primarily focused in PRD and directed towards high rate of return organic growth and expansion projects. The Corporation will spend approximately \$15 million on sustaining and maintenance expenditures for the year. Total capital spending of \$65 million is well within the Corporation's forecasted cash flow and is comparable to organic spending levels in 2016. Secure's strong balance sheet and financial flexibility positions the company to be able to increase capital spending levels above \$65 million for the right opportunities.

Secure's key priorities for success throughout 2017 include:

- Working with industry partners to continue to reduce the overall cost structure, gain efficiencies and provide new services;
- Leveraging on all three operating divisions to provide benefits to customers for drilling, completion, production and remediation services;
- Gaining further traction on new services and products associated with production chemicals and chemical EOR;
- Working with customers on water recycling, storage and logistics. This market continues to expand as producers understand the need to access water sources and reuse fluids during completion activities;
- Expanding Secure's midstream facility network;
- Continuing a prudent approach to acquisitions and organic capital spending while maintaining financial flexibility;
- Continue to evaluate and assess further acquisition opportunities and/or partnership opportunities that provide strategic advantages;
- Focus on innovative technologies that help our customers achieve operational efficiencies while also reducing their overall impact on the environment.

Secure has a solid balance sheet and significant financial flexibility to continue to meet customer and market demands. The Corporation will continue to work with its customers to support their requirements relating to new facilities, disposal wells, landfill expansions and specialized equipment. Market share growth and new service lines will ensure that Secure is well positioned for future growth.

NON-GAAP MEASURES

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

Adjusted EBITDA

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

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

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Net loss	(10,075)	(86,825)	(88)	(48,943)	(159,870)	(69)
Add (deduct):						
Depreciation, depletion and amortization	36,834	43,526	(15)	113,012	126,161	(10)
Current tax recovery	(1,476)	(3,766)	(61)	(13,169)	(10,110)	30
Deferred tax expense (recovery)	(567)	(6,334)	(91)	5,399	(13,950)	(139)
Share-based compensation	7,559	3,954	91	25,158	19,829	27
Impairment	-	81,013	(100)	-	139,752	(100)
Other income	-	(6,529)	(100)	-	(6,529)	(100)
Interest, accretion and finance costs	2,627	2,464	7	11,503	12,098	(5)
Unrealized gain on mark to market transactions ⁽¹⁾	(1,856)	-	100	(1,444)	-	100
Restructuring (Drilling Services U.S.) ⁽¹⁾	-	2,673	(100)	-	10,897	(100)
Inventory impairment ⁽¹⁾	-	-	-	-	1,970	(100)
Severance and related costs ⁽¹⁾⁽²⁾	-	1,632	(100)	2,584	6,404	(60)
Adjusted EBITDA	33,046	31,808	4	94,100	126,652	(26)

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

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

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Direct expenses - PRD Division	-	917	(100)	583	1,224	(52)
Direct expenses - DPS Division	-	38	(100)	803	945	(15)
Direct expenses - OS Division	-	-	-	228	116	97
General and administrative expenses	-	646	(100)	779	3,135	(75)
Business development expenses	-	31	(100)	191	984	(81)
Severance and related costs	-	1,632	(100)	2,584	6,404	(60)

Operating margin

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

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Operating loss	(9,491)	(19,977)	(52)	(45,210)	(38,609)	17
Add:						
Depreciation, depletion and amortization	36,834	43,526	(15)	113,012	126,161	(10)
General and administrative expenses	11,301	14,139	(20)	44,482	63,411	(30)
Share-based compensation	7,559	3,954	91	25,158	19,829	27
Business development expenses	1,265	2,411	(48)	5,401	11,649	(54)
Operating Margin	47,468	44,053	8	142,843	182,441	(22)

Please refer to the divisional discussions within 'Results of operations for the three and twelve months ended December 31, 2016' for reconciliations of these non-GAAP measures to the nearest GAAP measure. These non-GAAP measures do not have standardized meanings under IFRS.

Adjusted net loss

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

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Net loss	(10,075)	(86,825)	(88)	(48,943)	(159,870)	(69)
Adjustments, net of estimated tax effect:						
Impairment	-	73,820	(100)	-	120,275	(100)
Unrealized gain on mark to market transactions	(1,355)	-	100	(1,054)	-	100
Restructuring (Drilling Services U.S.)	-	1,978	(100)	-	8,064	(100)
Inventory impairment	-	-	-	-	1,458	(100)
Other income	-	(4,831)	100	-	(4,831)	(100)
Severance and related costs	-	1,208	(100)	1,886	4,738	(60)
Adjusted net loss	(11,430)	(14,650)	(22)	(48,111)	(30,166)	59

Net debt

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

(\$000's)	Dec 31, 2016	Dec 31, 2015	% Change
Long-term borrowings (principal amount)	209,000	262,000	(20)
Long-term finance lease liabilities	4,000	7,041	(43)
Current liabilities	161,373	97,134	66
Current assets	(301,197)	(212,912)	41
Net debt	73,176	153,263	(52)

ADDITIONAL SUBTOTALS

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

Funds from operations

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

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Net cash flows from operating activities	15,361	39,767	(61)	96,682	131,018	(26)
Add:						
Changes in non-cash working capital	18,552	(15,484)	(220)	11	(42,760)	(100)
Asset retirement obligations incurred	65	1,348	(95)	598	1,647	(64)
Funds from operations	33,978	25,631	33	97,291	89,905	8

OPERATIONAL DEFINITIONS

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

Average crude oil prices

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

Operating days

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

DPS division market share

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

Restructuring

Restructuring in the comparative period includes the operating results related to drilling services operations in the U.S. as these operations were wound down in the latter part of 2015.

Capital expenditures

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

RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2016

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into three reportable operating segments, as outlined in the 'Corporate Overview' above. Total general and administration expenses by division excludes share-based compensation and corporate expenses, as senior management looks at each division's earnings before corporate expenses and non-cash items such as share-based compensation as an important measure of performance. The table below outlines the results by operating segment for the three and twelve months ended December 31, 2016 and 2015:

