Management's Discussion & Analysis

2021 Second Quarter Report

SECURE ENERGY

Contents

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of SECURE Energy Services Inc. ("SECURE", the "Corporation", "we", or "our") has been prepared by management and reviewed and approved by the Board of Directors of SECURE (the "Board of Directors" or the "Board") on July 27, 2021. 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 six months ended June 30, 2021, to the three and six months ended June 30, 2020, and should be read in conjunction with the Corporation's condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2021 and 2020 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2020 and 2019 ("Annual Financial Statements").

On July 2, 2021, pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta), SECURE acquired all of the issued and outstanding common shares of Tervita Corporation ("Tervita") and subsequently Tervita was amalgamated with SECURE. Unless otherwise indicated, the MD&A and the financial information and references to SECURE Energy Services Inc. and its subsidiaries and partnership interests contained herein, exclude Tervita and its subsidiaries and is presented on a non-consolidated basis.

All amounts are presented in Canadian dollars, unless otherwise stated, and all tabular amounts are in thousands of Canadian dollars, except share and per 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 publicly traded energy business listed on the Toronto Stock Exchange ("TSX") 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.") 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.

For a complete description of services provided by the Corporation, please refer to the headings '*General Development of the Business*' and '*Description of Business'* in the Corporation's Annual Information Form for the year ended December 31, 2020 ("AIF") and the joint information circular of SECURE and Tervita dated May 6, 2021, including the documents incorporated by reference therein ("Joint Information Circular"), each of which is available on SEDAR at www.sedar.com.

TERVITA MERGER

On March 8, 2021, SECURE entered into an arrangement agreement with Tervita to combine in an all-share transaction pursuant to which SECURE agreed to acquire all of the issued and outstanding common shares of Tervita on the basis of 1.2757 common shares of SECURE for each outstanding common share of Tervita (the "Transaction"). On July 2, 2021, the Transaction closed, resulting in the issuance of approximately 147.6 million common shares of SECURE and following which Tervita amalgamated with SECURE. The common shares of Tervita were delisted by the TSX at the close of market on July 6, 2021.

The key benefits of the Transaction include:

- Highly complementary midstream infrastructure asset bases and environmental service lines provide for enhanced scale, utilization, efficiencies, and expanded services for the combined company's customers.

- Significant estimated annual integration cost savings of at least $75 million expected to be realizable within 12 to 18 months from closing.
- Immediately accretive to cash flow from operations and discretionary free cash flow per share for all shareholders of the combined company.
- Significantly improved cost structure to serve a growing and consolidating customer base through the full business cycle.
- Stronger financial position with attractive discretionary free cash flow generation expected to reduce debt and help achieve the combined company's target total debt to EBITDA ratio of less than 2.5x, which is expected to be achieved by mid-2023.
- Enhanced scale anticipated to provide greater access to capital markets and the ability to partner with our customers to execute on a strong pipeline of organic growth projects.
- Combines two strong corporate cultures driven by highly talented teams with shared commitments to environmental, social and governance principles, safety, performance, customer service and profitability.
- Elevates position to advance and deliver on environmental, social and governance initiatives for the combined company and our customers.

With the closing of the Transaction, all litigation between SECURE and Tervita has been discontinued.

In connection with the closing of the Transaction, SECURE entered into an $800 million three-year senior secured revolving credit facility (the "new SECURE Credit Facility") with nine financial institutions and Chartered Banks. The new SECURE Credit Facility has been used to replace and repay SECURE's existing first and second lien credit facilities, Tervita's first lien credit facility, and SECURE's two bilateral letter of credit facilities totaling $75 million. SECURE also entered into a $30 million unsecured letter of credit facility guaranteed by Export Development Canada (the "new SECURE LC Facility"), providing additional stability and capacity to the Corporation's capital structure.

The statutory waiting period for the completion of the Transaction under the Competition Act expired on June 30, 2021. SECURE continues to work cooperatively with the Competition Bureau and the Competition Tribunal to resolve any concerns relating to the Transaction, which it understands relate to certain waste disposal assets. SECURE believes the resolution of such proceedings will not be material to the combined company's asset base or Adjusted EBITDA. See "Risk Factors – Competition Act Matters" for further information on the proceedings under the *Competition Act* relating to the Transaction.

Since closing of the Transaction occurred subsequent to June 30, 2021, the financial position and results of operations of SECURE as at and for the three and six months ended June 30, 2021, described herein are not presented on a consolidated basis with Tervita and its subsidiaries. SECURE will report its initial post-Transaction consolidated results as at and for the three and nine month period ended September 30, 2021.

SECOND QUARTER HIGHLIGHTS

- Achieved Adjusted EBITDA[1] of $30.0 million, an increase of 47% from the three months ended June 30, 2020, primarily due to higher oil prices driving increased activity levels in the Corporation's operating areas, which led to higher processing and disposal volumes at the Corporation's midstream infrastructure facilities and landfills and increased demand for drilling and completion services within the Environmental and Fluid Management segment.

- Generated revenue (excluding oil purchase and resale) of $116.7 million, an increase of 78% from the three months ended June 30, 2020. Both the Midstream Infrastructure segment and Environmental and Fluid Management segment benefited from improved industry activity levels, driving incremental volumes and demand for drilling and completion related services, resulting in a 41% and 118% increase in revenue from the prior year comparative period for the respective segments.

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

- Continued focus on managing costs. As a result, the Corporation maintained strong segment profit margins as a percentage of revenue (excluding oil purchase and resale)[1] in both segments, including 60% for Midstream Infrastructure, and 22% for Environmental and Fluid Management. G&A expense before depreciation, depletion, amortization and share-based compensation expense as a percentage of revenue (excluding oil purchase and resale) was 12% for the three months ended June 30, 2021.
- Generated discretionary free cash flow[1] of $19.5 million, which was used primarily to repay debt, as well as fund the Corporation's quarterly dividend, capital program and costs associated with the Transaction. Net cash flows from operating activities were $20.8 million in the quarter.
- Reduced the amount drawn on the Corporation's credit facilities by $10.1 million from March 31, 2021. At June 30, 2021, SECURE had drawn $383.0 million on the Corporation's senior secured credit facilities and reported Total Debt to EBITDA[2] of 2.9x.
- Closed the private offering of $200 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026 ("2026 unsecured notes"). The net proceeds of the offering were deposited into an escrow account pending the satisfaction of certain conditions, including the completion of the Transaction. The escrow release conditions were satisfied on July 2, 2021.

