MANAGEMENT'S DISCUSSION AND ANALYSIS

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 October 30, 2018. The discussion and analysis is a review of the financial results of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The MD&A's primary focus is a comparison of the financial performance for the three and nine months ended September 30, 2018 to the three and nine months ended September 30, 2017 and should be read in conjunction with the Corporation's condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2018 and 2017 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2017 and 2016 ("Annual 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 integrated energy business with midstream infrastructure, environmental and technical solutions divisions providing industry leading customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S.").

The Corporation is managed through three complementary divisions that provide innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry.

MIDSTREAM INFRASTRUCTURE / PROCESSING, RECOVERY AND DISPOSAL ("PRD") DIVISION

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

ENVIRONMENTAL SOLUTIONS / ONSITE ("OS") DIVISION

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

TECHNICAL SOLUTIONS / DRILLING AND PRODUCTION SERVICES ("DPS") DIVISION

The DPS division provides technical solutions, including equipment, product solutions and chemicals for drilling, completion and production operations for oil and gas producers in western Canada. The drilling service line 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 chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets.

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

OPERATIONAL AND FINANCIAL HIGHLIGHTS

In the third quarter, the Corporation continued to execute a disciplined growth strategy, focused on the PRD division which achieved a 36% increase in Adjusted EBITDA[1] over the 2017 comparative period resulting from new and expanded facilities, recurring cash flows generated from oil production processing and disposal, and higher terminalling and crude oil marketing revenues. Additionally, higher crude oil and liquids prices resulted in increased industry activity in the Corporation's core operating regions and increased recovered oil pricing. This, combined with strong contributions from the Corporation's OS and DPS divisions, resulted in an overall Adjusted EBITDA of $53.7 million for the three months ended September 30, 2018. The Corporation achieved net income during the quarter of $6.8 million, resulting in income of $0.04 per weighted average common share.

Secure continues to identify and develop midstream infrastructure to expand capacity and optimize capabilities at existing facilities. These efforts help Secure's customers by increasing their operating netbacks and improving their capital efficiency. The Corporation's Gold Creek and Tony Creek water disposal facilities commenced operations in July 2018 and expand Secure's footprint in the liquids-rich Montney region in Alberta. In total, over half of the Corporation's 51 facilities are now located in the Montney and Duvernay regions where production growth and water disposal requirements are higher than the rest of the Western Canadian Sedimentary Basin ("WCSB"). With a significant presence in areas where customers have been most active in the WCSB, Secure has been able to grow volumes despite overall WCSB activity being relatively flat in the quarter and year to date. Additionally, Secure's footprint of facilities in North Dakota generated a 58% increase in revenue from the U.S. during the three months ended September 30, 2018 over the same period last year as higher oil prices and improved market access continue to attract investment in the Bakken.

During the third quarter, the Corporation completed construction and commissioning of the light oil feeder pipeline system and receipt terminal in the Kindersley-Kerrobert region of Saskatchewan ("Kerrobert Light Pipeline System") at the estimated in-service date of October 1, 2018. The Kerrobert Light Pipeline System provides a capital efficient transportation solution for Secure's customers operating in the region and has operational flexibility to accommodate production growth. The $75 million project is supported by long-term commitments, providing Secure with recurring fee-for-service cash flows. The project is expected to contribute to Adjusted EBITDA during the fourth quarter. The Corporation has also commenced construction of two additional storage tanks at the receipt terminal in Kerrobert, which are expected to be commissioned in the second quarter of 2019 and offer a solution during periods of apportionment resulting from egress challenges.

Secure continues to take a disciplined approach to maintaining a strong balance sheet. This provides the Corporation with considerable flexibility to continue to grow the business organically and execute on strategic acquisition opportunities that align with the profitable growth strategy of Secure. Additionally, during the third quarter, the Corporation returned $11.0 million of cash flow to shareholders through the monthly dividend, and purchased and cancelled 1,613,400 common shares of the Corporation ("shares") at a weighted average price per share of $7.52 for a total of $12.1 million under the normal course issuer bid ("NCIB") approved at the end of May 2018.

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

The operating and financial highlights for the three and nine month periods ending September 30, 2018 and 2017 can be summarized as follows:

	Three months ended September 30,			Nine months ended September 30,		
($000's except share and per share data)	**2018**	**2017**	**% change**	**2018**	**2017**	**% change**
Revenue (excludes oil purchase and resale)	**182,469**	162,596	12	**505,416**	418,681	21
Oil purchase and resale	**646,565**	451,143	43	**1,748,986**	1,229,971	42
Total revenue	**829,034**	613,739	35	**2,254,402**	1,648,652	37
Adjusted EBITDA (1)	**53,746**	43,820	23	**132,711**	106,034	25
Per share ($), basic	**0.33**	0.27	22	**0.81**	0.65	25
Per share ($), diluted	**0.33**	0.27	22	**0.80**	0.64	25
Net income (loss)	**6,809**	(179)	3,904	**5,985**	(10,268)	158
Per share ($), basic and diluted	**0.04**	-	100	**0.04**	(0.06)	167
Cash flows from operating activities	**19,879**	2,864	594	**127,205**	85,947	48
Per share ($), basic	**0.12**	0.02	500	**0.78**	0.53	47
Per share ($), diluted	**0.12**	0.02	500	**0.77**	0.52	48
Funds flow from operations (1)	**48,407**	54,326	(11)	**117,597**	111,235	6
Per share ($), basic	**0.30**	0.33	(9)	**0.72**	0.68	6
Per share ($), diluted	**0.29**	0.33	(12)	**0.71**	0.67	6
Dividends per common share	**0.06750**	0.06375	6	**0.2025**	0.1850	9
Capital expenditures (1)	**43,478**	78,238	(44)	**136,322**	140,022	(3)
Total assets	**1,591,913**	1,488,328	7	**1,591,913**	1,488,328	7
Long-term liabilities	**522,304**	379,443	38	**522,304**	379,443	38
Net debt (1)	**250,061**	151,697	65	**250,061**	151,697	65
Common shares - end of period	**161,945,330**	163,285,511	(1)	**161,945,330**	163,285,511	(1)
Weighted average common shares						
basic	**162,286,387**	163,128,460	(1)	**163,600,546**	162,659,701	1
diluted	**164,911,044**	164,661,749	-	**165,779,889**	164,980,327	-

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

- REVENUE OF $829.0 MILLION AND $2.3 BILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018
  - The PRD division's revenue from services increased to $89.6 million and $250.9 million during the three and nine months ended September 30, 2018, up 36% and 30%, respectively, from the comparative periods in 2017. The increase was driven by growth initiatives over the past several years to increase capacity and expand service offerings; higher activity levels in the U.S. in response to higher average crude oil prices, which also generated higher recovered oil revenues; increased produced water and condensate production in the Corporation's key service areas which resulted in incremental processing and disposal volumes at Secure's facilities; and wide crude oil differentials which resulted in higher crude oil marketing revenue as a result of Secure's ability to work with customers at the Corporation's pipeline connected FSTs to improve their operating netbacks through higher realized pricing and lower transportation costs;
  - Oil purchase and resale revenue in the PRD division for the three and nine months ended September 30, 2018 increased by 43% and 42% from the 2017 comparative periods to $646.6 million and $1.7 billion due to higher volumes resulting from increased industry activity as discussed above and higher takeaway capacity at certain of the Corporation's pipeline connected full service terminals, and a 32% and 23% increase in Canadian Light Sweet crude oil prices in the three and nine months ended September 30, 2018 over the 2017 comparative periods;