(\$000's)					
Three months ended December 31, 2016	PRD division	DPS division	OS division	Corporate	Total
Revenue	467,927	38,063	24,533	-	530,523
Direct expenses	(431,744)	(31,776)	(19,535)	-	(483,055)
Operating margin	36,183	6,287	4,998	-	47,468
General and administrative expenses	(2,856)	(2,640)	(1,892)	(3,913)	(11,301)
Share-based compensation	-	-	-	(7,559)	(7,559)
Business development expenses	-	-	-	(1,265)	(1,265)
Depreciation, depletion and amortization	(28,506)	(4,865)	(3,156)	(307)	(36,834)
Interest, accretion and finance costs	(349)	-	-	(2,278)	(2,627)
Earnings (loss) before tax	4,472	(1,218)	(50)	(15,322)	(12,118)
Year ended December 31, 2016	PRD division	DPS division	OS division	Corporate	Total
Revenue	1,215,717	111,329	83,017	-	1,410,063
Direct expenses	(1,108,524)	(95,516)	(63,180)	-	(1,267,220)
Operating margin	107,193	15,813	19,837	-	142,843
General and administrative expenses	(12,821)	(10,995)	(6,520)	(14,146)	(44,482)
Share-based compensation	-	-	-	(25,158)	(25,158)
Business development expenses	-	-	-	(5,401)	(5,401)
Depreciation, depletion and amortization	(77,231)	(21,288)	(13,286)	(1,207)	(113,012)
Interest, accretion and finance costs	(1,632)	-	-	(9,871)	(11,503)
Earnings (loss) before tax	15,509	(16,470)	31	(55,783)	(56,713)

(\$000's)					
Three months ended December 31, 2015	PRD division	DPS division	OS division	Corporate	Total
Revenue	215,374	42,153	32,446	-	289,973
Direct expenses	(186,058)	(36,248)	(23,614)	-	(245,920)
Operating margin	29,316	5,905	8,832	-	44,053
General and administrative expenses	(5,195)	(5,294)	(2,382)	(1,268)	(14,139)
Share-based compensation	-	-	-	(3,954)	(3,954)
Business development expenses	-	-	-	(2,411)	(2,411)
Depreciation, depletion and amortization	(27,884)	(11,954)	(3,538)	(150)	(43,526)
Interest, accretion and finance costs	(412)	-	-	(2,052)	(2,464)
Impairment	(10,888)	(70,125)	-	-	(81,013)
Other (expense) income	(3,680)	10,209	-	-	6,529
(Loss) earnings before tax	(18,743)	(71,259)	2,912	(9,835)	(96,925)
Year ended December 31, 2015	PRD division	DPS division	OS division	Corporate	Total
Revenue	1,028,261	192,076	126,088	-	1,346,425
Direct expenses	(904,042)	(165,981)	(93,961)	-	(1,163,984)
Operating margin	124,219	26,095	32,127	-	182,441
General and administrative expenses	(23,948)	(25,564)	(8,707)	(5,192)	(63,411)
Share-based compensation	-	-	-	(19,829)	(19,829)
Business development expenses	-	-	-	(11,649)	(11,649)
Depreciation, depletion and amortization	(81,379)	(30,621)	(13,616)	(545)	(126,161)
Interest, accretion and finance costs	(1,581)	-	-	(10,517)	(12,098)
Impairment	(65,098)	(74,654)	-	-	(139,752)
Other (expense) income	(3,680)	10,209	-	-	6,529
(Loss) earnings before tax	(51,467)	(94,535)	9,804	(47,732)	(183,930)

PRD DIVISION OPERATIONS

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

Processing, recovery and disposal:

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

Oil purchase and resale:

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

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Revenue						
PRD services (a)	61,988	55,171	12	198,813	242,734	(18)
Oil purchase and resale service	405,939	160,203	153	1,016,904	785,527	29
Total PRD division revenue	467,927	215,374	117	1,215,717	1,028,261	18
Direct expenses						
PRD services (b)	25,805	25,855	-	91,620	118,515	(23)
Oil purchase and resale service	405,939	160,203	153	1,016,904	785,527	29
Total PRD division direct expenses	431,744	186,058	132	1,108,524	904,042	23
Operating Margin ⁽¹⁾ (a-b)	36,183	29,316	23	107,193	124,219	(14)
Operating Margin ⁽¹⁾ as a % of revenue (a)	58%	53%		54%	51%	

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

Revenue (PRD division)

Processing, recovery and disposal services revenue of \$62.0 million for the three months ended December 31, 2016 increased by 12% from the 2015 comparative period, driven by a 28% increase in recovery volumes contributed from the new facilities added in 2016, expansions at certain of the Corporation's existing facilities in 2016, and the PetroLama and JV Acquisitions. Increased volumes and production activity in the quarter was further strengthened by the increase in average crude oil prices by 17% from the 2015 comparative period.

Processing, recovery and disposal services revenue of \$198.8 million for the twelve months ended December 31, 2016 decreased by 18% from the 2015 comparative period. With an average crude oil price decrease of 8% year over year, the continued low crude oil price impacted oil and gas producers' capital spending resulting in a 33% drop in industry rig counts in the WCSB and North Dakota, respectively, in 2016 from 2015. This resulted in a significant decline in volumes associated with drilling and completion activities in the Corporation's service areas. Production related services have been impacted to a much lesser extent in the twelve months ended December 31, 2016 compared to the same periods in 2015 due to ongoing production related volumes, the construction of new facilities in 2015 and 2016, expansions at certain of the Corporation's existing facilities in the past year, and the PetroLama and JV Acquisitions.

The addition of new facilities, both organically and through acquisitions, accounted for \$7.0 million and \$25.9 million of revenue in the three and twelve months ended December 31, 2016, an impact of 13% and 11% when comparing to the same periods of 2015.

Processing volumes remained relatively stable in the three months ended December 31, 2016 and decreased by 12% in the twelve months ended December 31, 2016 from the comparative periods due to decreases in emulsion and waste processing volumes.

Disposal volumes remained stable in the three months ended December 31, 2016 and decreased by 13% in the twelve months ended December 31, 2016 from the comparative periods due mainly to a decrease in flow back water from less completion activities and less disposal of drilling waste in Secure's landfills.

Recovery revenues increased 35% in the three months ended December 31, 2016 from the comparative period. The increase was driven by crude oil marketing activities at the Corporation's pipeline connected FSTs and the Alida crude oil terminalling facility, combined with the average crude oil price increase of 17% from the comparative period. The strong crude oil marketing revenues were partially offset by decreased recovered oil volumes and revenues from lower drilling and completion activity.

Recovery revenues decreased 16% in the twelve months ended December 31, 2016 from the comparative 2015 period due to lower recovered oil sales as a result of the factors described above, compounded by an 8% decrease in average crude oil prices. The impact on recovery revenues from recovered oil sales was partially mitigated by the Corporation's ability to capitalize on crude oil marketing opportunities at its pipeline connected FSTs and the Alida crude oil terminalling facility.

Oil purchase and resale revenue in the PRD division for the three and twelve months ended December 31, 2016 increased by 153% and 29% from the 2015 comparative periods to \$405.9 million and \$1,016.9 million. The increase is primarily due to additional oil and purchase resale volumes related to the newly acquired Alida facility and the increased ownership in the La Glace and Judy Creek FSTs, which in total accounted for 48% and 43% of oil purchase and resale revenue in the three and twelve months ended December 31, 2016.