  On July 16, 2021, SECURE used a portion of these proceeds to fund the redemption of US$100 million of the US$500 million aggregate principal amount of 11.00% senior second lien secured notes of Tervita due December 1, 2025 (the "Tervita Notes"), at a redemption price of 105.50%, plus accrued and unpaid interest. The remaining proceeds have been used to repay indebtedness, pay fees and expenses incurred in connection with the note issuance and for general corporate purposes.
- Declared dividends of $1.2 million, representing $0.0075 (0.75 cents) per common share for the quarter.
- Continued to prioritize the advancement of SECURE's Environmental, Social and Governance ("ESG") practices:
  - Established the new Board of Directors upon closing of the Transaction, consisting of four members from each of the previous SECURE and Tervita Boards, representing the strengths and capabilities of each organization. The new Board will continue to follow SECURE's existing best in class governance practices. In addition, the Board now has an independent Chairman, and seven of the eight (87.5%) directors are independent.
  - On July 2, 2021, SECURE appointed Rhonda Rudnitski as VP, ESG. This newly established senior leadership position affirms SECURE's commitment to sustainability. In her position, Ms. Rudnitski will provide strategic and functional direction for ESG initiatives and monitor SECURE's performance on key sustainability indicators. She previously held the role of VP, Health, Safety, Environment, Regulatory and Engineering with Tervita.
  - Advanced the development of short and mid-term energy usage and emissions targets as we map out milestones towards achieving our long-term objectives of reducing carbon intensity in half by 2030 and achieving net zero emissions by 2050.
- Received the following credit ratings from S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch"), providing increased transparency and comparability for debt investors and other capital market participants.:

	S&P	Fitch
Corporate Rating	B	B+
Tervita Notes	BB-	BB
2026 unsecured notes	B	B+

  Prior to completion of the Transaction, the Tervita Notes were rated CCC+ by S&P.

[2] Refer to the "*Liquidity and Capital Resources*" section herein for details on the Corporation's covenant calculations.

OPERATING AND FINANCIAL SUMMARY

The Corporation's operating and financial highlights for the three and six month periods ended June 30, 2021 and 2020 can be summarized as follows:

	Three months ended June 30,			Six months ended June 30,		
($000's except share and per share data)	**2021**	**2020**	**% change**	**2021**	**2020**	**% change**
Revenue (excludes oil purchase and resale)	**116,705**	65,546	78	**248,840**	237,569	5
Oil purchase and resale	**395,192**	225,644	75	**924,269**	659,199	40
Total revenue	**511,897**	291,190	76	**1,173,109**	896,768	31
Adjusted EBITDA [(1)]	**30,045**	20,453	47	**69,198**	62,547	11
Per share ($), basic	**0.19**	0.13	46	**0.43**	0.39	10
Net loss attributable to shareholders of SECURE	**(14,876)**	(20,889)	(29)	**(15,506)**	(42,827)	(64)
Per share ($), basic and diluted	**(0.09)**	(0.13)	(31)	**(0.10)**	(0.27)	(63)
Cash flows from operating activities	**20,811**	22,098	(6)	**45,396**	67,948	(33)
Per share ($), basic	**0.13**	0.14	(7)	**0.28**	0.43	(35)
Discretionary free cash flow [(1)]	**19,527**	10,281	90	**47,036**	41,135	14
Per share ($), basic	**0.12**	0.06	100	**0.29**	0.26	12
Capital expenditures [(1)]	**6,797**	10,560	(36)	**13,224**	51,920	(75)
Dividends per common share	**0.0075**	0.0275	(73)	**0.0150**	0.0950	(84)
Total assets	**1,553,574**	1,493,949	4	**1,553,574**	1,493,949	4
Long-term liabilities	**526,463**	624,495	(16)	**526,463**	624,495	(16)
Common shares - end of period	**160,499,821**	158,543,252	1	**160,499,821**	158,543,252	1
Weighted average common shares - basic and diluted	**160,358,466**	158,488,825	1	**159,951,853**	158,501,312	1

[(1)] Refer to "*Non-GAAP measures*" and "*Operational Definitions*" for further information.

- REVENUE OF $511.9 MILLION AND $1,173.1 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021
  - Midstream Infrastructure segment revenue (excluding oil purchase and resale) increased 41% to $48.4 million during the three months ended June 30, 2021, from the 2020 comparative period. The increase was driven by higher producer activity levels resulting in increased drilling, completion and production volumes at the Corporation's midstream processing facilities, which positively impacted revenue from treating and disposal. Higher crude oil pricing in the current year period also positively impacted recovered oil revenue and resulted in improved marketing opportunities.
  - For the six months ended June 30, 2021, Midstream Infrastructure segment revenue (excluding oil purchase and resale) decreased 8% to $99.6 million from the six months ended June 30, 2020. Activity levels in January and February of 2021 were lower than the prior year comparative period as producers remained cautious deploying their 2021 capital programs, navigated increasing COVID-19 restrictions and managed a period of significantly cold weather in February.
  - Oil purchase and resale revenue for the three and six months ended June 30, 2021, increased 75% and 40% from the 2020 comparative periods to $395.2 million and $924.3 million, respectively. The increase in revenues is a result of a 137% and 67% increase in Canadian light oil benchmark pricing during the three and six month periods ended June 30, 2021, over the comparative periods of 2020, combined with increased marketing activity as a result of higher production volumes and expanded opportunities to work with our customers to optimize pricing by utilizing multiple crude oil and condensate streams at SECURE's midstream facilities.
  - Environmental and Fluid Management segment revenue for the three months ended June 30, 2021, increased 118% from the 2020 comparative periods to $68.3 million. Higher and more stable crude pricing drove a rebound in activity levels in the Western Canadian Sedimentary Basin ("WCSB"), evidenced by an increase in the active rig count of over 250% from the prior year comparative period. This positively impacted service lines supporting drilling and completion activities, including drilling and completion fluid services, solids control equipment rentals, drilling waste management, water management, and industrial landfill disposal.

Production chemicals revenue also increased compared to the second quarter of 2020 which was negatively impacted by production shut-ins. Environmental management project and consulting work continued to benefit from the government abandonment and reclamation stimulus programs in the current year quarter, as well as higher revenue generated in the Fort McMurray region from scrap metal recovery operations due to improved metals pricing.

- For the six months ended June 30, 2021, Environmental and Fluid Management segment revenue increased 16% from the 2020 comparative period to $149.2 million. Higher second quarter revenue in the current year as described above was partially offset by lower period over period revenue in the first quarter of 2021 due to job shut-downs or deferrals resulting from public health measures taken to limit the spread of COVID-19 and reduced drilling and completion activities as producers were cautious to ramp up spending.

