



**Condensed Consolidated
Financial Statements
(Unaudited)**

**For the three and six months
ended June 30, 2020**

**SECURE
ENERGY**

SECURE ENERGY SERVICES INC.
Consolidated Statements of Financial Position

(\$000's) (unaudited)	Notes	As at	
		June 30, 2020	December 31, 2019
Assets			
Current assets			
Cash		17,426	8,854
Accounts receivable and accrued receivables		103,585	228,468
Inventories		50,975	65,158
Prepaid expenses and other current assets		8,947	11,974
		180,933	314,454
Property, plant and equipment	3	1,240,026	1,232,775
Right-of-use assets		40,657	49,624
Intangible assets	4	21,206	39,671
Goodwill		11,127	11,127
Total Assets		1,493,949	1,647,651
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		86,032	189,178
Asset retirement obligations		3,046	3,060
Lease liabilities		14,106	18,030
		103,184	210,268
Long-term borrowings	6	462,310	453,414
Asset retirement obligations		97,762	91,332
Lease and other liabilities		27,422	31,303
Deferred tax liabilities		37,001	48,690
Total Liabilities		727,679	835,007
Shareholders' Equity			
Issued capital	7	1,037,282	1,017,990
Share-based compensation reserve		46,211	61,586
Foreign currency translation reserve		36,016	26,734
Non-controlling interest		31,171	32,954
Deficit		(384,410)	(326,620)
Total Shareholders' Equity		766,270	812,644
Total Liabilities and Shareholders' Equity		1,493,949	1,647,651

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Comprehensive Loss

(\$000's except per share and share data) (unaudited)	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2020	2019	2020	2019
Revenue	12	291,190	788,848	896,768	1,573,231
Cost of sales	9	298,821	768,108	874,111	1,512,585
Gross margin		(7,631)	20,740	22,657	60,646
General and administrative expenses	9	13,362	23,814	37,116	52,255
Impairment and restructuring costs	5	908	-	26,004	-
Operating (loss) income		(21,901)	(3,074)	(40,463)	8,391
Interest, accretion and finance costs		5,324	6,242	14,414	13,033
Loss before tax		(27,225)	(9,316)	(54,877)	(4,642)
Current tax expense		179	(342)	708	(44)
Deferred tax recovery		(5,999)	(6,847)	(11,784)	(3,730)
Net loss		(21,405)	(2,127)	(43,801)	(868)
Net loss attributable to:					
Shareholders of SECURE		(20,889)	(1,678)	(42,827)	(419)
Non-controlling interest		(516)	(449)	(974)	(449)
Other comprehensive loss					
Foreign currency translation adjustment		(6,376)	(4,116)	9,286	(7,213)
Total comprehensive loss		(27,781)	(6,243)	(34,515)	(8,081)
Total comprehensive loss attributable to:					
Shareholders of SECURE		(26,704)	(5,547)	(33,545)	(7,385)
Non-controlling interest		(1,077)	(696)	(970)	(696)
Basic and diluted loss per common share		(0.14)	(0.01)	(0.28)	(0.01)
Weighted average shares outstanding - basic and diluted	7	158,488,825	160,371,354	158,501,312	160,405,924

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

SECURE ENERGY SERVICES INC.

Consolidated Statements of Changes in Shareholders' Equity

<i>(\$000's) (unaudited)</i>	Note	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Non-controlling interest	Deficit	Total Shareholders' Equity
Balance at January 1, 2020		1,017,990	61,586	26,734	32,954	(326,620)	812,644
Net loss		-	-	-	(974)	(42,827)	(43,801)
Dividends declared	7	-	-	-	(813)	(14,963)	(15,776)
Foreign currency translation adjustment		-	-	9,282	4	-	9,286
Issue of share capital for business acquisition		-	-	-	-	-	-
Exercise of share units	7	20,823	(20,823)	-	-	-	-
Share-based compensation		-	5,448	-	-	-	5,448
Shares cancelled under normal course issuer bid ("NCIB")	7	(1,531)	-	-	-	-	(1,531)
Balance at June 30, 2020		1,037,282	46,211	36,016	31,171	(384,410)	766,270
Balance at January 1, 2019		1,031,189	64,413	33,982	-	(285,268)	844,316
Net loss		-	-	-	(449)	(419)	(868)
Dividends declared		-	-	-	(449)	(21,662)	(22,111)
Acquisition of non-controlling interest		-	-	-	35,646	-	35,646
Foreign currency translation adjustment		-	-	(7,213)	247	-	(6,966)
Exercise of share units		19,909	(19,909)	-	-	-	-
Share-based compensation		-	10,495	-	-	-	10,495
Shares cancelled under NCIB		(23,295)	-	-	-	-	(23,295)
Balance at June 30, 2019		1,027,803	54,999	26,769	34,995	(307,349)	837,217