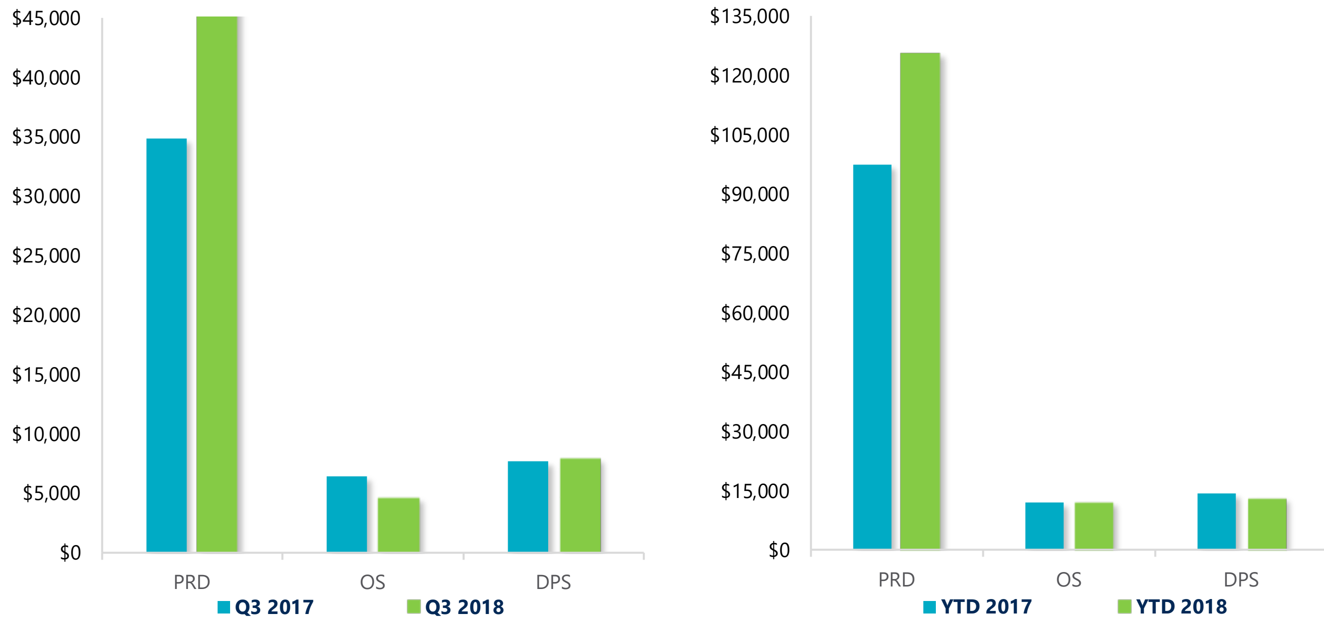
- OS division revenue of $29.6 million in the third quarter decreased 19% from the three months ended September 30, 2017 as a result of unseasonably wet weather in September which delayed certain Project work. Projects revenue is dependent on the type and size of jobs as well as weather conditions, which can vary quarter to quarter. Good weather conducive to project execution in the third quarter of 2017 resulted in more jobs, including a large pond remediation project. Additionally, water pumping revenue decreased in the three months ended September 30, 2018 following the completion of a customer's large fracing program in the IFS service area. In the nine months ended September 30, 2018, the OS division's revenue increased 9% to $87.8 million primarily due to higher activity levels in the oil and gas sector in the first half of the year as a result of rising oil prices. As a result, there was increased demand for onsite services and increased Projects work which contributed to higher revenue compared to the prior year comparative period;
- DPS division revenue increased 5% and 15% to $63.3 million and $166.7 million in the three and nine months ended September 30, 2018 over the 2017 comparative periods. In April 2017, the Corporation acquired a production chemicals business that significantly increased revenue generated from production services beginning in the second quarter of 2017. Revenue from production services has been increasing at a steady rate as the Corporation wins bids for new jobs and expands its customer base. A significant portion of the DPS division's revenue comes from drilling services, which strongly correlates with oil and gas drilling activity in the WCSB. During the three and nine months ended September 30, 2018 there was a slight decline in active rigs over the 2017 comparative periods; however, the impact to revenue from drilling services was mitigated as revenue per operating day increased as a result of the trend towards deeper and more complex wells.

- ADJUSTED EBITDA OF $53.7 MILLION AND $132.7 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018
  - Adjusted EBITDA of $53.7 million and $132.7 million increased 23% and 25% from the three and nine months ended September 30, 2017, primarily from higher revenues achieved by the PRD division and a continued focus on cost controls. Increased revenues were driven by higher facility volumes from the addition of new facilities through organic growth, several facility expansions to increase waste handling capacity, the acquisition of Ceiba Energy Services Inc. ("Ceiba") in August 2017, higher produced water and condensate production volumes in the Corporation's key service areas, and improved oil and gas sector activity in the U.S. Additionally, increased recovered oil revenues generated from higher average crude oil prices and higher crude oil marketing revenues from the Corporation's pipeline connected FSTs during the three and nine months ended September 30, 2018 helped drive revenue and segment profit margins[1] in the PRD division, which were up 39% and 31% over the three and nine months ended September 30, 2017;
  - Adjusted EBITDA generated from the OS division decreased 28% and increased 3% in the three and nine months ended September 30, 2018 over the comparative periods in 2017, primarily as a result of the variance in revenue, as described above. The majority of the OS division's operating expenses are variable, and fluctuations will correspond to change in revenue and project mix;
  - The DPS division's Adjusted EBITDA was relatively consistent in the three and nine months ended September 30, 2018 over the 2017 comparative periods as the impact of higher revenue from production services was offset by increased general and administrative expenses in the year to date to support the expanded production chemicals business. Additionally, upward cost pressures resulting from higher commodity prices and the strength of the U.S. dollar have compressed margins, limiting the upside generated from economies of scale achieved from higher revenues.

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

- The following graphs illustrate the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the three and nine months ("Q3" and "YTD", respectively) ended September 30, 2018 and 2017.

ADJUSTED EBITDA



- NET INCOME OF $6.8 MILLION AND $6.0 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018
  - For the three and nine months ended September 30, 2018, Secure's net income of $6.8 million and $6.0 million improved from a net loss of $0.2 million and $10.3 million in the three and nine months ended September 30, 2017. The variances are primarily due to a $9.9 million and $26.7 million increase to Adjusted EBITDA resulting from the factors described above, partially offset by higher interest expense resulting from higher debt levels to fund organic development and acquisitions in the past year, as well as increased tax expense resulting from higher net earnings before non-deductible expenses.
- FINANCIAL FLEXIBILITY
  - The total amount drawn on Secure's credit facilities as at September 30, 2018 increased by 30% to $389.1 million compared to $300.0 million at December 31, 2017. The amount drawn increased in order to fund the Corporation's organic capital program, partially offset by cash flows from operating activities.
  - As at September 30, 2018, the Corporation had $149.9 million available under its credit facilities, subject to covenant restrictions. The Corporation is well positioned, based on this availability and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the remaining 2018 and expected 2019 capital programs.
  - Secure is in compliance with all covenants related to its credit facilities at September 30, 2018. The following table outlines Secure's senior and total debt to trailing twelve month EBITDA ratios at September 30, 2018 and December 31, 2017.

	Sept 30, 2018	Dec. 31, 2017	Threshold
Senior debt to EBITDA	1.5	1.1	3.5
Total debt to EBITDA	2.2	1.9	5.0

  - Senior debt is equal to amounts drawn on the Corporation's first lien facility plus financial leases less any cash balances exceeding $5 million. Total debt includes senior debt plus the $130 million borrowed under the Corporation's second lien facility. 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.

- CAPITAL EXPENDITURES OF $43.5 MILLION AND $136.3 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018
    - Total capital expenditures for the three and nine months ended September 30, 2018 of $43.5 million and $136.3 million were comprised of $37.7 million and $124.4 million related to growth and expansion projects, and $5.8 million and $11.9 million of sustaining capital. There were no acquisitions completed during the quarter or year to date. Growth and expansion capital in the nine months ended September 30, 2018 relates primarily to completing construction of the Kerrobert Light Pipeline System; the addition of four water disposal wells, including two at Gold Creek, and one each at Tony Creek and Big Mountain; expansion projects at various existing facilities to increase throughput, emulsion treating and disposal capacity; construction of three new landfill cells (Saddle Hills, Tulliby Lake and Williston); and long lead items and upfront costs for future projects, including the additional storage at the receipt terminal in Kerrobert. Sustaining capital incurred in 2018 to date relates primarily to well and facility maintenance.

OUTLOOK

Secure's strategy remains focused on working with customers to identify opportunities and integrated solutions where the Corporation can add value and lower customers' costs. By focusing on new and innovative ways to offer solutions, Secure's customers will be able to gain efficiencies for drilling, completing and producing their hydrocarbon reserves. Helping Secure's customers grow and being their trusted energy solutions partner will ensure that the Corporation continues to create long-term shareholder value.

The fundamental drivers that are expected to provide meaningful avenues of growth during 2019 and beyond include:

Increasing Volumes: Supporting Growth of Midstream Infrastructure and Services

Production-related volumes represent the majority of the volumes processed and disposed at Secure's midstream facilities, providing the Corporation with recurring cash flows. The majority of Secure's facilities are located in high impact resource plays which have experienced higher production growth than the remainder of the WCSB over the past several years. Produced water, which accounts for over 85% of total production fluids in the WCSB, continues to increase at a disproportionate rate relative to aggregate production as a result of aging wells and maturing basins.

Flowback waters and processing volumes are also increasing as high intensity fracs continue to be applied in liquids rich natural gas shale reservoirs like the Montney and Duvernay formations. The increased use of proppants, the number of completion stages and length of the horizontal wells are expected to continue as producers use innovative means to develop unconventional resources. As a result, there is a significant need from Secure's customers for sourcing water, water logistics, storing water and overall water re-use where it is cost effective. Secure's integrated business model provides full-cycle service offerings to assist customers with large completion programs where significant amounts of water are required to be managed at various stages.

As oil sands projects have come on stream over the past few years, bitumen production has increased along with demand for condensate that is used as a diluent in order to transport the final product to market. Condensate production levels have increased in response; however, Canada currently remains a net importer of condensate and, as a result, drilling activity in the Montney and Duvernay regions is expected to increase to try to meet demand. As new production comes on, demand for production chemicals is expected to increase. In addition to continuing to provide customers with technical solutions for drilling and completion, the Corporation's DPS division is developing chemistry to optimize fluid production, provide flow assurance and maintain the integrity of assets, both for producers as well as Secure's own midstream assets.

These trends are all expected to result in increased demand for incremental treating, processing and disposal capacity. It is also expected that additional terminals and storage will be required to meet this increased demand. Secure has made significant capital investments over the past few years to ensure the business is well positioned to capture new demand. By offering exceptional customer service and owning and operating midstream facilities near customer production, Secure expects these trends will drive more volumes to Secure's midstream facilities.