Direct expenses (PRD division)

Direct expenses from PRD services remained consistent for the three months ended December 31, 2016, and decreased by 23% for the twelve months ended December 31, 2016, from the comparative periods of 2015. The decrease in direct expenses relates primarily to the Corporation's ability to respond to higher activity levels while managing its fixed and variable costs, fewer fixed costs associated with Secure's rail operations as the Corporation has reduced the cost structure associated with the rail transloading facilities to best match current activity levels, upfront commissioning costs incurred in 2015 associated with the 13 Mile and Tulliby Lake FSTs, the Wonowon and Big Mountain SWDs, and the Rycroft FSR (only the Kakwa FST was commissioned in 2016), and a decrease in employment and other costs resulting from cost saving initiatives implemented by the Corporation in 2015 and 2016. In addition, the Corporation incurred \$0.9 million and \$1.2 million of severance and related costs in the three and twelve months ended December 31, 2015 as part of the cost saving initiatives discussed above which have contributed to the direct expense decrease from the twelve month comparative period. In the twelve months ended December 31, 2016, the Corporation incurred \$0.6 million of severance and related costs, a 52% decrease from 2015.

Operating margin as a percentage of PRD services revenue for the three and twelve months ended December 31, 2016 increased to 58% and 54% from 53% and 51% in the comparative periods of 2015. The increase in operating margin as a percentage of revenue over 2015 is due to the cost saving initiatives implemented in 2015 and 2016, including reducing employment costs, reduced costs associated with the Corporation's rail transloading facilities, and the elimination of start-up costs associated with new facilities commissioned, partially offset by lower drilling and completion volumes, and reduced recovered oil sales. The Corporation's revised cost management structure has resulted in improved operating margins realized across various facilities including FSTs, SWDs and landfills. In the three and twelve months ended December 31, 2015, the PRD division incurred \$0.9 million and \$1.2 million of severance and related costs which impacted the comparative operating margin percentages by 2% and 1%, respectively. Severance costs of \$0.6 million were incurred in the twelve months ended December 31, 2016, which impacted the operating margin percentage by 0.5%.

Depreciation, Depletion and Amortization (PRD division)

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Depreciation, depletion and amortization	28,506	27,884	2	77,231	81,379	(5)

Depreciation, depletion and amortization expense relates primarily to the PRD division's facilities and landfills and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. Included in expense for the three and twelve months ended December 31, 2016 is \$8.0 million (\$11.6 million and \$11.8 million for the three and twelve months ended December 31, 2015, respectively) of impairment related to certain projects where the significant decline in commodity prices left uncertainty in the timing of their development plans, and for equipment withdrawn from active use in instances where they could not be repurposed or otherwise deployed.

Excluding the impairment noted above, for the three and twelve months ended December 31, 2016, depreciation, depletion and amortization expense has increased from the comparative periods in the prior year as a result of an increase to intangible assets and property, plant and equipment balances as a result of the 2016 PetroLama and JV acquisitions, new facilities commissioned or acquired, and other equipment put into use since the start of 2016.

General and Administrative Expenses (PRD division)

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
General and administrative expenses	2,856	5,195	(45)	12,821	23,948	(46)
% of PRD services revenue	5%	9%		6%	10%	

General and administrative ("G&A") expenses for the three and twelve months ended December 31, 2016 decreased 45% and 46% from the 2015 comparative periods to \$2.9 million and \$12.8 million as cost saving initiatives undertaken during 2015 and 2016 are being realized. In the three and twelve months ended December 31, 2016, the Corporation incurred \$nil and \$0.5 million, respectively, in severance and related costs as part of its cost saving initiatives, compared to \$0.4 million and \$1.9 million in the three and twelve months ended December 31, 2015. The Corporation continues to minimize future costs by streamlining operations resulting in certain costs in the current year being re-allocated to the Corporate division.

DPS DIVISION OPERATIONS

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

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

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Revenue						
Drilling and production services (a)	38,063	42,153	(10)	111,329	192,076	(42)
Direct expenses						
Drilling and production services (b)	31,776	36,248	(12)	95,516	165,981	(42)
Operating Margin ⁽¹⁾ (a-b)	6,287	5,905	6	15,813	26,095	(39)
Operating Margin ⁽¹⁾ as a % of revenue (a)	17%	14%		14%	14%	

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

Revenue (DPS division)

Revenue in the DPS division correlates with oil and gas drilling activity in the WCSB, most notably active rig counts and metres drilled. Commodity pricing, weather conditions and the resulting drop off in activity levels from oil and gas producers had a significant impact on the DPS division in 2016. For the three months ended December 31, 2016, industry rig counts in the WCSB increased 8% and metres drilled increased 32% from the 2015 comparative periods. For the twelve months ended December 31, 2016, industry rig counts and metres drilled in the WCSB declined 33% and 23% from the 2015 comparative periods, respectively. With compressed industry activity throughout the year combined with pricing pressures on services and rental rates, revenue from the DPS division for the three and twelve months ended December 31, 2016 decreased 10% and 42% to \$38.1 million and \$111.3 million from the comparative periods of 2015. Average crude oil prices increases and improved weather conditions during the three months ended December 31, 2016 compared to the 2015 comparative period drove increased industry activity strengthening the DPS division's revenue in the latter part of the fourth quarter of 2016.

Revenue per operating day decreased slightly to \$6,877 and \$7,279 during the three and twelve months ended December 31, 2016 compared to the same periods in 2015 which generated revenue of \$7,171 and \$7,481 per operating day. The variance is a result of the proportion of type of rigs serviced, which typically fluctuates quarter over quarter, and location of wells which impacts the type of fluid used and depth of well. In general, the DPS division has experienced increasing drilling fluids revenue per operating day over the past few years as a result of the industry trend towards drilling longer and more challenging wells which require specialty drilling fluids.

The DPS division's market share decreased slightly to 29% in the three and twelve months ended December 31, 2016 from the comparative periods in 2015 (31% and 30%, respectively). During periods when the total rig count is low, the timing of one customer's drilling activities can have a significant impact on market share.

Secure continues diversification efforts in the DPS division through expansion of the Production Chemicals and Chemical EOR service lines which will benefit the Corporation in the medium to long-term. Strategic relationships with key suppliers and ongoing product development has resulted in a significant expansion to Secure's product offering resulting in multiple commercial projects in 2016.

Direct expenses (DPS division)

The DPS division's direct expenses for the three and twelve months ended December 31, 2016 decreased by 12% and 42% to \$31.8 million and \$95.5 million from the 2015 comparative periods. Overall, the decrease in direct expenses from the 2015 periods was primarily due to decreased activity levels and the realization of cost saving initiatives implemented in 2015 and 2016.