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Cash Flows

(\$000's) (unaudited)	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2020	2019	2020	2019
Cash flows (used in) from operating activities					
Net loss		(21,405)	(2,127)	(43,801)	(868)
Adjustments for non-cash items:					
Depreciation, depletion and amortization	9	33,056	33,975	72,724	65,874
Interest, accretion and finance costs		5,324	6,242	14,414	13,033
Current and deferred tax recovery		(5,820)	(7,189)	(11,076)	(3,774)
Other non-cash expense (income)		6,934	(507)	2,458	3,983
Impairment of non-current assets		-	-	15,723	-
Share-based compensation		1,769	4,614	4,102	11,902
Interest paid		(4,492)	(5,588)	(9,822)	(10,800)
Income taxes recovered (paid)		223	-	227	(2,333)
Asset retirement costs incurred		(20)	(243)	(123)	(1,149)
Funds flow from operations		15,569	29,177	44,826	75,868
Change in non-cash working capital		6,529	24,749	23,122	35,360
Net cash flows from operating activities		22,098	53,926	67,948	111,228
Cash flows (used in) from investing activities					
Purchase of property, plant and equipment		(10,560)	(34,746)	(51,920)	(58,365)
Proceeds from dispositions		707	1,979	849	2,806
Partnership distributions to non-controlling interest		(400)	(449)	(813)	(449)
Business acquisition		-	(13,866)	-	(13,866)
Change in non-cash working capital		(5,928)	(4,749)	8,940	(4,825)
Net cash flows used in investing activities		(16,181)	(51,831)	(42,944)	(74,699)
Cash flows from (used in) financing activities					
Repurchase and cancellation of shares under NCIB	7	-	(22,402)	(1,531)	(23,295)
Draw on credit facilities		11,105	31,766	8,555	23,550
Financing fees		-	(1,426)	-	(1,426)
Lease liability principal payments		(4,648)	(5,690)	(9,063)	(11,413)
Dividends paid	7	(4,357)	(10,856)	(14,963)	(21,662)
Net cash flows from (used) in financing activities		2,100	(8,608)	(17,002)	(34,246)
Effect of foreign exchange on cash		241	(137)	570	(670)
Increase (decrease) in cash		8,258	(6,650)	8,572	1,613
Cash, beginning of period		9,168	16,191	8,854	7,928
Cash, end of period		17,426	9,541	17,426	9,541

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

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

SECURE Energy Services Inc. (“SECURE” or “the Corporation”) is incorporated under the Business Corporations Act of Alberta. The Corporation’s common shares are traded on the Toronto Stock Exchange under the symbol “SES”.

SECURE provides industry leading customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States (“U.S.”) through its network of midstream processing and storage facilities, crude oil and water pipelines, and crude by rail terminals located throughout key resource plays in western Canada, North Dakota and Oklahoma. SECURE’s core midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE also provides comprehensive environmental and fluid management for landfill disposal, onsite abandonment, remediation and reclamation, drilling, completion and production operations for oil and gas producers in western Canada.

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

Basis of Presentation

The condensed consolidated financial statements of SECURE have been prepared by management in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) in effect at the closing date of June 30, 2020. The condensed consolidated financial statements do not include all of the information required for full annual statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2019.

These consolidated financial statements are recorded and presented in Canadian dollars (\$), which is SECURE’s functional currency, and have been prepared on a historical cost basis, except for certain financial instruments and share-based compensation transactions that have been measured at fair value. All values are rounded to the nearest thousand dollars (\$000’s), except where otherwise indicated. The accounting policies described in Note 2 have been applied consistently to all periods presented in these consolidated financial statements. Effective April 1, 2020, the Corporation adjusted prior year comparative and first quarter of 2020 figures to present pipeline tariff fees charged as a recovery of cost of sales rather than revenue. As a result, revenue for the three and six months ended June 30, 2019, and the three months ended March 31, 2020, decreased \$4.5 million, \$9.1 million, and \$5.5 million, respectively, with an offsetting decrease to cost of sales.