- ADJUSTED EBITDA OF $30.0 MILLION AND $69.2 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021
  - Adjusted EBITDA of $30.0 million and $69.2 million increased 47% and 11% from the three and six months ended June 30, 2020, primarily as a result of higher period over period revenue as described above. Additionally, Adjusted EBITDA for the three and six months ended June 30, 2021, had the full benefit of cost reduction measures which began to take effect in April 2020 to align the Corporation's fixed cost structure to levels consistent with industry activity levels, which included organizational restructuring and associated personnel reductions. The Corporation continues to maintain strict cost control measures despite increasing activity levels. These positive factors were partially offset by a $9.7 million recovery recorded in cost of sales and G&A expenses for the three and six months ended June 30, 2020, related to the Canada Emergency Wage Subsidy ("CEWS"), a program provided by the Canadian Federal Government for qualifying entities impacted by the consequences of the COVID-19 pandemic.

- NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF $14.9 MILLION AND $15.5 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021
  - Net loss attributable to shareholders of SECURE was $14.9 million for the three months ended June 30, 2021, compared to a net loss of $20.9 million for the corresponding 2020 comparative period. The variance is primarily a result of higher period over period Adjusted EBITDA as described above, partially offset by $7.2 million of costs related to the Transaction recorded for the three months ended June 30, 2021.
  - For the six months ended June 30, 2021, net loss attributable to shareholders was $15.5 million compared to a net loss of $42.8 million for the prior year comparative period. The decrease is primarily a result of higher period over period Adjusted EBITDA, along with expenses recorded by the Corporation in the prior year comparative period associated with the sudden onset of the economic downturn in March 2020. These expenses included a $15.7 million non-cash impairment charge on intangible assets, and $10.4 million of costs related to restructuring initiatives to align the Corporation's fixed cost structure with anticipated activity levels.

- CASH FLOWS FROM OPERATING ACTIVITIES OF $20.8 MILLION AND $45.4 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021
  - The Corporation generated cash flows from operating activities of $20.8 million for the three months ended June 30, 2021, a decrease of 6% from the prior year comparative period. Higher Adjusted EBITDA in the current year period was more than offset by $7.2 million of transaction costs incurred and a smaller change in non-cash working capital recovered compared to the second quarter of 2020.

- For the six months ended June 30, 2021, the Corporation generated cash flows from operating activities of $45.4 million, a decrease of 33% from the 2020 comparative period. The decrease was primarily a result of a $25.8 million change in non-cash working capital. In the prior year comparative period, the Corporation had a large working capital recovery as a result of reduced accounts receivable and accrued receivables at June 30, 2020, compared to December 31, 2019, following the decline in crude oil prices in March 2020. At June 30, 2021, SECURE carried total net working capital, excluding cash, of $58.4 million, relatively consistent with the balance at December 31, 2020.

- CAPITAL EXPENDITURES OF $6.8 MILLION AND $13.2 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021
    - Total growth and expansion capital expenditures for the three and six months ended June 30, 2021, of $2.7 million and $7.2 million, respectively, related primarily to connecting an additional segment of the East Kaybob oil pipeline in the first quarter of 2021, and the construction of a new landfill cell at Saddle Hills.
    - Sustaining capital incurred in the three and six months ended June 30, 2021, of $4.1 million and $6.0 million, respectively, relates primarily to spare parts, well maintenance, and asset integrity and inspection programs.

- FINANCIAL FLEXIBILITY
    - During the six months ended June 30, 2021, the Corporation paid down its credit facilities by $16.4 million. The reduction is primarily a result of SECURE's efforts to direct discretionary free cash flow, net of capital expenditures, dividend payments, and costs associated with the Transaction, against outstanding debt. As at June 30, 2021, the Corporation had drawn $383.0 million on its senior secured credit facilities.
    - On June 30, 2021, the Corporation closed the private placement of the 2026 unsecured notes. The net proceeds of the offering, along with $6.4 million of interest accrued up to the latest possible mandatory redemption date in accordance with the offering, were deposited into an escrow account pending the satisfaction of certain conditions, including the completion of the Transaction. The escrow release conditions were satisfied on July 2, 2021. The proceeds of the 2026 unsecured notes have subsequently been used to (i) fund the redemption of US$100 million of the Tervita Notes at a redemption price of 105.50%, plus accrued and unpaid interest to the redemption date of July 16, 2021; (ii) repay outstanding indebtedness; and (iii) pay fees and expenses incurred in connection with the note issuance and for general corporate purposes.
    - The following table outlines SECURE's Senior and Total Debt to trailing twelve-month EBITDA ratio, calculated in accordance with the Corporation's first and second lien credit facilities, at June 30, 2021, and December 31, 2020.

	June 30, 2021	Dec 31, 2020	Covenant
Senior Debt to EBITDA	**2.0**	2.2	3.5
Total Debt to EBITDA	**2.9**	3.2	5.0

- DIVIDENDS OF $1.2 MILLION AND $2.4 MILLION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021
    - During the three and six months ended June 30, 2021, the Corporation declared dividends of $1.2 million and $2.4 million, respectively, to holders of common shares, representing a quarterly dividend of $0.0075 (0.75 cents) per share.

- SECURE believes sharing excess cash flows with shareholders is a core business principle; as a result, management and the Board of Directors of the Corporation will continue to monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease, tax and transaction costs, and will look for opportunities to increase the dividend after the successful integration with Tervita and as business conditions warrant.

OUTLOOK

TERVITA INTEGRATION

Cost Savings and Synergies

SECURE's priority for the next 18 months is to successfully integrate the Tervita facility and operating networks and deliver on expected integration cost savings to become a more resilient, profitable, and efficient business. Annual integration cost savings of at least $75 million are expected to be achieved by the end of 2022. The Corporation expects the integration cost savings will be attained through operational optimizations (approximately 60%), including increased facility utilization, reduced field overhead, field office closures, transportation savings and operating cost efficiencies, as well as corporate overhead reductions (approximately 40%).

The Corporation's business is uniquely positioned to deliver economic and environmental benefits that make the oil and gas industry more efficient and sustainable. We are committed to continuing to work with our customers to challenge what's possible and develop innovative solutions that lower their cost structure, improve capital efficiency, and minimize the environmental impacts associated with the development of our shared resources. The Transaction provides the increased size and scale, utilization, and efficiencies to enhance the services and capabilities the Corporation can provide to our customers to help achieve their objectives of responsible development, while reducing costs.