The DPS division's operating margin for the three months ended December 31, 2016 increased 6% from the 2015 comparative period to \$6.3 million. Operating margin for the twelve months ended December 31, 2016 decreased 39% from 2015 to \$15.8 million. In the 2015 three and twelve month comparative periods the Corporation incurred \$1.8 million and \$5.9 million in restructuring costs related to the wind down of the DPS operations in the U.S., and \$0.1 million and \$2.9 million in severance and related costs and inventory impairment. The DPS division incurred \$0.8 million in comparable charges in the twelve months ended December 31, 2016.

Operating margin as a percentage of revenue increased to 17% in the three months ended December 31, 2016 from 14% in the comparative period, and remained consistent at 14% for the twelve months ended December 31, 2016. Offsetting the impact of the restructuring and severance charges discussed above, 2016 operating margins as a percentage of revenue were negatively impacted by reduced equipment utilization, the economies of scale required to operate the division's barite plant and price discounts provided to customers.

Depreciation and Amortization (DPS division)

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Depreciation and amortization	4,865	11,954	(59)	21,288	30,621	(30)

Depreciation and amortization expense relates primarily to intangible assets resulting from acquisitions, and rental equipment, and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. In the fourth quarter of 2015, the Corporation recorded impairment of \$6.2 million on projects in the DPS division where the industry activity levels left uncertainty in the timing of their development plans. No further impairment was recorded in 2016.

Excluding the prior year impairment charge, depreciation and amortization expense decreased 15% and 13% in the three and twelve months ended December 31, 2016 from the 2015 comparative periods primarily as a result of asset disposals from the U.S. operations in 2015 which has reduced the asset carrying balance and the resulting depreciation expense, partially offset by increased amortization expense resulting from an acquisition completed in the third quarter of 2015, and a reduction to the useful life of certain customer relationship intangible assets (and the resulting increase in amortization expense) at January 1, 2016 in light of the current economic environment (refer to Note 3 of the Consolidated Financial Statements).

General and Administrative Expenses (DPS division)

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
General and administrative expenses	2,640	5,294	(50)	10,995	25,564	(57)
% of DPS division revenue	7%	13%		10%	13%	

G&A expense for the three and twelve months ended December 31, 2016 decreased 50% and 57% from the comparative periods of 2015 as a result of cost saving initiatives undertaken during 2015 and 2016. In the three and twelve month 2015 comparative periods, the Corporation incurred \$1.1 million and \$6.2 million including severance costs, and restructuring costs related to the wind down of DPS operations in the U.S.

The Corporation continues to minimize future costs by streamlining operations in the current oil and gas price environment. As part of these initiatives, certain costs in the current year have been re-allocated to the Corporate division.

OS DIVISION OPERATIONS

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

Projects:

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

Environmental services:

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

Integrated fluid solutions:

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

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Revenue						
OnSite services (a)	24,533	32,446	(24)	83,017	126,088	(34)
Direct expenses						
OnSite services (b)	19,535	23,614	(17)	63,180	93,961	(33)
Operating Margin ⁽¹⁾ (a-b)	4,998	8,832	(43)	19,837	32,127	(38)
Operating Margin ⁽¹⁾ as a % of revenue (a)	20%	27%		24%	25%	

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

Revenue (OS division)

Diversified service lines, integrated service offerings and organic growth partially mitigated reduced activity driven by wet weather conditions and low commodity prices, resulting in a 24% and 34% decrease in revenue to \$24.5 million and \$83.0 million in the three and twelve months ended December 31, 2016.

Projects revenue during the three and twelve months ended December 31, 2016 decreased 17% and 39% from the 2015 comparative periods. Projects revenue is dependent on the type and size of jobs which can vary quarter to quarter. Projects completed significant demolition and remediation jobs during 2015; similar scale jobs were not repeated in 2016 and weather and site conditions postponed several projects into 2017 that were scheduled for the fourth quarter of 2016. Partially offsetting the decrease was revenue generated from new services which include non-oil and gas related industries and abandonment services, geographic expansion, and a 31% increase in pipeline integrity activity in the three months ended December 31, 2016 from the comparative period. The Projects service line is continuing to bid on the larger scale jobs as producers revise their capital spending due to increased commodity prices.

Environmental services revenue for the three and twelve months ended December 31, 2016 decreased 44% and 37% from the 2015 comparative periods primarily due to reduced reclamation and remediation revenue resulting from deferred customer spending created by low commodity prices. Drilling waste revenue has also decreased due to lower drilling activity combined with pricing reductions. This lack of activity has produced a competitive pricing environment for drill waste services. These decreases were partially offset by revenue generated from an emergency response job managed by the drill waste group, and by increased bin revenue in the three and twelve months ended December 31, 2016 compared to the same periods in 2015 resulting from geographic expansion and growth in NORM related solution services.

Integrated fluids solutions revenue for the three and twelve months ended December 31, 2016 decreased approximately 50% and 31% from the 2015 comparative periods. Revenue decreased primarily due to lower customer field activity from continued depressed commodity prices. Wet weather conditions limiting field access in the third quarter and lower than anticipated activity during spring break-up decreased rental equipment utilization. Revenue has also been impacted in 2016 from competitive pricing pressure as a result of lower industry activity.

Direct expenses (OS division)

Direct expenses for the three and twelve months ended December 31, 2016 decreased 17% and 33% to \$19.5 million and \$63.2 million from the 2015 comparative periods. Overall, the variance in direct expenses was a direct result of the change in activity levels from the 2015 comparative periods. Additionally, operating overhead expenses have been reduced in order to match activity levels. These reductions were partially offset by operating expenses associated with new service lines offered by the OS division this year.

The three and twelve months ended December 31, 2016 operating margin in the OS division of \$5.0 million and \$19.8 million was lower than the prior year comparative periods due primarily to decreased revenues. The operating margin as a percentage of revenue for the OS division in the three and twelve months ended December 31, 2016 was 20% and 24%, a decrease from 27% and 25% in the comparative 2015 periods. The OS division's operating margin as a percentage of revenue fluctuates depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. As a percentage of revenue, the decreased operating margin in the three and twelve months ended December 31, 2016 resulted from reduced large scale work in the Projects service line, an overall mix of lower margin projects, and costs to add or expand services within the division.

Depreciation and Amortization (OS division)

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Depreciation and amortization	3,156	3,538	(11)	13,286	13,616	(2)

Depreciation and amortization expense relates primarily to heavy duty field and rental equipment required to execute the OS division's services, and intangible assets arising from acquisitions. Depreciation and amortization expense for the three and twelve months ended December 31, 2016 was relatively consistent with the 2015 comparative periods.

General and Administrative Expenses (OS division)

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
General and administrative expenses	1,892	2,382	(21)	6,520	8,707	(25)
% of OnSite services revenue	8%	7%		8%	7%	

G&A expenses for the three months and twelve months ended December 31, 2016 decreased 21% and 25% from the 2015 comparative periods to \$1.9 million and \$6.5 million due to re-allocating certain costs to the Corporate division and cost saving initiatives.