These consolidated financial statements were approved by SECURE’s Board of Directors on July 28, 2020.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three and six months ended June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these condensed consolidated financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2019. Unless otherwise stated, these policies have been consistently applied to all periods presented.

Significant Estimates and Judgments

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

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

3. PROPERTY, PLANT AND EQUIPMENT

(\$000's)

Balance at December 31, 2019	1,232,775
Additions	54,588
Change in asset retirement cost	5,180
Disposals	(12,247)
Depreciation and depletion	(48,304)
Foreign exchange effect	8,034
Balance at June 30, 2020	1,240,026

4. INTANGIBLE ASSETS

(\$000's)

Balance at December 31, 2019	39,671
Additions	869
Disposals	-
Amortization	(4,457)
Impairment (Note 5)	(15,723)
Foreign exchange effect	846
Balance at June 30, 2020	21,206

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5. IMPAIRMENT

Each reporting period, the carrying amounts of non-current assets are reviewed to determine if there are any indications of impairment. If an indication of impairment exists, the recoverable amount of the asset is estimated. SECURE determined that indicators of impairment existed at March 31, 2020, for the Corporation's cash generating units ("CGUs") with cash flows generated primarily from drilling and completion activity due to expected activity declines associated with record declines in global oil prices. Impairment tests were performed for the Technical Solutions, Industrial Landfills, and Water Management CGUs. As a result of these tests, \$15.7 million of impairment was recognized in the three months ended March 31, 2020, against the carrying value of intangible assets within the Technical Solutions CGU. The Corporation did not identify any triggers for further impairment testing or impairment reversal at June 30, 2020. While the macro economic outlook has improved at June 30, 2020 compared to March 31, 2020, there continues to be significant uncertainty as to the level of exploration and development activity that will be completed by the Corporation's customers.

Restructuring costs

During the three and six months ended June 30, 2020, the Corporation recorded \$0.9 million and \$10.3 million, respectively, of restructuring costs, primarily associated with severance and related costs as a result of measures taken to reduce the Corporation's fixed cost structure to align with industry activity declines.

6. LONG-TERM BORROWINGS

(\$000's)	June 30, 2020	Dec 31, 2019
Amount drawn on first and second lien credit facilities	462,877	454,322
Unamortized transaction costs	(567)	(908)
Total long-term borrowings	462,310	453,414
Credit facilities	805,000	805,000
Amount drawn on first and second lien credit facilities	(462,877)	(454,322)
Letters of credit	(44,223)	(38,562)
Available amount ⁽¹⁾	297,900	312,116

⁽¹⁾ Subject to covenant restrictions discussed below.

SECURE's credit facilities at June 30, 2020, consist of a \$600 million first lien credit facility ("First Lien Facility") with a syndicate of ten financial institutions and Chartered banks (with a maturity date of June 30, 2023), a \$130 million second lien credit facility ("Second Lien Facility") with a syndicate of three financial institutions and Canadian Chartered banks (with a maturity date of July 31, 2021), and a \$75 million bilateral Letter of Credit Facility ("LC Facility") with a syndicate of two financial institutions and Chartered banks (collectively, the "Credit Facilities"). Amounts borrowed under the First Lien Facility bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the banker acceptance or LIBOR rate plus 1.45% to 3.00%, depending, in each case, on the ratio of senior funded debt to EBITDA. Interest on the Second Lien Facility has been fixed at 5% until July 31, 2020, and 5.5% thereafter through the use of interest rate swaps. The Credit Facilities are subject to customary terms, conditions and covenants, including the following financial covenants:

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

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

SECURE ENERGY SERVICES INC.
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6. LONG-TERM BORROWINGS (continued)

EBITDA is defined in the lending agreement as trailing twelve months earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis. Financing Charges are defined to include interest expense on Total Debt.