Improvement and Progression of the Capital Structure

The Corporation's revised capital structure following the close of the Transaction provides increased stability with no near-term maturities, as well as enhanced flexibility with early redemption options available on the 2026 unsecured notes and the Tervita Notes, and capacity on the new SECURE Credit Facility, subject to covenant restrictions. The Corporation's current capital structure includes:

- $800 million new SECURE Credit Facility (matures July 2024). Total amount drawn on the new SECURE Credit Facility as at the date hereof was approximately $476 million. Letters of credit issued against the new SECURE Credit Facility in the amount of approximately $78 million reduce the amount available to be drawn under the facility. As a result, at July 27, 2021, the Corporation had availability of approximately $246 million on the new SECURE Credit Facility, subject to covenant restrictions. The Corporation expects to incur an average interest rate of less than 4.5% for funds drawn on the facility for the remainder of 2021.
- US$400 million principal amount of Tervita Notes.
- $200 million principal amount of 2026 unsecured notes.
- $30 million new SECURE LC Facility. SECURE has currently issued letters of credit in the amount of approximately $22 million against this new SECURE LC Facility.

Throughout the remainder of this year, the Corporation will continue to focus on maintaining financial resiliency and prioritize the repayment of debt to best position the Corporation for long-term success. The Corporation has established a target to achieve a total debt to EBITDA ratio of less than 2.5x by mid-2023.

The Corporation will continue to take a prudent approach to capital spending for the remainder of the year. The capital expenditure budget for the second half of 2021 is expected to be approximately $20 million, which includes approximately $15 million of sustaining capital, including that associated with the acquired Tervita facilities. A full evaluation of SECURE and Tervita's combined capital project opportunities is ongoing, and the capital budget may be revised in accordance with opportunities to connect producers to existing midstream infrastructure to further increase volumes and utilization on a long-term basis.

Enhanced ESG platform

SECURE will continue to take proactive measures to reduce the environmental impact of our own operations, and positively contribute to the health, safety, and economic wellbeing of our employees and communities where we live and work. The Transaction elevates our position to accelerate the Corporation's environmental and social sustainability initiatives for the benefit of all stakeholders. During the remainder of 2021, SECURE expects to continue to explore opportunities to further reduce our carbon footprint so that we can continue to positively contribute to the efforts to mitigate climate change and integrate two strong ESG frameworks into a single one that will provide the roadmap to establish SECURE as an ESG leader. We will continue to help our customers find innovative ways to support their ESG goals. We believe that, by working collaboratively, Canada's energy industry can win the race to the lowest emissions by 2050 and operate with the highest ESG standards in the world.

MARKET OUTLOOK

The second quarter of 2021 results exceeded the Corporation's expectations as rising crude oil and liquids prices and producer cash flows drove industry activity, including increased demand for drilling and completion services, incremental facility volumes, increased recovered oil pricing and crude oil marketing opportunities. Higher crude oil and natural gas prices are expected to continue to provide significant improvement in overall industry activity in the second half of 2021. Producers are ramping up spending in response to higher prices and increased discretionary cash flow growth. Based on current macroeconomic conditions and commodity prices, SECURE also anticipates higher year over year discretionary free cash flow for the remainder of 2021 based on the following expectations:

- Increased drilling and completion activity for the remainder of the year. Since April, the monthly active rig counts in the WCSB have been trending relatively in line with 2019 levels, a substantial increase compared to 2020. SECURE anticipates producers will continue to seek to add production to offset natural declines that occurred in 2020 in order to maintain flat production levels.
- Increased contribution to Adjusted EBITDA from the realization of synergies of approximately $10-$15 million for the remainder of year, comprised primarily of corporate headcount reductions and public company cost savings.
- Increased utilization at our midstream processing facilities and landfills as higher drilling, completion and production volumes from increased activity levels require treating, processing and disposal. The Corporation has significant capacity to increase facility throughput and disposal with minimal incremental fixed costs or additional capital.
- Increased abandonment, remediation and reclamation activity for the balance of the year as a result of the Canadian Federal Government's $1.7 billion stimulus package to help fund the closure and reclamation of orphan and inactive wells in the WCSB. SECURE expects increased abandonment, remediation and reclamation activity to positively impact all Canadian operations over the term of the program, particularly within the Environmental Management group as a result of higher demand for environmental site assessments, onsite abandonment, remediation and reclamation management and decommissioning work. Waste volumes resulting from these activities will also require disposal; with the addition of the Tervita network, SECURE has broad geographic coverage of facilities across western Canada capable of handling this waste.

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 and Adjusted EBITDA Margin

Adjusted EBITDA is defined as net income (loss) before finance costs, taxes, depreciation, depletion, 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 margin is defined as Adjusted EBITDA divided by revenue (excluding oil purchase and resale).

Adjusted EBITDA and Adjusted EBITDA margin are not recognized measures 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, 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. Adjusted EBITDA margin is used as a supplemental measure by management to evaluate cost efficiency.

The following table reconciles the Corporation's net loss, being the most directly comparable measure calculated in accordance with IFRS, to Adjusted EBITDA.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Net loss	**(14,876)**	(21,405)	(31)	**(16,021)**	(43,801)	(63)
Add:						
Depreciation, depletion and amortization [(1)]	**31,550**	33,056	(5)	**61,266**	72,724	(16)
Impairment [(1)]	**-**	-	-	**-**	15,723	(100)
Current tax expense	**75**	179	(58)	**350**	708	(51)
Deferred tax recovery	**(2,977)**	(5,999)	(50)	**(3,031)**	(11,784)	(74)
Share-based compensation [(1)]	**3,601**	1,769	104	**5,981**	4,102	46
Interest, accretion and finance costs	**3,514**	5,324	(34)	**8,164**	14,414	(43)
Unrealized (gain) loss on mark to market transactions [(2)]	**(351)**	6,621	(105)	**(162)**	180	(190)
Other expense	**2,287**	-	100	**2,287**	-	100
Transaction costs	**7,222**	-	100	**10,364**	-	100
Restructuring costs	**-**	908	(100)	**-**	10,281	(100)
Adjusted EBITDA	**30,045**	20,453	47	**69,198**	62,547	11

(1) Included in cost of sales and/or general and administrative expenses on the Consolidated Statements of Comprehensive Loss.

(2) Net balance. Includes amounts presented in revenue and cost of sales on the Consolidated Statements of Comprehensive Loss.

In the prior year, restructuring costs relate primarily to severance incurred to reduce the Corporation's cost structure to align with expected industry activity levels. In the three and six months ended June 30, 2021, transaction costs of $7.2 million and $10.4 million, respectively, related to costs associated with the Transaction. The Corporation also added back non-cash expense of $2.3 million for the three and six months ended June 30, 2021, resulting from the loss of control of a former subsidiary. Refer to Note 5 of the Interim Financial Statements.