CORPORATE INCOME AND EXPENSES

Corporate General and Administrative Expenses

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
General and administrative expenses	3,913	1,268	209	14,146	5,192	172

Included in corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, as well as additional support services that are shared across all three operational business units. Compared to the same periods in 2015, corporate G&A expenses increased \$2.6 million and \$9.0 million in the three and twelve months ended December 31, 2016 as a result of consolidating certain support functions from the divisions to the Corporate division following restructuring efforts in response to the reduction in oil and gas activity levels to reduce costs across the organization as a whole. During 2015, these costs were allocated to the three operating segments, but have been aggregated under the Corporate division for 2016. On a consolidated basis, the Corporation's G&A expenses have been reduced by 20% and 30% in the three and twelve months ended December 31, 2016 compared to the same periods in 2015 as a result of reducing the head count, reductions in employment costs, including employee's discretionary reductions in salary in lieu of Compensation Share Units ("CSUs"), and reduced spending on non-essential expenses.

Share-based Compensation

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Share-based compensation	7,559	3,954	91	25,158	19,829	27

Share-based compensation for the three and twelve months ended December 31, 2016 was \$7.6 million and \$25.2 million compared to \$4.0 million and \$19.8 million in the comparative periods of 2015. Share-based compensation fluctuates based on timing of grants and any forfeitures of share-based awards, the effects of vesting, and changes in share price.

The increase in share-based compensation for the three and twelve months ended December 31, 2016 was driven by the addition of CSU awards in 2016, the effects of vesting and changes in the Corporation's share price. The Corporation received shareholder approval in the second quarter of 2016 to grant CSUs to employees who elected to forego a portion of their cash compensation in exchange for CSUs. Refer to Note 14 of the Consolidated Financial Statements for more information related to these awards.

Business Development Expenses

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Business development	1,265	2,411	(48)	5,401	11,649	(54)

Business development expenses for the three and twelve months ended December 31, 2016 decreased 48% and 54% to \$1.3 million and \$5.4 million from the comparative periods of 2015. Business development expenses include prospect costs associated with organic growth and acquisition opportunities in Canada and the U.S. and research and development costs. Business development expenses decreased for the three and twelve months ended December 31, 2016 due to the realization of cost reduction measures taken in 2015 as a response to the reduction in oil and gas activity levels, partially offset by costs associated with the PetroLama and JV Acquisitions. In addition, the twelve month period ended December 31, 2016 included severance and related costs of \$0.2 million compared to \$1.0 million in 2015.

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

Interest and Finance Costs

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Interest and finance costs	2,278	2,052	11	9,871	10,517	(6)

Interest and finance costs includes interest expense, amortization of financing fees, accretion expense realized with the passage of time on onerous lease contracts, and all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive loss. Excluding the foreign exchange impact included in interest and finance costs, the variance in the balance in the three and twelve months ended December 31, 2016 compared to the same periods in 2015 is a direct result of the fluctuation in the average balance drawn on the credit facility. The average long-term borrowings balance decreased 21% and 29% in the three and twelve months ended December 31, 2016 from the 2015 comparative periods.

Foreign Currency Translation Adjustment

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Foreign currency translation gain (loss), net of tax	4,013	(837)	(579)	(4,354)	21,774	(120)

Included in other comprehensive loss is income of \$4.0 million and a loss of \$4.4 million for the three and twelve months ended December 31, 2016 related to foreign currency translation adjustments resulting from the conversion of the assets, liabilities and financial results of the Corporation's ongoing U.S. operations as at December 31, 2016. The foreign currency translation adjustment included in the consolidated statements of comprehensive loss does not impact net loss for the period.

Income Taxes

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Income taxes						
Current tax recovery	(1,476)	(3,766)	(61)	(13,169)	(10,110)	30
Deferred tax expense (recovery)	(567)	(6,334)	(91)	5,399	(13,950)	(139)
Total income tax recovery	(2,043)	(10,100)	(80)	(7,770)	(24,060)	(68)

Income taxes for the three and twelve months ended December 31, 2016 was a recovery of \$2.0 million and \$7.8 million compared to \$10.1 million and \$24.1 million in the 2015 comparative periods. The change in overall income tax recovery is due primarily to a lower net loss before tax in the three and twelve months ended December 31, 2016 compared to the 2015 comparative periods.

Impairment

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Impairment	-	81,013	(100)	-	139,752	(100)

With the significant decline in oil and natural gas prices beginning in late 2014 and the resulting decrease in industry activity throughout 2015, the Corporation realized impairment in the three months ended December 31, 2015 on the goodwill carried in the DPS division (\$70.1 million) and goodwill related to the acquisition of two U.S. PRD facilities in 2012 (\$10.9 million).

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

(\$000's)	Goodwill	Intangibles	Total
DPS	70,125	4,529	74,654
PRD	32,075	33,023	65,098
Total Impairment	102,200	37,552	139,752

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

During 2016, Secure reviewed its CGUs for indicators of impairment at each period end. As a result of improved commodity prices and activity levels, the Corporation determined there were no indications of impairment present. At December 31, 2016, in accordance with IFRS, the Corporation completed its annual impairment assessment for any CGU whose net carrying value includes goodwill, irrespective of whether indications of impairment were present. For the three impairment tests performed in the PRD and OS divisions, the estimated recoverable amount determined using value in use exceeded the carrying value of the CGU; and as such, no impairment resulted.

Other Income

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Other income	-	6,529	100	-	6,529	100

Other income for the three and twelve months ended December 31, 2015 of \$6.5 million is comprised of a \$12.3 million gain related to the transfer of cumulative foreign exchange differences from accumulated other comprehensive loss to net loss upon substantial liquidation of the DPS U.S. operations in the fourth quarter of 2015, partially offset by a provision of \$5.8 million recorded for onerous office lease contracts. The Corporation reviewed the provision recorded for onerous office lease contracts at each period end during 2016 and determined no revisions were required.