The Corporation also covenants the following:

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

At June 30, 2020, and December 31, 2019, the Corporation was in compliance with all financial covenants contained in the lending agreements. The following table outlines the Corporation's covenant ratios as at June 30, 2020, and December 31, 2019.

	June 30, 2020	Dec 31, 2019	Covenant
Senior debt to EBITDA	2.3	2.0	3.5
Total debt to EBITDA	3.2	2.8	5.0
Interest coverage	6.8	7.4	2.5

7. SHAREHOLDERS' EQUITY

	Number of Shares	Amount (\$000's)
Balance at December 31, 2019	156,460,158	1,017,990
Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") exercised	2,419,594	-
Transfer from reserves in equity	-	20,823
Shares repurchased and cancelled under NCIB	(336,500)	(1,531)
Balance at June 30, 2020	158,543,252	1,037,282

The Corporation declared dividends to holders of common shares for the three and six months ended June 30, 2020 of \$4.4 million and \$15.0 million, respectively (three and six months ended June 30, 2019: \$10.9 million and \$21.7 million, respectively).

In May 2020, SECURE renewed the previous NCIB which ended on May 27, 2020. Under the renewed NCIB, SECURE may purchase for cancellation up to a maximum of 10,796,069 common shares of the Corporation from May 28, 2020, to May 27, 2021, or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or terminated at the Corporation's election. In total, 3,874,500 common shares were repurchased and cancelled under the prior NCIB, representing 48% of the maximum number. The following table outlines the shares repurchased and cancelled during the three and six months ended June 30, 2020 and 2019.

	Three months ended June 30,		Six months ended June 30,	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Shares repurchased and cancelled under the NCIB	-	3,070,100	336,500	3,201,600
Total cost	\$ -	\$ 22,402	\$ 1,531	\$ 23,295

SECURE ENERGY SERVICES INC.
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7. SHAREHOLDERS' EQUITY (continued)

Basic and Diluted Earnings Per Share

The following reflects the share data used in the basic and diluted income per share computations for the three and six months ended June 30, 2020 and 2019:

	For the three months ended,		For the six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Weighted average number of shares - basic	158,488,825	160,371,354	158,501,312	160,405,924
Effect of dilution:				
Options, RSUs, and PSUs	-	-	-	-
Weighted average number of shares - diluted	158,488,825	160,371,354	158,501,312	160,405,924

The above table excludes the effect of all options, RSUs and PSUs for the three and six months ended June 30, 2020, as they are considered to be anti-dilutive.

8. SHARE-BASED COMPENSATION PLANS

The Corporation has a Unit Incentive Plan ("UIP") under which the Corporation may grant incentive units, comprised of RSUs and PSUs (collectively, "Incentive Units") to employees and consultants, and a deferred share unit ("DSU") plan for non-employee directors of the Corporation. The terms of these plans remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2019.

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

Incentive Units and DSUs

The following table summarizes the units outstanding:

	RSUs	PSUs	DSUs
Balance at December 31, 2019	3,150,759	2,468,681	490,642
Granted	1,109,895	1,234,817	182,287
Reinvested dividends	128,738	125,885	22,616
Redeemed for common shares	(1,413,164)	(1,006,430)	-
Forfeited	(437,351)	(379,431)	-
Balance at June 30, 2020	2,538,877	2,443,522	695,545

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

Options

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

	Outstanding options	Weighted average exercise price (\$)
Balance at December 31, 2019	2,078,586	9.25
Expired	(341,660)	15.48
Forfeited	(370,000)	-
Balance at June 30, 2020	1,366,926	8.12
Exercisable at June 30, 2020	1,366,926	8.12

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9. COST OF SALES AND GENERAL AND ADMINISTRATIVE EXPENSES

The below table summarizes the disaggregation of cost of sales and general and administrative expenses for the three and six months ended June 30, 2020 and 2019:

(\$000's)		General and Administrative Expense	Total
For the three months ended June 30, 2020	Cost of Sales		
Employee compensation and benefits	10,974	5,091	16,065
Share-based compensation	920	849	1,769
Depreciation, depletion and amortization	30,652	2,404	33,056
Oil purchase/resale services expense	225,644	-	225,644
Other ⁽¹⁾	30,631	5,018	35,649
Total	298,821	13,362	312,183