Discretionary Free Cash Flow

Discretionary free cash flow is defined as net cash flows from operating activities adjusted for changes in non-cash working capital, sustaining capital expenditures, and lease payments. The Corporation may deduct or include additional items in its calculation of discretionary free cash flow that are unusual, non-recurring, or non-operating in nature. For the three and six months ended June 30, 2021, transaction costs have been adjusted as they are costs outside the normal course of business. In the prior year comparative period, restructuring costs have been adjusted for as these charges were irregular in nature.

Discretionary free cash flow is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies.

Discretionary free cash flow is used to assess the level of cash flow generated from ongoing operations. Management uses the discretionary free cash flow measure to evaluate the adequacy of internally generated cash flow to manage debt levels, invest in the growth and expansion of the business, or return capital to our shareholders.

The following table reconciles the Corporation's net cash flows from operating activities, being the most directly comparable measure calculated in accordance with IFRS, to free cash flow.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Net cash flows from operating activities	**20,811**	22,098	(6)	**45,396**	67,948	(33)
Adjust:						
Change in non-cash working capital	**(2,430)**	(6,529)	(63)	**2,703**	(23,122)	(112)
Sustaining capital [(1)]	**(4,064)**	(1,548)	163	**(5,995)**	(4,909)	22
Lease liability principal payment	**(2,012)**	(4,648)	(57)	**(5,432)**	(9,063)	(40)
Transaction costs	**7,222**	-	100	**10,364**	-	100
Restructuring costs	**-**	908	(100)	**-**	10,281	(100)
Discretionary free cash flow	**19,527**	10,281	90	**47,036**	41,135	14

(1) Refer to "*Operational Definitions*" for further information.

Segment profit margin

Segment profit margin is calculated as the difference between revenue and cost of sales, excluding depreciation, depletion, amortization, impairment, and share-based compensation 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 segment 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 share-based compensation, and to evaluate segment cost control and efficiency.

The following table reconciles the Corporation's gross margin, being the most directly comparable measure calculated in accordance with IFRS, to consolidated segment profit margin.

($000's)	Three months ended June 30, 2021	2020	% Change	Six months ended June 30, 2021	2020	% Change
Gross margin	**15,513**	(7,631)	303	**39,338**	6,934	467
Add:						
Depreciation, depletion and amortization [1]	**28,364**	30,652	(7)	**55,759**	66,243	(16)
Impairment [1]	**-**	-	-	**-**	15,723	(100)
Share-based compensation [1]	**385**	920	(58)	**792**	1,790	(56)
Segment profit margin	**44,262**	23,941	85	**95,889**	90,690	6

[1] These charges are included in cost of sales on the Corporation's Consolidated Statements of Comprehensive Loss.

OPERATIONAL DEFINITIONS

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

Capital expenditures

The Corporation classifies capital additions as either growth and expansion, acquisition or sustaining capital. Growth and expansion and 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.

Oil prices

Canadian Light Sweet crude oil price is the benchmark price for light crude oil (40 American Petroleum Institute gravity) at Edmonton, Alberta. West Texas Intermediate ("WTI") crude oil is the North American benchmark price for light crude oil.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into two reportable segments, as outlined in the '*Corporate Overview*' above, and presented in Note 14 of the Interim Financial Statements.

- **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. Midstream Infrastructure services include clean oil terminalling and storage, crude oil marketing, pipeline transportation, rail transloading, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, and oil purchase/resale service.
- **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.

Total general and administration expenses by segment excludes corporate expenses and share-based compensation, as senior management reviews each segment's earnings before these expenses in assessing profitability and performance. The tables below outline the results by reportable segment for the three and six months ended June 30, 2021 and 2020:

($000's) Three months ended June 30, 2021	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue from services	48,375	68,330	-	116,705
Oil purchase and resale service	395,192	-	-	395,192
Total revenue	**443,567**	**68,330**	**-**	**511,897**
Cost of sales excluding items listed separately below	(414,394)	(53,241)	-	(467,635)
Segment profit margin	**29,173**	**15,089**	**-**	**44,262**
G&A expenses excluding items listed separately below	(5,143)	(4,280)	(4,443)	(13,866)
Depreciation, depletion and amortization (1)	(20,705)	(8,740)	(2,105)	(31,550)
Share-based compensation (1)	-	-	(3,601)	(3,601)
Interest, accretion and finance costs	(298)	(78)	(3,138)	(3,514)
Transaction costs	-	-	(7,222)	(7,222)
Other expense	(2,287)	-	-	(2,287)
Income (loss) before tax	**740**	**1,991**	**(20,509)**	**(17,778)**

($000's) Six months ended June 30, 2021	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue from services	99,639	149,201	-	248,840
Oil purchase and resale service	924,269	-	-	924,269
Total revenue	**1,023,908**	**149,201**	**-**	**1,173,109**
Cost of sales excluding items listed separately below	(964,634)	(112,586)	-	(1,077,220)
Segment profit margin	**59,274**	**36,615**	**-**	**95,889**
G&A expenses excluding items listed separately below	(9,038)	(9,032)	(8,459)	(26,529)
Depreciation, depletion and amortization (1)	(40,439)	(17,505)	(3,322)	(61,266)
Share-based compensation (1)	-	-	(5,981)	(5,981)
Interest, accretion and finance costs	(496)	(137)	(7,531)	(8,164)
Transaction costs	-	-	(10,364)	(10,364)
Other expense	(2,287)	-	-	(2,287)
Income (loss) before tax	**7,014**	**9,941**	**(35,657)**	**(18,702)**

($000's) Three months ended June 30, 2020	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
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)
Restructuring costs	(286)	(622)	-	(908)
Loss before tax	**(7,014)**	**(7,955)**	**(12,256)**	**(27,225)**

($000's) Six months ended June 30, 2020	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
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 (1)	-	(15,723)	-	(15,723)
Restructuring costs	(3,697)	(5,386)	(1,198)	(10,281)
Income (loss) before tax	**2,836**	**(25,693)**	**(32,020)**	**(54,877)**

(1) Depreciation, depletion and amortization, share-based compensation and impairment 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.

MIDSTREAM INFRASTRUCTURE SEGMENT

The Midstream Infrastructure segment has two separate business lines: Midstream Infrastructure services and oil purchase and resale services.