Additionally, customers continue to seek cost effective transportation solutions for water, oil and condensate volumes. Secure's successful execution of the Kerrobert Light Pipeline System from the planning phase to final completion positions the Corporation to take advantage of similar opportunities creating value for both the customer and Secure.

Pipeline Constraints and Wide Differentials: Driving Higher Crude by Rail Activity

Rail offers an alternative mode of transportation that is becoming increasingly relied upon by the industry to transport crude oil as new pipeline projects in Canada continue to face challenges and delays. With a loading capacity of over 50,000 barrels per day across the Corporation's four full service rail terminals, Secure has meaningful exposure to the growing market for Canadian crude shipped by rail. Given the recent widening of WCSB crude oil pricing differentials, Secure expects more producers will agree to long-term commitments to make transporting crude by rail a more recurring cash flow stream. As rail operations normalize, Secure should see increased activity during 2019 and beyond. Moreover, wide WCS/WTI to Brent oil differentials influence certain U.S. refiners to look for feedstock accessible by rail that is otherwise delivered by oil tanker.

As crude oil price differentials have widened even further during October, and are expected to remain so headed into 2019, the Corporation remains attentive to opportunities at both pipeline-connected FSTs and with respect to transporting crude by rail. Secure continues to strive to position itself to offer producers egress solutions with better pricing for their products in western Canada.

The potential impact of wider crude oil differentials on producer capital budgets and drilling activity is expected to be more than offset by increased crude by rail shipments and ongoing and increasing production related volumes at Secure's midstream facilities, as described above.

U.S. Macroeconomic Environment: Increasing Activity Levels in North Dakota

Higher average crude oil prices, improved market access, a favourable regulatory environment and recent tax reform has driven capital investment into North Dakota in recent years. Record production levels were reached during the third quarter and are expected to continue to increase along with drilling and completion activity. The Corporation has meaningful exposure through Secure's six midstream facilities located in key resource plays in North Dakota to capture incremental production, drilling and completion related volumes. The continuing strength of oil prices in the region along with additional takeaway capacity from the Dakota Access Pipeline expansion under construction is expected to continue to facilitate advantageous project economics for Secure's customers operating in the region.

Environmental Regulations: Creating Demand for Secure's Environmental Solutions

Increased environmental regulations in all of Secure's market areas have created opportunities to help customers operate in a sustainable way with a focus on protecting the environment. Secure's OS division has seen increased proactive efforts by customers to prevent spills and reduce their future environmental liabilities. Recent changes to remediation regulations in Alberta through the Alberta Energy Regulator's Area-Based Closure program could initiate increased abandonment, decommissioning, remediation and reclamation activity levels which may result in additional demand for OS division services.

These drivers are expected to provide Secure with significant potential to grow and expand the business into the future. The Corporation expects to incur approximately $150 million of growth and expansion capital in 2018, and allocate $100 million in 2019, depending on the outcome of various opportunities in development, such as timing of obtaining regulatory approvals, development permits and other operating agreements. During the remainder of 2018, capital will be incurred on advancing the construction of additional storage tanks at the receipt terminal in Kerrobert, completing the permanent water disposal facility at Tony Creek, completing the expansion at the Williston landfill, increasing processing and disposal capacity at various other facilities, and purchasing equipment to support existing services. Providing value-adding solutions to increase customer operating netbacks and improve capital efficiency remains Secure's primary objective.

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 identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measure. These measures are intended as a complement to results provided in accordance with IFRS. The Corporation believes these measures provide additional useful information to analysts, shareholders and other users to understand the Corporation's financial results, profitability, cost management, liquidity and ability to generate funds to finance its operations. However, they should not be used as an alternative to IFRS measures because they do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. These non-GAAP measures are further explained below.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) 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. Adjusted EBITDA is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies.

Management believes that in addition to net income (loss), Adjusted EBITDA is a useful supplemental measure to enhance understanding of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed, how the results are taxed, and how the results are impacted by non-cash charges, and charges that are irregular in nature or not reflective of Secure's core operations. Management calculates these adjustments consistently from period to period to enhance comparability of this MD&A. Adjusted EBITDA is used by management to determine Secure's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. Adjusted EBITDA is also used internally to set targets for determining employee variable compensation, largely because management believes that this measure is indicative of how the fundamental business is performing and being managed. The following table reconciles the Corporation's net income (loss), being the most directly comparable measure calculated in accordance with IFRS, to Adjusted EBITDA.

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Net income (loss)	**6,809**	(179)	3,904	**5,985**	(10,268)	158
Add (deduct):						
Depreciation, depletion and amortization	**31,803**	34,536	(8)	**86,478**	86,906	-
Current tax expense (recovery)	**841**	968	(13)	**1,963**	(2,364)	(183)
Deferred tax (recovery) expense	**4,291**	797	438	**7,580**	5,628	35
Share-based compensation	**6,461**	5,771	12	**17,576**	17,508	-
Interest, accretion and finance costs	**3,373**	1,419	138	**12,443**	8,414	48
Unrealized loss on mark to market transactions[1]	**168**	508	(67)	**686**	210	227
Adjusted EBITDA	**53,746**	43,820	23	**132,711**	106,034	25

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

Segment profit margin

Segment profit margin is calculated as the difference between revenue and direct expenses. Segment profit margin is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies. Management analyzes segment profit margin and segment profit margin as a percentage of revenue excluding oil purchase and resale by division as a key indicator of segment profitability. This non-GAAP measure is also used by management to quantify the operating costs inherent in the Corporation's business activities, prior to operational related depreciation, depletion and amortization, and evaluate segment cost control and efficiency.

During the fiscal period ending September 30, 2018, the Corporation has re-labelled this non-GAAP measure in order to avoid any potential confusion in the composition of the non-GAAP measure, and to clearly distinguish it from the Corporation's operating income. There has been no change to the composition of the measure. The following table reconciles the Corporation's operating income, being the most directly comparable measure calculated in accordance with IFRS, to consolidated segment profit margin.

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Operating income	**15,314**	3,005	410	**27,971**	1,410	1,884
Add:						
Depreciation, depletion and amortization	**31,803**	34,536	(8)	**86,478**	86,906	-
General and administrative expenses	**18,456**	15,500	19	**55,229**	43,875	26
Share-based compensation	**6,461**	5,771	12	**17,576**	17,508	-
Business development expenses	**1,182**	1,322	(11)	**3,729**	5,274	(29)
Segment profit margin	**73,216**	60,134	22	**190,983**	154,973	23

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 its capital structure and availability under its credit facilities. Net debt is calculated as the sum of total debt, which includes the principal amount of long-term borrowings plus non-current finance lease liabilities, less the working capital surplus. Working capital surplus is calculated as current assets less current liabilities.

($000's)	Sept 30, 2018	Dec 31, 2017	% Change
Long-term borrowings (principal amount)	**389,109**	300,000	30
Long-term finance lease liabilities	**10,058**	6,052	66
Current liabilities	**221,917**	266,003	(17)
Current assets	**(371,023)**	(405,408)	(8)
Net debt	**250,061**	166,647	50

ADDITIONAL GAAP MEASURES

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 flow from operations

Funds flow from operations refers to net cash flows from operating activities before changes in non-cash working capital. Funds flow from operations is considered an additional GAAP measure as the Corporation has presented the measure in the Interim Financial Statements' Consolidated Statements of Cash Flows. Funds flow from operations provides a useful indication of the funds generated from Secure's principal business activities prior to consideration of working capital, which is primarily made up of highly liquid balances. Secure's management views funds flow from operations as a key measure of liquidity and the Corporation's ability to generate funds generate funds for capital investments, debt repayment and dividend payments, and other investing and financing activities. The following table reconciles net cash flows from operating activities, being the most directly comparable measure calculated in accordance with IFRS, to funds flow from operations.

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Net cash flows from operating activities	**19,879**	2,864	594	**127,205**	85,947	48
Add:						
Changes in non-cash working capital	**28,528**	51,462	(45)	**(9,608)**	25,288	(138)
Funds flow from operations	**48,407**	54,326	(11)	**117,597**	111,235	6

OPERATIONAL DEFINITIONS

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

Average crude oil prices, Canadian Light Sweet crude oil prices and Western Canada Select crude oil prices

Average crude oil prices are calculated using West Texas Intermediate ("WTI") benchmark oil prices, translated from U.S. to Canadian dollars using average monthly rates obtained from the Bank of Canada. Canadian Light Sweet crude oil prices is the benchmark price for light crude oil (40 American Petroleum Institute ("API") gravity) at Edmonton, Alberta. Western Canada Select ("WCS") is a grade of heavy crude oil derived from a mix of heavy crude oil and crude bitumen blended with diluents. WCS is used as the benchmark price for heavy crude oil in Canada.

Operating netback

Operating netback is a common measure used in the oil and gas industry to measure results on a per barrel of equivalent basis and is typically calculated as oil and gas sales, less royalties, operating and transportation expenses.

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.

Drilling services market share

The DPS division's drilling services 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 daily basis.