(\$000's)		General and Administrative Expense	Total
For the six months ended June 30, 2020	Cost of Sales		
Employee compensation and benefits	42,675	18,770	61,445
Share-based compensation	1,790	2,312	4,102
Depreciation, depletion and amortization	66,243	6,481	72,724
Oil purchase/resale services expense	659,199	-	659,199
Other ⁽¹⁾	104,204	9,553	113,757
Total	874,111	37,116	911,227

(\$000's)		General and Administrative Expense	Total
For the three months ended June 30, 2019	Cost of Sales		
Employee compensation and benefits	27,358	10,577	37,935
Share-based compensation	1,477	3,137	4,614
Depreciation, depletion and amortization	30,592	3,383	33,975
Oil purchase/resale services expense	654,618	-	654,618
Other ⁽¹⁾	54,063	6,717	60,780
Total	768,108	23,814	791,922

(\$000's)		General and Administrative Expense	Total
For the six months ended June 30, 2019	Cost of Sales		
Employee compensation and benefits	59,039	21,727	80,766
Share-based compensation	2,954	8,948	11,902
Depreciation, depletion and amortization	59,167	6,707	65,874
Oil purchase/resale services expense	1,266,121	-	1,266,121
Other ⁽¹⁾	125,304	14,873	140,177
Total	1,512,585	52,255	1,564,840

⁽¹⁾ Other includes the remaining expenses not listed separately in the table above. The majority of these expenses are cost of products, repairs and maintenance, trucking and disposal and utilities.

During the three months ended June 30, 2020, the Corporation received the Canada Emergency Wage Subsidy ("CEWS"), assistance offered by the Canadian Federal Government for qualifying entities impacted by the consequences of the novel coronavirus ("COVID-19") pandemic to keep or rehire their employees. Government assistance is recognized when there is reasonable assurance that the assistance will be received, and that the Corporation will comply with the relevant conditions. Government assistance related to current expenses is recorded by the Corporation as a reduction of the related expenses that the assistance is intended to compensate. SECURE recorded \$8.0 million and \$3.2 million against cost of sales and general and administrative expenses, respectively, for the three and six months ended June 30, 2020.

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10. CAPITAL MANAGEMENT

<i>(\$000's)</i>	June 30, 2020	Dec 31, 2019
Current assets	180,933	314,454
Current liabilities	(103,184)	(210,268)
Amount drawn on credit facilities	462,877	454,322
Shareholders' equity	766,270	812,644
	1,306,896	1,371,152

The Corporation's objective in capital management is to ensure adequate sources of capital are available to carry out its planned capital program, while maintaining operational growth, payment of dividends and stable cash flow so as to sustain the business for the long-term. Management considers the Corporation's current assets less current liabilities, total amounts drawn on debt facilities and shareholders' equity as the components of capital to be managed.

The Corporation's overall capital management strategy remained unchanged from prior periods. Management controls its capital structure through detailed financial and operating budgets and forecasts, as well as established policies and processes over monitoring planned capital and operating expenditures. The forecasts are regularly updated based on various factors that could influence activity levels and cash flows, including, among other things, changes in commodity prices, and drilling, completion and production expectations. In light of recent volatility in commodity prices and higher uncertainty with respect to price forecasts, along with the effect of the COVID-19 pandemic on global crude oil demand, the forecast results, including cash flows, working capital and debt levels, are subject to material changes.

Management will closely monitor changes in the external environment and will continue to adjust the Corporation's operating strategy in a timely manner, maintaining stringent cost controls and reduction initiatives in order to strengthen cash flow and continue the Corporation's stable operation.

11. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

<i>(\$000's)</i>	1 year or less	1-5 years	5 years and thereafter	Total
Crude oil transportation	39,000	128,521	41,692	209,213
Capital commitments	7,594	-	-	7,594
Total contractual obligations	46,594	128,521	41,692	216,807

Crude oil transportation commitments

Included in this number are committed crude oil volumes for pipeline throughput at certain of the Corporation's pipeline connected full service terminals. This amount reflects the total payment that would have to be made should the Corporation not fulfill the committed pipeline volumes.

Capital commitments

The amounts relate to various capital purchases for use in the Corporation's current and future capital projects. All amounts are current and due within one year.