Midstream Infrastructure services

The Midstream Infrastructure segment owns and operates a network of facilities throughout western Canada, North Dakota and Oklahoma. These facilities provide processing, storing, shipping and marketing of crude oil; processing of waste; and water treatment and disposal. SECURE also transports oil and water through pipelines direct to SECURE facilities. Processing services are primarily performed at full service terminals ("FSTs") and include waste processing and crude oil emulsion treating. SECURE's FSTs that are connected to export oil pipelines provide customers with an access point to process and/or treat their crude oil for shipment to market. 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. Disposal services include produced and waste water disposal services through a network of disposal wells.

Oil purchase and resale

SECURE's oil purchase and resale services 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. At the Corporation's FSTs, SECURE meters the crude oil volumes and purchases the crude oil directly from customers. The Corporation then handles the shipment of crude oil down the pipeline. The Corporation may also purchase and resell crude oil to take advantage of marketing opportunities and increase profitability.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Midstream Infrastructure services revenue (a)	**48,375**	34,191	41	**99,639**	108,764	(8)
Oil purchase and resale	**395,192**	225,644	75	**924,269**	659,199	40
Midstream Infrastructure Revenue	**443,567**	259,835	71	**1,023,908**	767,963	33
Cost of sales excluding items noted below	**19,202**	13,244	45	**40,365**	44,110	(8)
Depreciation and amortization	**19,990**	23,568	(15)	**39,024**	47,070	(17)
Oil purchase and resale	**395,192**	225,644	75	**924,269**	659,199	40
Midstream Infrastructure Cost of Sales	**434,384**	262,456	66	**1,038,058**	750,379	38
Segment Profit Margin [(1)]	**29,173**	20,947	39	**59,274**	64,654	(8)
Segment Profit Margin [(1)] as a % of revenue (a)	**60%**	61%		**59%**	59%	

Revenue (Midstream Infrastructure segment)

Revenue generated from Midstream Infrastructure services of $48.4 million for the three months ended June 30, 2021, increased 41% from the 2020 comparative period. In the prior year comparative period, production shut-ins and minimal drilling and completion activity across the WCSB and North Dakota as a result of extremely low crude oil and liquids pricing negatively impacted volumes at the Corporation's midstream processing facilities, limited crude oil optimization opportunities and negatively impacted recovered oil pricing. For the three months ended June 30, 2021, higher crude oil pricing and more stable market dynamics led to increased drilling, completion and production volumes, which drove increased revenues from processing, disposal and recovered oil. Additionally, improved commodity pricing provided increased opportunities for price optimization at the Corporation's pipeline connected FSTs and terminals, resulting in higher revenues generated from crude oil marketing in the current year period.

For the six months ended June 30, 2021, revenue generated from Midstream Infrastructure services decreased 8% from the 2020 comparative period. The decrease was due to lower year over year processing and disposal volumes for January and February of 2021 compared to the same period of 2020, which benefited from robust activity levels prior to the large decrease in oil prices beginning early March 2020.

The table below outlines average benchmark prices and volumes received at the Corporation's facilities for the three and six months ended June 30, 2021 and 2020.

	Three months ended June 30,			Six months ended June 30,		
	2021	2020	% Change	**2021**	2020	% Change
Average Benchmark Prices and Volumes						
WTI (US$/bbl)	**$ 66.03**	$ 27.84	137	**$ 61.94**	$ 37.01	67
Canadian Light Sweet ($/bbl)	**$ 76.29**	$ 31.45	143	**$ 72.46**	$ 41.74	74
Water disposal volumes (in 000's m^3)	**1,036**	944	10	**2,078**	2,663	(22)
Processing volumes (in 000's m^3)	**339**	259	31	**718**	744	(3)
Recovery volumes (in 000's m^3)	**26**	18	44	**52**	57	(9)
Crude oil terminalling and pipeline volumes (in 000's m^3)	**808**	828	(2)	**1,643**	1,798	(9)

Disposal volumes for the three months ended June 30, 2021, increased 10% from the 2020 comparative period as higher activity levels drove increased volumes from drilling and completions. Produced water also increased from the comparative period of 2020 which was negatively impacted by production shut-ins. For the six months ended June 30, 2021, disposal volumes decreased 22% from the 2020 comparative period as a result of lower volumes for the first two months of 2021 corresponding to reduced year over year producer completion activity, limited overflow volumes from producers with capacity to handle their own product, and customer storage of production water for anticipated completions.

Processing volumes for the three months ended June 30, 2021, increased 31% from the 2020 comparative period as a result of higher emulsion treating volumes from improved overall production levels, and higher waste processing volumes corresponding to increased drilling and completion activity. For the six months ended June 30, 2021, processing volumes decreased marginally by 3% from the 2020 comparative period as the factors noted above were offset by lower activity in January and February of 2021 compared to the first two months of 2020.

Oil volumes recovered through our processing operations increased 44% and decreased 9% for the three and six months ended June 30, 2021, respectively, from the corresponding 2020 comparative periods, consistent with overall volume variances at the Corporation's midstream processing facilities as described above. Improved benchmark oil pricing in the current year periods drove higher recovered oil revenue for both the three and six months ended June 30, 2021.

Crude oil terminalling and pipeline volumes decreased 2% and 9% for the three and six months ended June 30, 2021, from the respective 2020 comparative periods. The decrease was a result of reduced terminalling at certain facilities due to lower production, partially offset by the addition of the East Kaybob oil pipeline in June 2020, and stability of volumes associated with the contracted Kerrobert crude oil pipeline.

Oil purchase and resale revenue for the three and six months ended June 30, 2021, increased 75% and 40% from the 2020 comparative periods to $395.2 million and $924.3 million, respectively. The increase in revenues is a result of a 137% and 67% increase in Canadian light oil benchmark pricing during the three and six month periods ended June 30, 2021, over the comparative periods of 2020, combined with increased marketing activity as a result of expanded opportunities to work with our customers to optimize pricing by utilizing multiple crude oil and condensate streams at SECURE's midstream facilities.

Cost of Sales (Midstream Infrastructure segment)

Cost of sales from Midstream Infrastructure services, excluding depreciation and amortization and oil purchase and resale, increased 45% for the three months ended June 30, 2021, from the 2020 comparative period. The increase in cost of sales is primarily a result of higher variable costs associated with the increase in the Midstream Infrastructure segment's activity levels, consistent with the increase in revenue. Additionally, the prior year comparative period benefited from non-recurring CEWS reimbursements.

For the six months ended June 30, 2021, cost of sales, excluding depreciation and amortization and oil purchase and resale, decreased 8%, consistent with the decrease in revenue for the same period. The decrease is primarily a result of variable costs that fluctuate with activity levels, along with the impact of cost reduction measures taken since the first quarter of 2020 to align the segment’s fixed cost structure with anticipated activity levels, partially offset by CEWS reimbursements received in the prior year comparative period.