Capital expenditures

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

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

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 segments, as outlined in the '*Corporate Overview*' above, and presented in Note 9 of the Interim Financial Statements. Total general and administration expenses by division excludes share-based compensation and corporate expenses, as senior management reviews each division's earnings before corporate expenses and non-cash items such as share-based compensation in assessing profitability and performance. The table below outlines the results by reportable segment for the three and nine months ended September 30, 2018 and 2017:

($000's)

Three months ended Sept 30, 2018	**PRD**	**OS**	**DPS**	**Corporate**	**Total**
Revenue from services	89,579	29,617	63,273	-	182,469
Oil purchase and resale service	646,565	-	-	-	646,565
Total revenue	736,144	29,617	63,273	-	829,034
Direct expenses	(682,478)	(23,149)	(50,191)	-	(755,818)
Segment profit margin	53,666	6,468	13,082	-	73,216
General and administrative expenses	(6,653)	(1,844)	(5,193)	(4,766)	(18,456)
Share-based compensation	-	-	-	(6,461)	(6,461)
Business development expenses	-	-	-	(1,182)	(1,182)
Depreciation, depletion and amortization	(24,092)	(1,991)	(5,381)	(339)	(31,803)
Interest, accretion and finance costs	(438)	-	-	(2,935)	(3,373)
Earnings (loss) before tax	**22,483**	**2,633**	**2,508**	**(15,683)**	**11,941**

Nine months ended Sept 30, 2018	**PRD**	**OS**	**DPS**	**Corporate**	**Total**
Revenue from services	250,930	87,824	166,662	-	505,416
Oil purchase and resale service	1,748,986	-	-	-	1,748,986
Total revenue	1,999,916	87,824	166,662	-	2,254,402
Direct expenses	(1,856,146)	(69,778)	(137,495)	-	(2,063,419)
Segment profit margin	143,770	18,046	29,167	-	190,983
General and administrative expenses	(18,869)	(5,759)	(15,833)	(14,768)	(55,229)
Share-based compensation	-	-	-	(17,576)	(17,576)
Business development expenses	-	-	-	(3,729)	(3,729)
Depreciation, depletion and amortization	(61,752)	(7,187)	(16,521)	(1,018)	(86,478)
Interest, accretion and finance costs	(1,282)	-	-	(11,161)	(12,443)
Earnings (loss) before tax	**61,867**	**5,100**	**(3,187)**	**(48,252)**	**15,528**

Three months ended Sept 30, 2017	**PRD**	**OS**	**DPS**	**Corporate**	**Total**
Revenue from services	66,013	36,542	60,041	-	162,596
Oil purchase and resale service	451,143	-	-	-	451,143
Total revenue	517,156	36,542	60,041	-	613,739
Direct expenses	(478,559)	(28,151)	(46,895)	-	(553,605)
Segment profit margin	38,597	8,391	13,146	-	60,134
General and administrative expenses	(4,303)	(2,007)	(5,495)	(3,695)	(15,500)
Share-based compensation	-	-	-	(5,771)	(5,771)
Business development expenses	-	-	-	(1,322)	(1,322)
Depreciation, depletion and amortization	(25,970)	(2,698)	(5,586)	(282)	(34,536)
Interest, accretion and finance costs	(340)	-	-	(1,079)	(1,419)
Earnings (loss) before tax	**7,984**	**3,686**	**2,065**	**(12,149)**	**1,586**

Nine months ended Sept 30, 2017	**PRD**	**OS**	**DPS**	**Corporate**	**Total**
Revenue from services	193,761	80,490	144,430	-	418,681
Oil purchase and resale service	1,229,971	-	-	-	1,229,971
Total revenue	1,423,732	80,490	144,430	-	1,648,652
Direct expenses	(1,313,749)	(62,290)	(117,640)	-	(1,493,679)
Segment profit margin	109,983	18,200	26,790	-	154,973
General and administrative expenses	(12,680)	(6,253)	(12,499)	(12,443)	(43,875)
Share-based compensation	-	-	-	(17,508)	(17,508)
Business development expenses	-	-	-	(5,274)	(5,274)
Depreciation, depletion and amortization	(61,057)	(8,681)	(16,254)	(914)	(86,906)
Interest, accretion and finance costs	(1,112)	-	-	(7,302)	(8,414)
Earnings (loss) before tax	**35,134**	**3,266**	**(1,963)**	**(43,441)**	**(7,004)**

MIDSTREAM INFRASTRUCTURE / PROCESSING, RECOVERY AND DISPOSAL DIVISION

The PRD division has two separate business lines: PRD services; and oil purchase and resale services.

PRD services:

The PRD division owns and operates a network of facilities throughout western Canada and in North Dakota that provide processing, storing, shipping and marketing of crude oil; oilfield waste and water disposal; and recycling. 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. Clean crude oil and treated crude oil may be aggregated and stored on site temporarily until the volumes are ready to be shipped through gathering, transmission or feeder pipelines, or 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 terminalling, transloading 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 handle the shipment of crude oil down the pipeline. Secure's four rail terminals situated across Alberta and Saskatchewan, which carry crude by rail to virtually all North American markets, offer producers an alternative solution to get their product to market. The Corporation may also purchase and resale crude oil to take advantage of marketing opportunities and increase profitability.

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Revenue						
PRD services (a)	**89,579**	66,013	36	**250,930**	193,761	30
Oil purchase and resale service	**646,565**	451,143	43	**1,748,986**	1,229,971	42
Total PRD division revenue	**736,144**	517,156	42	**1,999,916**	1,423,732	40
Direct expenses						
PRD services (b)	**35,913**	27,416	31	**107,160**	83,778	28
Oil purchase and resale service	**646,565**	451,143	43	**1,748,986**	1,229,971	42
Total PRD division direct expenses	**682,478**	478,559	43	**1,856,146**	1,313,749	41
Segment Profit Margin (1) (a-b)	**53,666**	38,597	39	**143,770**	109,983	31
Segment Profit Margin (1) as a % of revenue (a)	**60%**	58%		**57%**	57%	

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

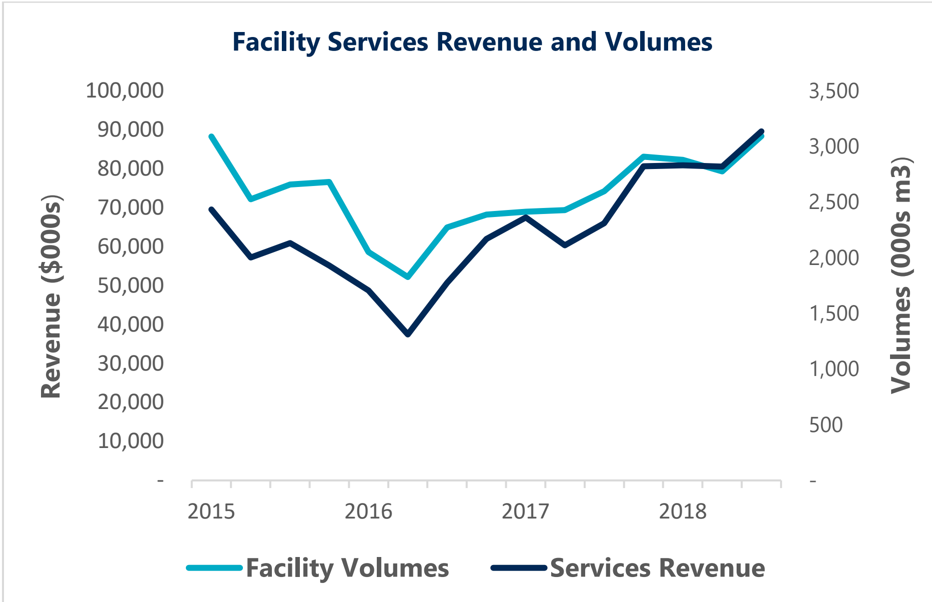
	Three months ended Sept 30,			Nine months ended Sept 30,		
	2018	**2017**	**% Change**	**2018**	**2017**	**% Change**
Average Benchmark Prices and Volumes (1)						
WTI (US$/bbl)	**$ 69.46**	$ 48.20	44	**$ 66.74**	$ 49.47	35
Canadian Light Sweet ($/bbl)	**$ 75.64**	$ 57.15	32	**$ 74.52**	$ 60.57	23
Processing volumes (in 000's m^3)	**524**	519	1	**1,632**	1,492	9
Recovery and terminalling volumes (in 000's m^3)	**520**	441	18	**1,471**	1,319	12
Disposal volumes (in 000's m^3)	**2,047**	1,638	25	**5,641**	4,627	22

(1) Crude, emulsion and water volumes are metered at the Corporation's facilities. Solid waste is weighed at landfills.

Revenue (PRD division)

Record quarterly revenue generated from PRD services of $89.6 million for the three months ended September 30, 2018, and $250.9 million in the year to date, increased by 36% and 30% from the 2017 comparative periods. The increase in revenue was primarily driven by higher facility volumes resulting from new facility additions and expansions at certain of the Corporation's existing facilities in 2017 and 2018 to date, and increased activity levels in response to higher average crude oil prices at the Corporation's facilities in North Dakota, which also resulted in higher recovered oil revenues.

The graph below illustrates the relationship between volumes and revenues earned at the Corporation's facilities. PRD services revenue is impacted by both the nature and amount of product received by Secure's facilities; pricing varies depending on the complexity to process and dispose.