SUMMARY OF QUARTERLY RESULTS

Seasonality

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

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

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (excluding oil purchase and resale)	124,584	100,160	66,148	102,267	129,770	148,943	112,533	169,652
Oil purchase and resale	405,939	301,640	202,460	106,865	160,203	184,393	244,036	196,895
Total Revenue	530,523	401,800	268,608	209,132	289,973	333,336	356,569	366,547
Net loss for the period	(10,075)	(8,121)	(20,681)	(10,066)	(86,825)	(53,042)	(16,780)	(3,223)
Loss per share - basic and diluted	(0.06)	(0.05)	(0.13)	(0.07)	(0.63)	(0.39)	(0.12)	(0.03)
Adjusted net (loss) earnings ⁽¹⁾	(11,430)	(7,617)	(20,467)	(8,598)	(14,650)	(1,563)	(14,809)	856
Loss (earnings) per share adjusted - basic	(0.07)	(0.05)	(0.13)	(0.06)	(0.11)	(0.01)	(0.11)	0.01
Weighted average shares - basic and diluted	160,314,786	159,618,869	158,437,296	140,015,143	137,500,242	136,944,300	136,186,284	122,689,850
Adjusted EBITDA ⁽¹⁾	33,046	27,431	8,540	25,083	31,808	35,362	19,446	40,036

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

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's historical growth and acquisitions, variations in quarterly results extend beyond seasonal factors. The significant decrease in the price of crude oil and natural gas commencing in the fourth quarter of 2014 and the continued volatility in pricing has significantly reduced oil and gas industry activity. During 2015 and 2016, the Corporation's customers have significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas. The reductions have impacted the results in 2015 and 2016 which are further explained in the commentary provided under 'Results of operations for the three and twelve months ended December 31, 2016'.

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

The following summarizes the facilities commissioned and acquisitions completed in 2015 and 2016 that have impacted the quarterly results for the past two years: In the first quarter of 2015, the Corporation commissioned the Tulliby Lake FST, the 13 Mile FST conversion and the Rycroft FSR. In the second quarter of 2015, the Corporation commissioned the Big Mountain and Wonowon SWDs, and expanded the Rycroft FSR to include water disposal services. During the third quarter of 2015, the Corporation acquired the assets of a private drilling fluids company. During the second quarter of 2016, Secure completed the acquisition of all the operating assets of PetroLama, including the Alida terminal. During the third quarter of 2016, Secure acquired the outstanding 50% interest in the La Glace and Judy Creek joint ventures, and opened the Kakwa FST.

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

The amount drawn on Secure's credit facility decreased by 20% to \$209.0 million at December 31, 2016 compared to \$262.0 million at December 31, 2015. The decrease is primarily related to the bought deal offering completed during the first quarter of 2016 for gross proceeds of \$149.6 million, offset by the cash consideration related to the PetroLama and JV Acquisitions. Refer to the 'Financing Activities' section below for further information with regards to net debt.

Issued capital increased by 21% to \$1.0 billion at December 31, 2016 compared to \$851.5 million at December 31, 2015, primarily as a result of the bought deal offering discussed above.

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions. The Corporation intends to fund its operations, working capital requirements, dividends and capital program primarily with cash flow from operations and its credit facility. At December 31, 2016, the Corporation had \$455.3 million available under its credit facility, subject to covenant restrictions.

The Corporation's credit facility requires that Secure maintain certain coverage ratios, as follows:

- The Senior Debt to EBITDA Ratio shall not exceed 3.5:1;
- The Total Debt to EBITDA Ratio shall not exceed 5.0:1; and
- The Interest Coverage Ratio, defined as EBITDA divided by interest expense on Total Debt, shall not be less than 2.5:1.

As per the Corporation's credit facility at December 31, 2016, Senior Debt includes amounts drawn on the revolving credit facility and finance leases. Total Debt is equal to Senior Debt plus any unsecured debt, excluding any convertible debentures. EBITDA is adjusted for non-recurring losses, any non-cash impairment charges, any other non-cash charges, and acquisitions on a pro-forma trailing twelve month basis. The Corporation did not have any unsecured debt at December 31, 2016 and as a result, Total Debt was equal to Senior Debt. At December 31, 2016, Secure was in compliance with all covenant requirements under the Corporation's credit facility. The following table outlines the Corporation's coverage ratios as at December 31, 2016 and 2015.

	Dec 31, 2016	Dec 31, 2015	% Change
Senior debt to EBITDA	2.2	2.2	-
Total debt to EBITDA	2.2	2.2	-
Interest coverage	8.5	10.2	(17)

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

The following provides a summary and comparative of the Corporation's operating, investing and financing cash flows for the three and twelve months ended December 31, 2016 and 2015.

Funds from Operations

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Funds from operations ⁽¹⁾	33,978	25,631	33	97,291	89,905	8

⁽¹⁾ Refer to "Additional subtotals" for further information.

Funds from operations for the three and twelve months ended December 31, 2016 increased to \$34.0 million and \$97.3 million from \$25.6 million and \$89.9 million in the 2015 comparative periods. Funds from operations for the three and twelve month periods ended December 31, 2016 were positively impacted compared to the 2015 comparative periods primarily due to income tax instalments recovered, while lower Adjusted EBITDA partially offset this increase in the twelve month period.

Investing Activities

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Capital expenditures ⁽¹⁾						
Growth and expansion capital expenditures	11,237	25,085	(55)	46,623	103,180	(55)
Business acquisitions	-	-	-	88,228	3,272	2,596
Sustaining capital expenditures	4,171	4,274	(2)	16,026	11,066	45
Total capital expenditures	15,408	29,359	(48)	150,877	117,518	28

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

The Corporation's growth and expansion capital expenditures for the three months ended December 31, 2016 decreased 55% to \$11.2 million from the comparative period of 2015. Secure employs a prudent approach to capital spending and will continue to evaluate and allocate capital to projects which will generate the highest rates of return. The decrease in growth and expansion capital expenditures compared to the previous period is a result of Secure's careful management of capital expenditures and maintenance of prudent debt levels in response to the current oil and gas price environment.

Growth and expansion capital expenditures for the three months ended December 31, 2016 related primarily to expansions at the Fox Creek landfill and Kindersley FST. In the comparative period of 2015, the Corporation incurred costs at existing PRD facilities to increase capacity and progressed construction of the Kakwa FST.

Growth and expansion capital expenditures for 2016 related primarily to the construction of the Kakwa FST and expansions at existing PRD facilities to increase capacity, which included adding disposal wells at the Kaybob and Big Mountain SWDs, expanding the Kindersley FST, and cell capacity at the South Grande Prairie and Fox Creek landfills. In the comparative period, the Corporation completed and commissioned the Tulliby Lake FST, 13 Mile FST conversion, Wonowon and Big Mountain SWDs, and the Rycroft FSR, commenced construction of the Kakwa FST, progressed pre-development for new facilities, expanded certain existing facilities, drilled two disposal wells, and acquired rental equipment for specific OS division projects.

During 2016, the Corporation completed the Petrolama and JV Acquisitions for total cash consideration of \$88.2 million. During the comparative period, the Corporation completed one small acquisition in the DPS division for total cash consideration of \$3.3 million.

During the three and twelve months ended December 31, 2016, sustaining capital was \$4.2 million and \$16.0 million compared to \$4.3 million and \$11.1 million for the 2015 comparative periods. Sustaining capital in the period related primarily to maintenance on Secure's disposal wells. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades, and disposal well maintenance. As a facility matures, the amount of sustaining capital required increases.