Operating depreciation and amortization (“DD&A”) expense included in cost of sales relates primarily to the Midstream Infrastructure segment’s facilities, and any gains or losses on the sale or disposal of equipment. For the three and six months ended June 30, 2021, operational DD&A decreased by 15% and 17% from the respective 2020 comparative periods. The decrease is primarily a result of write-downs recorded for assets taken out of use or related to certain projects in development that were delayed or suspended in the prior year comparative periods at the onset of the economic downturn.

Segment Profit Margin (Midstream Infrastructure segment)

The Midstream Infrastructure segment’s profit margin increased 39% for the three months ended June 30, 2021, from the 2020 comparative period due to the factors described above. As a percentage of Midstream Infrastructure services revenue, segment profit margin was 60% for the three months ended June 30, 2021, compared to 61% for the same period of 2020. The decrease is primarily a result of the positive impact of the CEWS recovery booked in the prior year comparative period.

For the six months ended June 30, 2021, the Midstream Infrastructure segment’s profit margin decreased 8% to $59.3 million from the 2020 comparative period due to the factors described above for the year to date period. As a percentage of Midstream Infrastructure services revenue, segment profit margin was 59% for both the six months ended June 30, 2021 and 2020. Lower revenue in the current year period was offset by fixed cost structure reductions.

General and Administrative Expenses (Midstream Infrastructure segment)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
G&A expense excluding depreciation and amortization	**5,143**	3,373	52	**9,038**	7,948	14
Depreciation and amortization	**715**	545	31	**1,415**	2,638	(46)
Midstream Infrastructure G&A expense	**5,858**	3,918	50	**10,453**	10,586	(1)

G&A expense excluding depreciation and amortization of $5.1 million and $9.0 million for the three and six months ended June 30, 2021, increased by $1.8 million and $1.1 million from the respective 2020 comparative periods. The increase is primarily due to wage subsidies associated with CEWS received in the prior year periods which were booked as a recovery to G&A expense. The Corporation continues to maintain cost control measures limiting discretionary spending. Excluding depreciation and amortization, G&A expense as a percentage of the segment’s services revenue was 11% and 9% for the three and six months ended June 30, 2021, compared to 10% and 7% for the three and six months ended June 30, 2020.

Income Before Tax (Midstream Infrastructure segment)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Midstream Infrastructure Income (Loss) before Tax	**740**	(7,014)	(111)	**7,014**	2,836	147

The Midstream Infrastructure segment’s income before tax was $0.8 million for the three months ended June 30, 2021, compared to a loss of $7.0 million in the prior year comparative period. The improvement is a result of higher segment profit margin, and lower depreciation and amortization expense, partially offset by higher G&A expense in the 2021 period, as well as a $2.3 million non-cash loss on the deconsolidation of a crude oil storage business in Cushing, Oklahoma. Refer to Note 5 of the Interim Financial Statements for further information.

For the six months ended June 30, 2021, the Midstream Infrastructure segment generated income of $7.0 million, an increase of $4.2 million from the prior year comparative period. The positive variance is primarily a result of lower depreciation and amortization expense, partially offset by lower segment profit margin.

ENVIRONMENTAL AND FLUID MANAGEMENT SEGMENT

The Environmental and Fluid Management segment 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. Environmental and Fluid Management 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; environmental construction projects; demolition and decommissioning; and remediation and reclamation.

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Environmental and Fluid Management Revenue	**68,330**	31,355	118	**149,201**	128,805	16
Cost of sales excluding items noted below	**53,241**	28,361	88	**112,586**	102,769	10
Depreciation, depletion, and amortization	**8,374**	7,084	18	**16,735**	19,173	(13)
Impairment	**-**	-	-	**-**	15,723	(100)
Environmental and Fluid Management Cost of Sales	**61,615**	35,445	74	**129,321**	137,665	(6)
Segment Profit Margin [(1)]	**15,089**	2,994	404	**36,615**	26,036	41
Segment Profit Margin [(1)] as a % of revenue	**22%**	10%		**25%**	20%	

[(1)] Calculated as revenue less cost of sales excluding depreciation, depletion, amortization and impairment. Refer to "*Non-GAAP Measures*" for further information.

Revenue (Environmental and Fluid Management segment)

The Environmental and Fluid Management segment revenue increased 118% to $68.3 million for the three months ended June 30, 2021, from the 2020 comparative period. The increase was largely driven by the segment's drilling fluids business, which was positively impacted by a substantial increase in drilling and completion activity compared to the corresponding 2020 period which had minimal activity resulting from low commodity prices and market instability. Higher activity levels also resulted in increased drilling waste volumes at the Corporation's industrial landfills. Revenue generated from the Corporation's production chemicals business increased for the three months ended June 30, 2021, from the comparative period of 2020 which had customers shutting in production and conserving cash in response to low crude oil prices. Environmental management project and consulting work during the three months ended June 30, 2021, continued to benefit from the government stimulus programs introduced in April of the previous year, as well as increased revenue from scrap metal recovery operations in the Fort McMurray region as a result of improved metals pricing.

For the six months ended June 30, 2021, Environmental and Fluid Management segment revenue increased 16% to $149.2 million as higher second quarter activity levels and revenue as described above more than offset the impact of lower drilling and completion activity in the first quarter of 2021, which reduced drilling waste volumes at the Corporation's landfills and demand for fluid management associated with drilling and completions. Additionally, project work in early 2021 was negatively impacted by job shut-downs or deferrals resulting from public health measures taken to limit the spread of COVID-19.

Cost of Sales (Environmental and Fluid Management segment)

Cost of sales excluding DD&A increased 88% and 10% to $53.2 million and $112.6 million for the three and six months ended June 30, 2021, respectively, from the corresponding 2020 comparative period. The majority of the Environmental and Fluid Management segment's cost of sales are variable and will fluctuate with corresponding changes in activity levels and job mix. For the current year periods, the Corporation also benefited from a favourable product mix on drilling fluids and production chemicals, as well as lower expenses realized from initiatives reducing fixed costs beginning in the second quarter of 2020. These positive factors were partially offset by reduced recoveries associated with CEWS recorded in the current year periods compared to the three and six months ended June 30, 2021.