The majority of the Corporation's facilities are located in high impact resource plays, such as the Montney and Duvernay regions, where producers have been most active in the WCSB. Fluids pumped from wells in these regions are also significantly higher than other regions of the WCSB, driving incremental volumes at Secure's facilities. In the past year, Secure has strategically added new facilities, including the Gold Creek and Tony Creek water disposal facilities in July 2018, and increased capacity for water disposal at various other facilities in these regions, including at the Dawson Creek and Fox Creek FSTs, Rycroft FSR and Big Mountain water disposal facility, in response to customer demand. Additionally, Secure completed the acquisition of Ceiba on August 1, 2017 which added ten facilities to Secure's footprint in the WCSB. These additions and expansions were the driving force behind a 42% and 35% increase in water disposal volumes in Canada during the three and nine months ended September 30, 2018 over the comparative periods of 2017.

Waste processing and solids disposal volumes at the Corporation's facilities in North Dakota increased significantly in the three and nine months ended September 30, 2018 contributing to a 58% and 54% increase in revenue generated from the U.S. from the 2017 comparative periods. Higher volumes at Secure's North Dakota facilities were a result of improved activity levels, including new drilling and frac completions as customers remain active in the Bakken. Higher drilling and completion activity has been driven by an increase in average crude oil prices over the prior period, and the commissioning of the Dakota Access Pipeline in June 2017 which has improved economics for delivering producers' product to market.

Recovered oil revenues increased 33% and 39% in the three and nine months ended September 30, 2018 from the 2017 comparative periods, driven by higher volumes as discussed above, and a marked increase in Canadian Light Sweet oil prices of 32% and 23% over the 2017 comparative periods.

Overall, disposal volumes increased by 25% and 22% in the three and nine months ended September 30, 2018 from the comparative periods in 2017 due primarily to increased produced and flowback water resulting from new facilities and increased capacity at existing facilities, as well as increasing water production as wells mature and improved industry activity.

Overall, processing volumes increased 1% and 9% in the three and nine months ended September 30, 2018 from the comparative periods in 2017 due primarily to higher waste processing volumes at the Corporation's North Dakota facilities. Drilling and completion activity in Canada has been relatively flat in the quarter and year to date as producers are taking a cautious approach to capital spending in light of wide crude oil pricing differentials, low gas prices and uncertainty with respect to the addition of pipeline capacity out of the WCSB.

During the three months and nine months ended September 30, 2018, refinery outages and a shortage of pipeline takeaway capacity resulted in large heavy oil differentials, reaching over $30 per barrel in the quarter and year to date, nearly double the 2017 levels. The volatility in the differential wide crude oil differentials provided Secure with an opportunity to work with customers at the Corporation's ten pipeline connected FSTs to improve their operating netbacks through higher realized pricing and lower transportation costs which also lead to higher revenue generated from this service line.

Oil purchase and resale revenue in the PRD division for the three and nine months ended September 30, 2018 increased to $646.6 million and $1.7 billion due to higher volumes resulting from increased industry activity and higher takeaway capacity at certain of the Corporation's pipeline connected full service terminals, and higher benchmark crude oil prices in the three and nine months ended September 30, 2018 over the comparative periods of 2017.

Direct expenses (PRD division)

Direct expenses from PRD services increased by 31% and 28% to $35.9 million and $107.2 million in the three and nine months ended September 30, 2018 from the comparative periods of 2017. The increase in direct expenses relates to the increased revenue as the Corporation maintains its ability to respond to higher activity levels while managing its fixed and variable costs.

The PRD's segment profit margin as a percentage of revenue from PRD services for the three and nine months ended September 30, 2018 increased to 60% in the three months ended September 30, 2018 from 58% in the three months ended September 30, 2017. Segment profit margin as a percentage of PRD services revenue was 57% in both the nine months ended September 30, 2018 and 2017. As a percentage of PRD services revenue, segment profit margin increased over 2017 as a result of overall increased revenues while minimizing fixed and related costs, and higher recovered oil revenues and crude oil marketing revenues which carry high margins. These positive impacts were partially offset by increased variable costs related to personnel and higher facility repair and maintenance expenditures in the 2018 periods over 2017.

Depreciation, Depletion and Amortization (PRD division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Depreciation, depletion and amortization	24,092	25,970	(7)	61,752	61,057	1

Depreciation, depletion and amortization ("DD&A") expense relates primarily to the division's facilities and landfills and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. For the three and nine months ended September 30, 2018, DD&A expense decreased mainly due to an impairment charge in the prior year period. DD&A expense for the nine months ended September 30, 2018 increased slightly by 1% primarily due to an increase to intangible assets and property, plant and equipment balances from the acquisition of Ceiba in August 2017 and new facilities and other equipment put into use since the first quarter of 2017.

General and Administrative Expenses (PRD division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
General and administrative expenses	6,653	4,303	55	18,869	12,680	49
% of PRD services revenue	7%	7%		8%	7%	

General and administrative ("G&A") expenses of $6.7 million and $18.9 million for the three and nine months ended September 30, 2018 increased from the comparative period balances of $4.3 million and $12.7 million. Although the Corporation continues to minimize G&A costs by streamlining operations where possible, PRD G&A expenses have increased primarily due to overhead requirements to support new service lines, facilities and expansions. As a percentage of revenue from PRD services, G&A expenses were consistent at 7% for the three months ended September 30, 2018 and 2017, and up slightly to 8% in the nine months ended September 30, 2018 from 7% in the 2017 comparative period.

Earnings before Tax (PRD division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Earnings before tax	22,483	7,984	182	61,867	35,134	76

Earnings before tax of $22.5 million and $61.9 million during the three and nine months ended September 30, 2018 has increased 182% and 76% over the 2017 comparative periods. The increase is primarily a result of a $15.1 million and $33.8 million increase in segment profit margin in the three and nine months ended September 30, 2018 over the 2017 comparative periods, with relatively flat depreciation, depletion and amortization expense. This increase was partially offset by higher G&A expenses incurred to support higher activity levels.

ENVIRONMENTAL SOLUTIONS / ONSITE DIVISION

The OS division provides comprehensive environmental solutions, from initial assessment and planning, to construction, demolition and decommissioning and reclamation and remediation. The operations of the OS division includes pipeline integrity projects (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and reclamation and remediation of former well sites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.), onsite integrated fluid solutions (water management, recycling, pumping and storage), Naturally Occurring Radioactive Material ("NORM") management, waste container services and emergency response services.

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Revenue						
OnSite services (a)	**29,617**	36,542	(19)	**87,824**	80,490	9
Direct expenses						
OnSite services (b)	**23,149**	28,151	(18)	**69,778**	62,290	12
Segment Profit Margin (1) (a-b)	**6,468**	8,391	(23)	**18,046**	18,200	(1)
Segment Profit Margin (1) as a % of revenue (a)	**22%**	23%		**21%**	23%	

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

Revenue (OS division)

OS division revenue decreased by 19% to $29.6 million for the three months ended September 30, 2018 primarily as a result of lower revenue generated from project work and onsite water management and pumping services due to wet weather conditions in September 2018 resulting in project delays, and two large customer jobs in the third quarter of 2017 which were not repeated in the third quarter of 2018. The resulting decrease to revenue was partially offset by project work generated from new customers, including the completion of a large infrastructure demolition job for a government agency, and the introduction of new service offerings in the past year, including the management of scrap metal recycling programs for two major oil sands producers. Secure continues to seek opportunities of this nature as they provide Secure with a more stable stream of revenue over the life of the agreement.

OS division revenue increased 9% to $87.8 million in the nine months ended September 30, 2018 from the 2017 comparative period primarily due to higher activity levels in the oil and gas sector in the first half of the year as a result of improved commodity prices which led to increased customer activity, resulting in more project work and higher pumping and fluid storage rental activity.

Direct expenses (OS division)

Direct expenses for the three and nine months ended September 30, 2018 decreased 18% and increased 12% to $23.1 million and $69.8 million from the 2017 comparative periods. The majority of the OS division's operating expenses are variable, and fluctuations will correspond to change in revenue and project mix. The OS division continues to strategically manage its cost structure to minimize operating overhead expenses while remaining flexible for periods of increased activity.

In addition to changes in direct expenses corresponding to changes in activity levels from the 2017 comparative period, the OS division incurred higher operating expenses in the nine months ended September 30, 2018 from the start-up of new service offerings, and from the addition of personnel to initiate and manage other strategic growth initiatives.

Segment profit margin for the three and nine months ended September 30, 2018 of $6.5 million and $18.0 million decreased by 23% and 1% from the prior year comparative periods. As a percentage of revenue, segment profit margin was 22% and 21% for the three and nine months ended September 30, 2018, down slightly from 23% in both the comparative 2017 periods. The OS division's segment profit margin as a percentage of revenue can fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. As a percentage of revenue, the segment profit margin in the three and nine months ended September 30, 2018 decreased primarily due to the nature of the project work, as well as increased competition on project bids which resulted in lower rates charged for labour and equipment.

Depreciation and Amortization (OS division)

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Depreciation and amortization	**1,991**	2,698	(26)	**7,187**	8,681	(17)

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 previous acquisitions. Depreciation and amortization expense for the three and nine months ended September 30, 2018 decreased by 26% and 17% as the intangible assets recorded related to two previous acquisitions were fully amortized in the second quarter of 2018.