12. SEGMENT REPORTING

During the first quarter of 2020, the Corporation realigned its reporting structure to reflect changes in the aggregation of operating segments based on the economic prospects of these operating segments. The results of the Corporation are now being reported in the following two reportable segments:

1. **Midstream Infrastructure** includes a network of midstream infrastructure assets that includes oil and water pipelines, midstream processing facilities, oil storage terminals, and crude by rail terminals throughout western Canada, North Dakota and Oklahoma. The Midstream Infrastructure segment services include clean oil terminalling and storage, 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. The only change to this segment from the audited consolidated financial statements for the year ended December 31, 2019 is the removal of landfills.
2. **Environmental and Fluid Management** includes a network of landfill disposal facilities; onsite abandonment, remediation and reclamation management; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and drilling, completion and production fluid operations management for oil and gas producers in western Canada. Services offered include secure disposal of oilfield and industrial solid wastes into SECURE's owned or managed landfill network located in western Canada and North Dakota; project assessment and planning; demolition and decommissioning; and reclamation and remediation.

These reportable segments of the Corporation have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Corporation's chief operating decision maker, identified as the Corporation's Chairman, President and Chief Executive Officer, to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. The Corporation has aggregated certain operating segments into the above noted reportable segments through examination of the Corporation's performance which is based on the similarity of services and goods provided and economic characteristics exhibited by the operating segments.

The Corporation reports activities not directly attributable to an operating segment under Corporate. Corporate division expenses consist of public company costs, share-based compensation, interest and finance costs, and personnel, office and other administrative costs relating to corporate employees and officers.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Corporation's condensed consolidated financial statements. Comparative information has been recast to conform to the current segmented reporting information. No changes were implemented with respect to the consolidated data as a result of the recast.

The Corporation disaggregates revenue from contracts with customers by type of service or good to reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following tables present the financial performance by reportable segment and includes a measure of segment profit or loss regularly reviewed by management for the three and six months ended June 30, 2020 and 2019.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three and six months ended June 30, 2020 and 2019

12. SEGMENT REPORTING (continued)

(\$000's)	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Three months ended June 30, 2020				
Revenue from services	34,191	31,355	-	65,546
Oil purchase and resale service	225,644	-	-	225,644
Total revenue	259,835	31,355	-	291,190
Cost of sales excluding items listed separately below	(238,888)	(28,361)	-	(267,249)
Segment profit margin	20,947	2,994	-	23,941
G&A expenses excluding items listed separately below	(3,373)	(2,710)	(4,026)	(10,109)
Depreciation, depletion and amortization ⁽¹⁾	(24,113)	(7,541)	(1,402)	(33,056)
Share-based compensation ⁽¹⁾	-	-	(1,769)	(1,769)
Interest, accretion and finance costs	(189)	(76)	(5,059)	(5,324)
Impairment and restructuring costs	(286)	(622)	-	(908)
Loss before tax	(7,014)	(7,955)	(12,256)	(27,225)

(\$000's)	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Six months ended June 30, 2020				
Revenue from services	108,764	128,805	-	237,569
Oil purchase and resale service	659,199	-	-	659,199
Total revenue	767,963	128,805	-	896,768
Cost of sales excluding items listed separately below	(703,309)	(102,769)	-	(806,078)
Segment profit margin	64,654	26,036	-	90,690
G&A expenses excluding items listed separately below	(7,948)	(10,199)	(10,176)	(28,323)
Depreciation, depletion and amortization ⁽¹⁾	(49,708)	(20,198)	(2,818)	(72,724)
Share-based compensation ⁽¹⁾	-	-	(4,102)	(4,102)
Interest, accretion and finance costs	(465)	(223)	(13,726)	(14,414)
Impairment and restructuring costs	(3,697)	(21,109)	(1,198)	(26,004)
Earnings (loss) before tax	2,836	(25,693)	(32,020)	(54,877)

(\$000's)	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Three months ended June 30, 2019				
Revenue from services	72,916	61,314	-	134,230
Oil purchase and resale service	654,618	-	-	654,618
Total revenue	727,534	61,314	-	788,848
Cost of sales excluding items listed separately below	(684,368)	(51,671)	-	(736,039)
Segment profit margin	43,166	9,643	-	52,809
G&A expenses excluding items listed separately below	(5,475)	(6,131)	(5,688)	(17,294)
Depreciation, depletion and amortization ⁽¹⁾	(20,625)	(12,195)	(1,155)	(33,975)
Share-based compensation ⁽¹⁾	-	-	(4,614)	(4,614)
Interest, accretion and finance costs	(316)	(134)	(5,792)	(6,242)
Earnings (loss) before tax	16,750	(8,817)	(17,249)	(9,316)