Financing Activities

(\$000's)	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2016	2015	% Change	2016	2015	% Change
Shares issued, net of share issue costs	2,290	615	272	147,785	198,501	(26)
Draw (repayment) on credit facility	7,000	4,000	75	(53,000)	(136,500)	(61)
Financing fees	-	-	-	-	(525)	(100)
Capital lease obligation	(1,974)	(4,004)	(51)	(11,076)	(12,937)	(14)
Dividends paid	(5,861)	(5,903)	(1)	(23,444)	(24,810)	(6)
Net cash flow from financing activities	1,455	(5,292)	(127)	60,265	23,729	154

On March 22, 2016, the Corporation closed a bought deal financing with a syndicate of underwriters for the purchase of 19,550,000 Common Shares (including overallotment) at a price of \$7.65 per Common Share for gross proceeds of \$149.6 million. In connection with the Offering, the Corporation incurred approximately \$6.6 million in underwriter fees and transaction costs.

In addition, the Corporation has issued Common Shares related to the PetroLama Acquisition, the exercise of stock options, and vesting of Restricted Share Units and CSUs issued by the Corporation. Refer to Note 14 in the Consolidated Financial Statements for more information on the Corporation's share-based awards.

As at December 31, 2016, the Corporation had drawn \$209.0 million on its credit facility compared to \$262.0 million as at December 31, 2015. The decrease in the amount drawn primarily relates to the bought deal offering completed in the first quarter and funds generated from operations over funds required for acquisitions, capital expenditures, working capital requirements, interest, taxes and dividends. As at December 31, 2016, the Corporation had \$455.3 million available under its credit facility, subject to covenant restrictions. The Corporation is well positioned, based on the available amount of its Revolver and expected funds from operations, to pursue further accretive acquisition opportunities and execute on the 2017 capital program. At December 31, 2016, the Corporation was in compliance with all covenants.

During the three and twelve months ended December 31, 2016, the Corporation declared dividends of \$9.6 million and \$37.0 million to holders of common shares. Of the dividends declared for the three and twelve months ended December 31, 2016, \$3.7 million and \$13.5 million were reinvested in additional common shares through the Corporation's Dividend Reinvestment Plan ("DRIP"). Management and the Board of Directors of the Corporation will monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, total and net debt, capital expenditures and other investment opportunities.

Subsequent to December 31, 2016, the Corporation declared dividends to holders of common shares in the amount of \$0.02 per common share payable on January 15, February 15, and March 15, 2017, for shareholders of record on January 1, February 1, and March 1, 2017, respectively.

Commencing with the April 1, 2017 dividend declaration, the Corporation will suspend its DRIP. Shareholders participating in the DRIP at that time will receive cash dividends starting with the April 17, 2017 dividend payment date.

Contractual Obligations

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

BUSINESS RISKS

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

Volatility of Industry Activity and Oil and Natural Gas Prices

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

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

Market Conditions

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

Global Financial Conditions

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

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

Governmental Regulation

In addition to environmental regulations, the Corporation's operations are subject to a variety of other federal, provincial, state and local laws, regulations and guidelines, including laws and regulations relating to health and safety, the conduct of operations, and the manufacture, management, transportation including the shipment of crude oil by rail, storage, and disposal of certain materials used in the Corporation's operations. 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. 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.

Transportation of Dangerous Goods

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

Competitive Conditions

The Corporation competes with a number of outsourcing companies, and oil and gas producers. The western Canadian market for the PRD division includes a few smaller competitors with less than 15 locations and two larger competitors with greater than 15 locations, Tervita Corporation and Newalta Corporation. There can be no assurance that competitors will not substantially increase the resources devoted to the development and marketing of services that compete with those of the Corporation, or that new or existing competitors will not enter the various markets in which the Corporation is active. In addition, reduced levels of activity in the oil and natural gas industry could intensify competition and the pressure on competitive pricing and may result in lower revenues or margins to the Corporation in all divisions. The Corporation's customers may elect not to purchase its services if they view the Corporation's financial viability as unacceptable, which would cause the Corporation to lose customers.

Merger and Acquisition Activity

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

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

Commodity Price Risk – Non-Trading

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

Crude Oil Marketing and Commodity Price Risk – Trading

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

Credit Risk

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

Regulation and Taxation of Energy Industry

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

Provincial Royalty Rate Changes

The provincial governments of Alberta, British Columbia, Manitoba, Quebec and Saskatchewan collect royalties on the production from Crown lands. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. These changes, as well as the potential for future changes in these and other jurisdictions, add uncertainty to the outlook of the oilfield services sector.

Expansion of the Corporation's Business into New Jurisdictions

The Corporation may expand its business into new operating jurisdictions. The expansion of the business will depend upon the ability of management to successfully implement the strategy of Secure. There is no guarantee that this expansion of the business will be successful. Secure will need to comply with the laws of these new jurisdictions, which may be significantly different than those the Corporation is accustomed to, and there can be no assurance that it will be able to obtain necessary

approvals to facilitate the expansion of its business into these new jurisdictions. Any failure to comply with applicable laws could result in the imposition of significant restrictions on the ability of Secure to do business in these jurisdictions, and could also result in fines and other sanctions, any or all of which could adversely affect its results of operations or financial condition. In addition, any changes in laws and regulation in these new jurisdictions could materially adversely affect the business, results of operations and financial condition of the Corporation.

Performance of Obligations

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

Development of New Technology and Equipment

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

Cyber Security Risk

The Corporation has become increasingly dependent upon the development and maintenance of information technology systems that support the general operating aspects of the business. Exposure of the Corporation's information technology infrastructure to external threats poses a risk to the security of these systems. Such cyber security threats include unauthorized access to information technology systems due to hacking, viruses and other deliberate or inadvertent causes that can result in service disruptions, system failures and the disclosure of confidential business information.

The Corporation applies risk management controls in line with industry-accepted standards to protect its information assets and systems; however, these controls may not adequately protect against cyber security breaches. There is no assurance that the Corporation will not suffer losses associated with cyber security breaches in the future, including with respect to negative effects on the Corporation's operational performance and earnings, the incurrence of regulatory penalties, reputational damage and costs required to investigate, mitigate and remediate any potential vulnerabilities.

Oil and Natural Gas Market

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

Equipment Risks

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

Potential Replacement or Reduced Use of Products and Services

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

Sources, Pricing and Availability of Products and Third Party Services

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

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

Contract Bidding Success and Renewal of Existing Contracts

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

Seasonal Nature of the Industry

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

Foreign Currency Risk

A significant portion of the Corporation's activities relate to the purchase and sale of crude oil or drilling fluids products which are transacted in or referenced to U.S. dollars. The risk is mitigated as the majority of the activities occur in the same period and/or through the use of financial contracts to mitigate exposure; 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, however financial contracts are used to mitigate risk in some cases. The Corporation is exposed to foreign currency fluctuations as revenues, expenses and working capital derived from its foreign operations are denominated in U.S.

dollars. In addition, the Corporation's U.S. subsidiaries are subject to translation gains and losses on consolidation. Realized foreign exchange gains and losses are included in net earnings while foreign exchange gains and losses arising on the translation of the assets, liabilities, revenues and expenses of the Corporation's ongoing foreign operations are included in the foreign currency translation reserve.