General and Administrative Expenses (OS division)

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
General and administrative expenses	**1,844**	2,007	(8)	**5,759**	6,253	(8)
% of OnSite services revenue	**6%**	5%		**7%**	8%	

G&A expenses for the three and nine months ended September 30, 2018 decreased marginally by $0.2 million and $0.5 million from the 2017 comparative periods to $1.8 million and $5.8 million as certain personnel and office costs included in the comparative figure were transferred to the PRD division at the start of this year. The impact of this change is partially offset by additional business development expenses resulting from the OS division's growth initiatives. As a percentage of OS revenue, G&A expenses are 6% and 7% in the three and nine months ended September 30, 2018 compared to 5% and 8% in the 2017 comparative periods, primarily due to the change in revenue.

Earnings before Tax (OS division)

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Earnings before tax	**2,633**	3,686	(29)	**5,100**	3,266	56

Earnings before tax of $2.6 million and $5.1 million during the three and nine months ended September 30, 2018 has decreased 29% and increased 56% over the 2017 comparative periods. The variances correspond primarily to changes in segment profit margin in the three and nine months ended September 30, 2018 over the 2017 comparative periods, combined with the positive impact of lower depreciation and amortization expense of $0.7 million and $1.5 million relating primarily to the decrease in the OS division's intangible asset balance.

TECHNICAL SOLUTIONS / DRILLING AND PRODUCTION SERVICES DIVISION

The DPS division provides innovative, customer focused solutions, along with technical expertise and experience, to enhance the performance and productivity of drilling, completions and production operations. 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.

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Revenue						
Drilling and production services (a)	**63,273**	60,041	5	**166,662**	144,430	15
Direct expenses						
Drilling and production services (b)	**50,191**	46,895	7	**137,495**	117,640	17
Segment Profit Margin (1) (a-b)	**13,082**	13,146	-	**29,167**	26,790	9
Segment Profit Margin (1) as a % of revenue (a)	**21%**	22%		**18%**	19%	

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

Revenue (DPS division)

The DPS division's drilling services revenue correlates with oil and gas drilling activity in the WCSB. The strength in oil prices has resulted in steady or improved activity levels from oil and liquids focused producers, but this was offset by declines in dry gas drilling activity as a result of low AECO gas prices. Additionally, rig activity was impacted by unseasonably wet weather in September 2018. As a result, overall activity in the WCSB is relatively flat compared to last year, and the division's market share declined by 4% and 3% in the three and nine months ended September 30, 2018 from the comparative periods of 2017. However, the Corporation continued to focus on more complex wells which require specialized fluids, equipment and expertise, and resulted in a higher revenue per operating day. Overall, revenue from drilling services was relatively flat in the three and nine months ended September 30, 2018 from the 2017 comparative period.

Secure continues diversification efforts in the DPS division to become less dependent on drilling activity through expansion of production services. Strategic relationships with key suppliers and ongoing product development has resulted in a significant expansion to Secure's product offering, leading to multiple commercial projects in 2017 and the first half of 2018. The acquisition of a production chemicals business completed in April 2017 has strengthened Secure's position in the market by adding over 100 fully formulated proprietary products, as well as key infrastructure related to the product offering and an experienced and dedicated employee base. The production chemicals service line now has over 350 commercialized products and continues to win new bids and customers and gain market share. As a result of increased contributions from production related services, total revenue from the DPS division for the three and nine months ended September 30, 2018 increased 5% and 15% from the comparative periods of 2017 to $63.3 million and $166.7 million.

Direct expenses (DPS division)

The DPS division's direct expenses of $50.2 million and $137.5 million for the three and nine months ended September 30, 2018 increased 7% and 17% from the 2017 comparative periods. The increase in direct expenses was primarily due to increased production service activity levels and is consistent with the increased revenues discussed above. Additionally, with increased oil prices and the strength of the U.S. dollar, the Corporation has experienced upward cost pressures in both the drilling fluids and production service lines. Further, higher oil prices have resulted in a corresponding increase to the cost of oil-based drilling fluids.

The DPS division's segment profit margin for the three and nine months ended September 30, 2018 was flat and improved by 9%, respectively, from the comparative periods to $13.1 million and $29.2 million. Segment profit margin as a percentage of revenue was 21% and 18% in the three and nine months ended September 30, 2018, down slightly from 22% and 19% in the comparative periods. Segment profit margin as a percentage of revenue were positively impacted by the increased revenues while minimizing fixed costs resulting in achieving economies of scale from increased activity. This impact was partially offset by the continued cost inflation associated with drilling and production chemicals which have outpaced the DPS division's ability to realize meaningful price increases during the period.

Depreciation and Amortization (DPS division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Depreciation and amortization	**5,381**	5,586	(4)	**16,521**	16,254	2

Depreciation and amortization expense relates primarily to intangible assets resulting from acquisitions, and rental equipment, and includes any gains or losses on sale or disposal of equipment. Depreciation and amortization expense were relatively consistent in the three and nine months ended September 30, 2018 and 2017 as there has been no significant change to the asset base.

General and Administrative Expenses (DPS division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
General and administrative expenses	**5,193**	5,495	(5)	**15,833**	12,499	27
% of DPS division revenue	**8%**	9%		**10%**	9%	

G&A expense for the three and nine months ended September 30, 2018 decreased by 5% and increased by 27% from the comparative periods of 2017. The Corporation continues to proactively manage costs while still responding to customer demands and activity levels. In the year to date, G&A expenses have increased as a result of expanding the production chemicals service line, and includes additional costs resulting from the production chemicals acquisition in April 2017. Additionally, all research and development costs associated with the Corporation's research lab have been included in DPS G&A expense since the third quarter of 2017. Previous to that, they were reported with the Corporation's business development expense. Secure 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. As a percentage of DPS revenue, G&A expenses are 8% and 10% in the three and nine months ended September 30, 2018 compared to 9% in both the prior year comparative periods.

Earnings (loss) before tax (DPS division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Earnings (loss) before tax	2,508	2,065	21	(3,187)	(1,963)	62

Earnings before tax of $2.5 million in the three months ended September 30, 2018 was up $0.4 million from the 2017 comparative as a result of a 5% decrease in G&A expenses as the Corporation continues to minimize costs by streamlining operations where possible. During the nine months ended September 30, 2018, the DPS division had a net loss of $3.2 million compared to a net loss of $2.0 million in the 2017 year to date. The impact of higher segment profit margin resulting from higher revenues and economies of scale was more than offset by a 27% increase in G&A expense resulting primarily from costs associated with the expanded production chemicals business, and the reclassification of expenses from Corporate business development to the DPS division effective July 2017.

CORPORATE INCOME AND EXPENSES

Corporate General and Administrative Expenses

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
General and administrative expenses	4,766	3,695	29	14,768	12,443	19

Included in corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, as well as additional support services that are shared across all three operational business units. Corporate G&A expenses increased by $1.1 million and $2.3 million in the three and nine months ended September 30, 2018 over the comparative periods of 2017, primarily due to higher personnel, professional and information technology costs associated with higher activity levels. Overall, the Corporation has been able to demonstrate a consistent G&A cost structure while being able to respond to industry activity.

Share-based Compensation

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Share-based compensation	6,461	5,771	12	17,576	17,508	-

Share-based compensation for the three and nine months ended September 30, 2018 was $6.5 million and $17.6 million, an increase of 12% and nil, respectively, from the 2017 comparative periods. Share-based compensation fluctuates based on timing of grants and any forfeitures of share-based awards, the effects of vesting, and changes in share price. The increase in expense for the third quarter of 2018 relates primarily to the revaluation of the liability associated with the Corporation's deferred share units as a result of an increase to the Corporation's share price at September 30, 2018 over June 30, 2018.

Business Development Expenses

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2018	2017	% Change	2018	2017	% Change
Business development	1,182	1,322	(11)	3,729	5,274	(29)

Business development expenses include prospect costs associated with organic growth and acquisition opportunities in Canada and the U.S. Business development expenses of $1.2 million and $3.7 million for the three and nine months ended September 30, 2018 decreased by $0.1 million and $1.5 million over the comparative periods of 2017. The prior year included costs associated with two acquisitions, as well as DPS research and development costs for the first half of 2017.

Secure's business development team has continued to advance certain organic projects and regulatory approvals to ensure they are project ready to position Secure for continued market share growth and an expanded regional presence. Secure continually pursues various acquisition opportunities that would complement Secure's existing service lines, increase market share, and expand geographical presence.

Interest and Finance Costs

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Interest and finance costs	2,935	1,079	172	11,161	7,302	53

Interest and finance costs includes interest expense, amortization of financing fees, accretion expense realized with the passage of time on onerous lease contracts, all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive income and all realized and unrealized gains or losses related to interest rate swaps on the Corporation's second lien credit facility. The interest expense portion has increased as a result of a 49% and 55% increase in the average long-term borrowings balance in the three and nine months ended September 30, 2018 over the 2017 comparative periods, which was partially offset by the unrealized mark to market gain on the Corporation's interest rate swap.