(\$000's)	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Six months ended June 30, 2019				
Revenue from services	153,235	153,875	-	307,110
Oil purchase and resale service	1,266,121	-	-	1,266,121
Total revenue	1,419,356	153,875	-	1,573,231
Cost of sales excluding items listed separately below	(1,326,124)	(124,340)	-	(1,450,464)
Segment profit margin	93,232	29,535	-	122,767
G&A expenses excluding items listed separately below	(10,880)	(13,479)	(12,241)	(36,600)
Depreciation, depletion and amortization ⁽¹⁾	(39,479)	(24,042)	(2,353)	(65,874)
Share-based compensation ⁽¹⁾	-	-	(11,902)	(11,902)
Interest, accretion and finance costs	(638)	(286)	(12,109)	(13,033)
Earnings (loss) before tax	42,235	(8,272)	(38,605)	(4,642)

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

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three and six months ended June 30, 2020 and 2019

12. SEGMENT REPORTING (continued)

Assets and liabilities

<i>(\$000's)</i>	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
As at June 30, 2020				
Current assets	103,506	77,427	-	180,933
Property, plant and equipment	1,057,106	177,509	5,411	1,240,026
Right-of-use assets	13,056	18,335	9,266	40,657
Intangible assets	20,065	1,141	-	21,206
Goodwill	-	11,127	-	11,127
Total assets	1,193,733	285,539	14,677	1,493,949
Current liabilities	77,185	25,999	-	103,184
Total liabilities	198,396	66,972	462,311	727,679

<i>(\$000's)</i>	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
As at December 31, 2019				
Current assets	186,846	127,608	-	314,454
Property, plant and equipment	1,039,439	187,377	5,959	1,232,775
Right-of-use assets	17,664	20,811	11,149	49,624
Intangible assets	20,490	19,181	-	39,671
Goodwill	-	11,127	-	11,127
Total assets	1,264,439	366,104	17,108	1,647,651
Current liabilities	169,078	41,190	-	210,268
Total liabilities	295,171	86,422	453,414	835,007

Information about geographic areas

<i>(\$000's)</i>	Canada		U.S.		Total	
Three months ended June 30,	2020	2019	2020	2019	2020	2019
Revenue	235,555	771,344	55,635	17,504	291,190	788,848
Six months ended June 30,	2020	2019	2020	2019	2020	2019
Revenue	822,107	1,539,811	74,661	33,420	896,768	1,573,231
As at June 30, 2020 and December 31, 2019	2020	2019	2020	2019	2020	2019
Total non-current assets	1,125,723	1,152,397	187,293	180,800	1,313,016	1,333,197

CORPORATE INFORMATION

DIRECTORS

Rene Amirault – Chairman
Marion Burnyeat ^{(1) (4)}
Brad Munro ^{(1) (2) (5)}
Kevin Nugent ^{(1) (2)}
Shaun Paterson ^{(3) (4)}
Daniel Steinke ⁽⁴⁾
Richard Wise ^{(2) (3)}
Deanna Zumwalt ^{(1) (3)}

¹ Audit Committee

² Compensation Committee

³ Corporate Governance and Nominating
Committee

⁴ Health, Safety, Sustainability & Environment
Committee

⁵ Lead Director

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

KPMG LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

LEAD BANKERS

ATB Financial
National Bank of Canada

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company
Calgary, Alberta

OFFICERS

Rene Amirault
President & Chief Executive Officer

Michael Callihoo
*Corporate Secretary and VP Commercial
Operations/Legal*

David Engel
Executive Vice President, New Ventures

Allen Gransch
Chief Operating Officer, Midstream

Corey Higham
Executive Vice President, Operations

Chad Magus
Executive Vice President & Chief Financial Officer

David Mattinson
*Executive Vice President, Environmental
Solutions*

Mike Mikuska
*Executive Vice President, Commercial &
Transportation*