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

Key Personnel

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

Environmental Activism

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

Terrorist Activities

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

Economic Dependence

The top ten customers of the Corporation accounted for approximately 37% of revenue for fiscal 2016 (2015 – 34%), of which no single customer accounted for more than 10%. The Corporation does not generally enter into long term contracts with its customers and there can be no assurance that the current customers will continue their relationships with the Corporation. The loss of one or more major customers, any significant decrease in services provided to a customer, or prices paid or any other changes to the terms of service with customers, could have a material adverse affect on the financial results, cash flows, and the overall financial condition of the Corporation.

In addition, treatment and waste disposal services are largely dependent on the willingness of customers to outsource their waste management activities. As such, the demand for Secure's services could be curtailed by a trend towards internal waste management.

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

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

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

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

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

Availability of Qualified Employees

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

Proprietary Technology

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

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

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

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

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

Risk of Third Party Claims for Infringement

Third parties may claim that the Corporation has infringed such third parties' 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, pipeline leaks (both detected and undetected), accidents, spills, shut down or loss of a disposal well, and natural disasters. These risks and hazards could expose the Corporation to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution, and other environmental damages.

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

Financing Future Growth or Expansion

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

Raising Additional Capital

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

Access to Capital

The Corporation may find it necessary in the future to obtain additional debt or equity to support ongoing operations, to undertake capital expenditures, or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the Corporation. The Corporation's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Corporation's growth and may have a material adverse effect on the Corporation. The agreements governing the credit facilities impose 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 agreements governing the Corporation's credit facilities contain covenants that restrict the Corporation's ability to take various actions. In addition, such credit facilities require 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 agreements governing the Corporation's credit facilities could also limit the Corporation's ability to plan for or react to market conditions, meet capital needs or otherwise restrict the Corporation's activities or business plans and adversely affect its ability to finance its operations, enter into acquisitions or to engage in other business activities that would be in the Corporation's interest.

First Nations Consultation and Claims

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

Volatility of Market Price of Common Shares

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

Dividend Payout

The decision to implement dividends and the amount paid is at the discretion of the Board. 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 Board, which regularly evaluates the Corporation's proposed dividend payments. In addition, the level of dividends per Common Share will be affected by the number of outstanding Common Shares and other securities that may be entitled to receive cash dividends or other payments. Dividends may be increased, reduced or suspended depending on the Corporation's operational success and the performance of its assets.

Leverage and Restrictive Covenants

The degree to which the Corporation is financially leveraged could have important consequences to the shareholders of the Corporation, including: (i) a portion of the Corporation's cash flow from operations will be dedicated to the payment of the principal of and interest on its indebtedness; and (ii) certain of the Corporation's borrowings have variable rates of interest, which float with the lender's prime rate, and as such, as these banking facilities are drawn, the Corporation will be exposed to higher interest costs if the prime rate should increase. The Corporation's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The Corporation's lenders have been provided with security over all of the assets of the Corporation. A failure to comply with the obligations in the agreements in respect of the revolving credit facility could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness.

Interest Rates

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

Legal Proceedings

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

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

Information Security

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

Breach of Confidential Information

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

Disclosure Controls & Procedures

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

Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal controls 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 1, 2017, there were 162,233,564 Common Shares issued and outstanding. In addition, as at March 1, 2017, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at March 1, 2017	Issued	Exercisable
Share Options	7,091,539	4,854,479
Restricted Share Units	3,195,040	-
Performance Share Units	1,460,074	-
Compensation Share Units	1,123	-

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2016 and 2015, the Corporation did not have any off-balance sheet arrangements.

ACCOUNTING POLICIES

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

FINANCIAL AND OTHER INSTRUMENTS

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

Of the Corporation's financial instruments, cash, accounts receivable, and derivative instruments contain credit risk. The credit risk associated with cash is minimized as all cash is held at a major Canadian financial institution. The Corporation

provides credit to customers in the normal course of operations. The Corporation's credit risk policy includes performing credit evaluations of its customers. Substantially all of the Corporation's accounts receivable are due from companies in the oil and natural gas industry and are subject to normal industry credit risks. Given the policies and procedures in place, management views the credit risk related to accounts receivable as low. The Corporation's exposure to losses in the event that counterparties to derivative instruments are unable to meet the terms of the contracts is considered very low as trades are all done with a large commodity futures exchange, and the receivable balance at any given time is insignificant. Funds drawn under the revolving credit facility bear interest at a floating interest rate. Therefore, to the extent that the Corporation borrows under this facility, the Corporation is at risk to rising interest rates.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

FUTURE ACCOUNTING PRONOUNCEMENTS

For the year ended December 31, 2016, there were no revised standards or amendments to IFRS issued. Refer to Note 4 of the Corporation's Consolidated Financial Statements for a description of IFRS standards issued but not yet effective that are expected to have an impact on the Corporation's Consolidated Financial Statements in the years adopted. The Corporation has formed a team of qualified employees to evaluate the effects of IFRS 9 and IFRS 18, effective on January 1, 2018, on its consolidated financial statements and related disclosures. This assessment will commence in 2017 and will include a review of customer contracts and financial instruments in relation to the new standards, as well as a transition method to apply if applicable.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

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

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

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers Annual and Interim Filings", an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2016. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at December 31, 2016. Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected. There was no change to the Corporation's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

RELATED PARTIES

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains or implies forward-looking statements pertaining to: key priorities for the Corporation's success; the oil and natural gas industry; activity levels in the oil and gas sector, drilling levels, commodity prices for oil, natural gas liquids and natural gas; industry fundamentals for 2017; capital forecasts and spending by producers; demand for the Corporation's services and products; expansion strategy; the impact of oil and gas activity on 2017 activity levels; the Corporation's proposed 2017 capital expenditure program including growth, sustaining and maintenance capital expenditures; debt service; acquisition strategy and timing of potential acquisitions; the impact of new facilities, potential acquisitions, the PetroLama Acquisition, and JV Acquisition on the Corporation's financial and operational performance and growth opportunities; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; access to capital; and the Corporation's ability to meet obligations and commitments and operate within any credit facility restrictions.

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

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to and under the heading "Business Risks" and under the heading "Risk Factors" in the AIF for the year ended December 31, 2016 and also includes the risks associated with the possible failure to realize the anticipated synergies in integrating the assets acquired in the Acquisition with the operations of Secure. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking

statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

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