Foreign Currency Translation Adjustment

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Foreign currency translation loss (gain), net of tax	2,509	5,956	(58)	(4,405)	11,629	(138)

Included in other comprehensive income is a loss of $2.5 million for the three months ended September 30, 2018 and a gain of $4.4 million for the nine months ended September 30, 2018 related to foreign currency translation adjustments resulting from the conversion of the assets, liabilities and financial results of the Corporation's ongoing U.S. operations for the three and nine months ended September 30, 2018. The foreign currency translation adjustment included in the consolidated statements of comprehensive income does not impact net earnings for the period.

Income Taxes

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Income taxes						
Current tax expense (recovery)	841	968	(13)	1,963	(2,364)	(183)
Deferred tax expense	4,291	797	438	7,580	5,628	35
Total income tax expense	5,132	1,765	191	9,543	3,264	192

Income tax expense for the three months and nine months ended September 30, 2018 was $5.1 million and $9.5 million compared to $1.8 million and $3.3 million in the comparative periods in 2017. The overall increase in income tax expense is due primarily to higher pre-tax income in the three and nine months ended September 30, 2018 compared to the 2017 comparative periods.

SUMMARY OF QUARTERLY RESULTS

Seasonality

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

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

	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue (excluding oil purchase and resale)	182,469	141,249	181,698	184,740	162,596	115,372	140,713	124,584
Oil purchase and resale	646,565	578,674	523,747	494,816	451,143	468,952	309,876	405,939
Total Revenue	829,034	719,923	705,445	679,556	613,739	584,324	450,589	530,523
Net income (loss) for the period	6,809	(6,901)	6,077	(23,934)	(179)	(13,529)	3,440	(10,075)
Net income (loss) per share - basic and diluted	0.04	(0.04)	0.04	(0.15)	0.00	(0.08)	0.02	(0.06)
Weighted average shares - basic	162,286,387	164,524,360	164,009,829	163,352,572	163,128,460	162,776,950	162,049,821	160,314,786
Weighted average shares - diluted	164,911,044	164,524,360	166,079,649	163,352,572	163,128,460	162,776,950	165,944,906	160,314,786
Adjusted EBITDA (1)	53,746	31,158	47,807	51,177	43,820	20,044	42,170	33,046

(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, and fluctuating commodity prices impacting industry activity, variations in quarterly results are attributable to several factors.

During 2016, the Corporation's customers significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas. The reductions impacted results in 2016. In 2017, customers began ramping up activity levels as oil prices stabilized at higher levels, and activity remained at similar levels in 2018. These higher activity levels, combined with facility additions and expansions, and acquisitions positively impacted results.

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

The following summarizes the facilities commissioned and acquisitions completed in 2017 and 2018 that have impacted the quarterly results for the past two years:

- In the second quarter of 2017, Secure completed the acquisition of a production chemicals business;
- In the third quarter of 2017, Secure added ten facilities to the Corporation's infrastructure network through the acquisition of Ceiba Energy Services Inc.;
- In the third quarter of 2018, the Corporation's Gold Creek and Tony Creek water disposal facilities commenced operations.

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

By offering the oil purchase and resale service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. Revenue from this service is impacted by the change in oil prices and the number of pipeline connected facilities.

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.

Secure expects cash flow to climb as a result of contributions from capital investments made by Secure in key areas over the past several years. Given annual sustaining capital of approximately $20 million, cash interest expense of approximately $15 million and minimal cash taxes, the amount of cash flow generated by the Corporation's assets can adequately fund annual dividends while still providing cash to fund growth capital, buy back shares, increase the dividend, and/or pay down debt.

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

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

The amount drawn on Secure's credit facilities increased by 30% to $389.1 million at September 30, 2018 compared to $300.0 million at December 31, 2017. The increase relates to consideration paid for organic growth and expansion projects previously described, partially offset by cash flows from operating activities. Refer to the '*Financing Activities*' section below for further information with regards to net debt.

Issued capital remained consistent at $1.1 billion at September 30, 2018 from December 31, 2017. Capital issued through the exercise of options and the release of RSUs and PSUs under the Corporation's Unit Incentive Plan during the first half of the year was offset by shares repurchased and cancelled by the Corporation under the approved NCIB. In total, Secure repurchased and cancelled 2,806,573 shares for $20.9 million during the nine months ended September 30, 2018.

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions. The Corporation intends to fund its operations, working capital requirements, dividends and capital program primarily with cash flow from operations and its credit facilities. At September 30, 2018, the Corporation had $149.9 million available under its credit facilities, subject to covenant restrictions.

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

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

As per the Corporation's credit facilities at September 30, 2018, senior debt includes amounts drawn on the first lien credit facility and finance leases, less cash balances above $5 million. Total debt is equal to senior debt plus amounts drawn under the second lien credit facility and any unsecured debt. EBITDA is adjusted for non-recurring losses, any non-cash impairment charges, any other non-cash charges, and acquisitions on a pro-forma trailing twelve month basis. At September 30, 2018, Secure was in compliance with all covenant requirements under the Corporation's credit facilities. The following table outlines the Corporation's financial covenant ratios as at September 30, 2018 and December 31, 2017.

	Sept 30, 2018	Dec. 31, 2017	% Change
Senior debt to EBITDA	**1.5**	1.1	36
Total debt to EBITDA	**2.2**	1.9	16
Interest coverage	**10.4**	12.5	(17)

Refer to Note 18 of the Annual Financial Statements for further disclosure of the Corporation's liquidity risk, and Note 8 of the Interim Financial Statements for details of the Corporation's contractual obligations and contingencies at September 30, 2018.

Management expects that the Corporation has sufficient liquidity and capital resources to meet the Corporation's obligations and commitments while managing within these covenants. However, oil and gas prices over the past several years, and egress challenges lowering new investment in the WCSB continue to create a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's forecasts. In light of this uncertainty, Secure will continue its prudent approach to capital spending and reduce operating costs where it does not impact safety, operations and environmental performance. To meet financial obligations, the Corporation may also adjust its dividends, draw on its first lien 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 or future economic and operating environment. Refer to the '*Access to Capital*' discussion in the '*Risk Factors'* section of the Corporation's AIF.

The following provides a summary and comparative of the Corporation's operating, investing and financing cash flows for the three and nine months ended September 30, 2018 and 2017.

Net Cash Flows from Operating Activities and Funds Flow from Operations

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Net cash flows from operating activities	**19,879**	2,864	594	**127,205**	85,947	48
Add:						
Changes in non-cash working capital	**28,528**	51,462	(45)	**(9,608)**	25,288	(138)
Funds flow from operations [1]	**48,407**	54,326	(11)	**117,597**	111,235	6

[1] **Refer to "Additional-*GAAP Measures*" for further information.**

Funds flow from operations for the three months and nine months ended September 30, 2018 of $48.4 million and $117.6 million decreased 11% and increased 6% from the respective 2017 comparative periods. Higher Adjusted EBITDA from increased activity in the oil and gas sector, new facilities and expansions at existing facilities and improved average crude oil prices was offset by smaller tax recoveries received in 2018 related to losses applied to prior years, and higher interest payments in concurrence with the increase in the average long-term borrowings balance.

Net cash flows from operating activities of $19.9 million and $127.2 million in the three and nine months ended September 30, 2018 were up from $2.9 million and $85.9 million the 2017 comparative periods. Net cash flows from operating activities were impacted by the factors described above, combined with fluctuations from non-cash working capital primarily due to changes in balances resulting from activity levels and timing differences in payment and collection.

Investing Activities

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Capital expenditures [1]						
Growth and expansion capital expenditures	**37,677**	49,212	(23)	**124,390**	72,815	71
Business acquisitions	**-**	24,266	(100)	**-**	54,569	(100)
Sustaining capital expenditures	**5,801**	4,760	22	**11,932**	12,638	(6)
Total capital expenditures	**43,478**	78,238	(44)	**136,322**	140,022	(3)

[1] **Refer to "*Operational definitions*" for further information.**

The Corporation's growth and expansion capital expenditures for the three and nine months ended September 30, 2018 of $43.5 million and $136.3 million decreased 44% and 3% from the comparative periods of 2017. Secure employs a prudent approach to capital spending and will continue to evaluate and allocate capital to projects which will generate the highest risk adjusted rates of return. Growth and expansion projects in the nine months ended September 30, 2018 included completing construction of the light oil feeder pipeline and receipt terminal in the Kindersley-Kerrobert region, completing construction of the new Gold Creek SWD and temporary Tony Creek SWD, facility upgrades and the addition of a third well at the Big Mountain SWD, construction of new cells at the Saddle Hills, Tulliby Lake and Williston landfills, and long lead items and upfront engineering related to future projects, including the additional storage at the receipt terminal in Kerrobert.

In 2017, Secure's organic growth capital program was heavily weighted towards the second half of the year, and included costs associated with the Kerrobert Light Pipeline System, pre-design work on the Gold Creek water disposal facility, landfill expansions at South Grande Prairie, Fox Creek and Pembina, and improvements to increase disposal capacity at various facilities, including the deepening of a disposal well, pump replacements and well workovers at some of the acquired Ceiba facilities.

There were no business acquisitions completed during the nine months ended September 30, 2018. During the nine months ended September 30, 2017, the Corporation completed two acquisitions for a total of $54.6 million, including the acquisition of a production chemicals business in April 2017, and the acquisition of Ceiba in August 2017.

During the three and nine months ended September 30, 2018, sustaining capital was $5.8 million and $11.9 million compared to $4.8 million and $12.6 million in the 2017 comparative periods. Sustaining capital in the three and nine months ended September 30, 2018 related primarily to operating equipment upgrades and maintenance on Secure's disposal wells and facilities. Sustaining capital is typically minimal in the few years of operation of a facility because each facility is constructed with new or refurbished equipment. The Corporation expects to spend a similar amount on sustaining capital in 2018 as 2017, with the majority of the expenditures weighted to the second half of the year.

Financing Activities

($000's)	Three months ended Sept 30, 2018	2017	% Change	Nine months ended Sept 30, 2018	2017	% Change
Shares issued, net of share issue costs	**-**	-	-	**55**	4,362	(99)
Repurchase and cancellation of shares under NCIB	**(12,126)**	-	(100)	**(20,870)**	-	(100)
Draw on credit facility	**58,296**	41,633	40	**89,109**	53,872	65
Financing fees	**-**	(1,062)	100	**-**	(2,123)	100
Capital lease obligation	**(2,240)**	(3,736)	(40)	**(5,571)**	(7,161)	(22)
Dividends paid	**(10,965)**	(10,399)	5	**(33,133)**	(26,713)	24
Net cash flow from financing activities	**32,965**	26,436	25	**29,590**	22,237	33

In May 2018, Secure received approval from the Toronto Stock Exchange for the NCIB whereby the Corporation may repurchase common shares at the prevailing market rate for cancellation. Pursuant to the NCIB, Secure may repurchase up to a maximum of 8,227,359 from May 28, 2018 to May 27, 2019, subject to daily limits in accordance with the terms of the NCIB. Transactions under the NCIB will depend on future market conditions. Secure retains the discretion whether to make purchases under the NCIB, and to determine the timing, amount and acceptable price of any such purchases, subject at all times to applicable TSX and other regulatory requirements.

During the three months ended September 30, 2018, Secure purchased and cancelled 1,613,400 shares at a weighted average price per share of $7.52 for a total of $12.1 million. During the nine months ended September 30, 2018, Secure purchased and cancelled 2,806,573 shares at a weighted average price per share of $7.44 for a total of $20.9 million. Subsequent to September 30, 2018, the Corporation purchased 287,100 additional shares at a weighted average price per share of $8.01 for a total $2.3 million.

As at September 30, 2018, the Corporation had drawn $389.1 million on its credit facilities compared to $300.0 million as at December 31, 2017. The increase primarily relates to growth and expansion capital, dividends paid and the repurchase of shares, partially offset by cash flows from operating activities. As at September 30, 2018, the Corporation had $149.9 million available under its first lien credit facility, subject to covenant restrictions. The Corporation is well positioned, based on this available amount and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the 2018 capital program. At September 30, 2018, the Corporation was in compliance with all covenants.

During the three and nine months ended September 30, 2018, the Corporation declared dividends of $11.0 million and $33.1 million to holders of common shares. In the comparative periods of 2017, $10.4 million and $30.1 million dividends were declared. During the first quarter of 2017 $3.4 million of the dividends declared were reinvested in additional common shares through the Corporation's Dividend Reinvestment Plan ("DRIP"). Commencing with the April 2017 dividend declaration, the Corporation suspended the DRIP. Subsequently, all shareholders have received cash dividends.

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

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

Subsequent to September 30, 2018, the Corporation paid dividends to holders of common share of record on October 1, 2018 in the amount of $0.0225 per common share, and declared dividends to holders of common shares in the amount of $0.0225 per common share which are payable on November 15 for shareholders of record on November 1, 2018.

CONTRACTUAL OBLIGATIONS

Refer to Note 8 of the Interim Financial Statements for disclosure related to contractual obligations.

BUSINESS RISKS

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

OUTSTANDING SHARE CAPITAL

As at October 30, 2018, there were 161,668,068 common shares issued and outstanding. In addition, as at October 30, 2018, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at October 30, 2018	Issued	Exercisable
Share Options	4,579,382	3,982,874
Restricted Share Units	3,536,276	-
Performance Share Units	2,383,917	-

OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2018 and December 31, 2017, 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 Annual Financial Statements, other than as described in Note 2 of the Interim Financial Statements.

FINANCIAL AND OTHER INSTRUMENTS

As at September 30, 2018, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, long-term borrowings and derivative instruments. The fair values of these financial instruments approximate their carrying amount due to the short-term maturity of these instruments except long-term borrowings and derivative instruments. Long-term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. Derivative instruments are fair valued at each period end in accordance with their classification of fair value through profit or loss. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices, foreign currency exchange rates and interest rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity price curves, foreign currency exchange rates and interest rates. The estimated fair value of all derivative financial instruments is based on observable market data. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, interest rate and market risk. A discussion of how these and other risks are managed can be found in the AIF under the heading '*Business Risks*'. Further information on how the fair value of financial instruments is determined is included in the '*Critical Accounting Estimates and Judgments*' section of this MD&A.

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the Corporation's Interim 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 Interim Financial Statements have been set out in Note 3 of the Corporation's Annual Financial Statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

For the three and nine months ended September 30, 2018, there were no revised standards or amendments to IFRS issued that significantly impacted the Interim Financial Statements, other than as described in Note 2 of the Interim Financial Statements.

On January 13, 2016, the IASB issued IFRS 16 Leases which replaces IAS 17. The new standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

Secure will adopt IFRS 16 on the effective date of January 1, 2019, and has selected the modified retrospective transition approach. Secure has also elected to apply the optional exemptions for short-term and low-value leases. IFRS 16 is expected to increase the Corporation's assets and liabilities, increase depreciation, depletion and amortization expense, increase interest, accretion and finance costs and reduce direct expenses and general and administrative expenses. Cash payments associated with operating leases are currently presented within operating activities; under IFRS 16, the cash flows will be allocated between financing activities for the repayment of the principal liability and operating activities for the financing expense portion. The overall impact to cash flow is unchanged.

Secure has formed a team of qualified employees to assess the full impacts of IFRS 16 on the Corporation. The transition team has created a database of leases and has completed procedures to ensure completeness. The leases identified are reflected in the Corporation's contractual obligations table located in Note 8 of the Interim Financial Statements. Lease payments will be discounted at the Corporation's incremental borrowing rate at January 1, 2019, which will be dependent on several variables, including the term of the lease. The quantitative impact of applying IFRS 16 on the financial statements in the period of initial application has not yet been determined. Based on preliminary assessment, the most significant impact is that the Corporation will recognize new assets and liabilities for its lessee operating leases of office space and rail cars. The Corporation intends to report the expected transition entry in the 2018 annual financial statements and MD&A.

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.

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

RELATED PARTIES

Refer to Note 20 of the Corporation’s Annual Financial Statements for disclosure related to related parties.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute “forward-looking statements” and/or “forward-looking information” within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect”, and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains or implies forward-looking statements pertaining to: key priorities for the Corporation’s success; the oil and natural gas industry, including drilling and production trends; activity levels in the oil and gas sector, drilling levels, commodity prices for oil, natural gas liquids and natural gas; industry fundamentals for 2018; capital forecasts and spending by producers; demand for the Corporation’s services and products; expansion strategy; the impact of oil and gas activity on Secure’s activity levels; the Corporation’s proposed 2018 and 2019 capital expenditure program including expansion, growth and sustaining capital expenditures, and the timing of completion for projects, in particular the additional storage at the Kerrobert terminal; debt service; acquisition strategy and timing of potential acquisitions; the impact of new facilities, new service offerings, potential acquisitions, and prior year acquisitions on the Corporation’s financial and operational performance and growth opportunities; growth opportunities; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; access to capital; the impact of the NCIB on shareholder value; 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 are based upon prior year results as well as the assumption that levels of market activity and growth will be consistent with industry activity in Canada and the U.S. and similar phases of previous economic cycles. Forward-looking statements concerning the availability of funding for future operations are based upon the assumption that the sources of funding which the Corporation has relied upon in the past will continue to be available to the Corporation on terms favorable to the Corporation and that future economic and operating conditions will not limit the Corporation’s access to debt and equity markets. Forward-looking statements concerning the relative future competitive position of the Corporation are based upon the assumption that economic and operating conditions, including commodity prices, crude oil and natural gas storage levels, interest and foreign exchange rates, the regulatory framework regarding oil and natural gas royalties, environmental regulatory matters, the ability of the Corporation and its subsidiaries to successfully market their services and drilling and production activity in North America will lead to sufficient demand for the Corporation’s services and its subsidiaries’ services including demand for oilfield services for drilling and completion of oil and natural gas wells, that the current business environment will remain substantially unchanged, and that present and anticipated programs and expansion plans of other organizations operating in the energy industry may change the demand for the Corporation’s services and its subsidiaries’ services. Forward-looking statements concerning the nature and timing of growth are based on past factors affecting the growth of the Corporation, past sources of growth and expectations relating to future economic and operating conditions. Forward-looking statements in respect of the costs anticipated to be associated with the acquisition and maintenance of equipment and property are based upon assumptions that future acquisition and maintenance costs will not significantly increase from past acquisition and maintenance costs.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to under the heading "*Risk Factors*" in the AIF for the year ended December 31, 2017 and also includes the risks associated with the possible failure to realize the anticipated synergies in integrating the assets acquired in prior year acquisitions 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.