Operating DD&A expense increased by 18% to $8.4 million for the three months ended June 30, 2021, from the 2020 comparative period. The DD&A increase relates primarily to higher landfill cell depletion resulting from higher volumes in the current year period. For the six months ended June 30, 2021, operating DD&A expense decreased 13% to $16.7 million, primarily as a result of the elimination of amortization expense following the write-off of the segment's intangible asset balance at March 31, 2020.

Impairment expense of $15.7 million in the prior year comparative period is a result of a non-cash impairment charge recorded against the Corporation's drilling services intangible assets resulting from the severe weakening in crude oil prices in March 2020 and the resulting decline in the demand for drilling services.

Segment Profit Margin (Environmental and Fluid Management segment)

Segment profit margin increased 404% and 41% to $15.1 million and $36.6 million for the three and six months ended June 30, 2021, respectively, from the corresponding 2020 comparative periods. For the three and six months ended June 30, 2021, segment profit margin as a percentage of revenue was 22% and 25%, respectively, compared to 10% and 20% in the prior year comparative periods. The profit margin improvements are primarily a result of higher revenue contributing to improved fixed cost absorption, favourable product and service mix, including higher production enhancement stimulation work, and fixed cost reductions following the first quarter of 2020.

General and Administrative Expenses (Environmental and Fluid Management segment)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
G&A expense excluding depreciation and amortization	**4,280**	2,710	58	**9,032**	10,199	(11)
Depreciation and amortization	**366**	457	(20)	**770**	1,025	(25)
Environmental and Fluid Management G&A Expense	**4,646**	3,167	47	**9,802**	11,224	(13)

G&A expenses of $4.6 million for the three months ended June 30, 2021, increased $1.5 million from the 2020 comparative period. The increase is primarily due to wage subsidies associated with CEWS received in the prior year periods which were booked as a recovery to G&A expense. For the six months ended June 30, 2021, G&A expenses decreased 13% due primarily to the benefit of full run rate of cost reductions which began to take effect in April 2020. Excluding depreciation and amortization, G&A expenses as a percentage of the segment's revenue was 6% for both the three and six months ended June 30, 2021, compared to 9% and 8% in the respective prior comparative periods.

Income Before Tax (Environmental and Fluid Management segment)

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Environmental and Fluid Management Income (Loss) before Tax	**1,991**	(7,955)	(125)	**9,941**	(25,693)	(139)

The Environmental and Fluid Management segment recorded income before tax of $2.0 million for the three months ended June 30, 2021, compared to a loss before tax of $8.0 million for the three months ended June 30, 2020. The positive variance of $9.9 million is primarily due to higher segment profit margin as described above. For the six months ended June 30, 2021, the segment recorded income before tax of $9.9 million, compared to a loss before tax of $25.7 million for the prior year comparative period. In addition to reduced segment profit margin of $10.6 million, the segment's loss before tax for the six months ended June 30, 2020, included a non-cash impairment charge of $15.7 million, as well as costs of $5.4 million incurred related to organizational restructuring.

CORPORATE INCOME AND EXPENSES

Corporate Cost of Sales

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Cost of Sales						
Share-based compensation expense	**385**	920	(58)	**792**	1,790	(56)

Corporate cost of sales of $0.4 million and $0.8 million for the three and six months ended June 30, 2021, respectively, is comprised of share-based compensation for employees directly associated with the revenue generating operations of the Corporation. Share-based compensation fluctuates based on the share price at the time of grant, any forfeitures of share-based awards, and the effects of vesting. The decrease for the three and six months ended June 30, 2021, is primarily due to a reduction in the Corporation's share-based compensation plan eligibility, and timing of the 2021 grant of units.

Corporate General and Administrative Expenses

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
General and administrative expenses excluding items noted below	**4,443**	4,026	10	**8,459**	10,176	(17)
Depreciation and amortization	**2,105**	1,402	50	**3,322**	2,818	18
Share-based compensation expense	**3,216**	849	279	**5,189**	2,312	124
Total Corporate G&A expenses	**9,764**	6,277	56	**16,970**	15,306	11

Included in Corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, any support services that are shared across all operational business segments, and share-based compensation for all employees, other than as recorded to Corporate cost of sales as noted above.

Corporate G&A expenses excluding DD&A and share-based compensation expense increased $0.4 million to $4.4 million for the three months ended June 30, 2021, from the three months ended June 30, 2020, primarily as a result of the impact of CEWS reimbursements received in the prior year period. For the six months ended June 30, 2021, G&A expenses decreased 17% to $8.5 million due to lower personnel costs resulting from prior year restructuring efforts which began to take effect in the second quarter of 2020, and lower discretionary spending.

Share-based compensation included in G&A expenses of $3.2 million and $5.2 million for the three months ended June 30, 2021, respectively, increased $2.4 million and $2.9 million from the corresponding prior year comparative periods. The increase was primarily a result of forfeitures associated with headcount reductions in the prior year period, along with revaluing the liability associated with cash-settled share units at a higher period end share price.

Transaction Costs and Restructuring

($000's)	Three months ended June 30, 2021	2020	% Change	Six months ended June 30, 2021	2020	% Change
Transaction costs	**7,222**	-	100	**10,364**	-	100
Restructuring costs	**-**	-	-	**-**	1,198	(100)

Transaction costs recorded to the Corporate segment of $7.2 million and $10.4 million for the three and six months ended June 30, 2021, respectively, related primarily to legal and advisory costs associated with the Transaction.

For the six months ended June 30, 2020, the Corporation recorded $1.2 million of restructuring costs related to severance paid to corporate employees or officers as a result of measures taken to reduce the Corporation's cost structure to align with expected industry activity levels.

Interest and Finance Costs

($000's)	Three months ended June 30, 2021	2020	% Change	Six months ended June 30, 2021	2020	% Change
Interest and finance costs	**3,138**	5,059	(38)	**7,531**	13,726	(45)

Interest and finance costs includes interest expense, amortization of financing fees, interest expense related to lease liabilities, 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 senior secured credit facilities.

Overall interest and finance costs decreased 38% and 45% to $3.1 million and $7.5 million for the three and six months ended June 30, 2021, respectively, from the corresponding 2020 comparative periods. The decrease is a result of lower interest rates on the first lien credit facility and a lower average debt balance outstanding compared to the prior year, as well as positive variances associated with the revaluation of the Corporation's interest rate swap on the second lien credit facility. For the three months ended June 30, 2021, SECURE recorded an unrealized gain of $0.9 million related to the revaluation of the interest rate swap, compared to $0.2 million in the prior year comparative period. For the six months ended June 30, 2021, the Corporation recorded an unrealized gain of $1.4 million, compared to an unrealized loss of $2.1 million in the prior year comparative period.

Foreign Currency Translation Adjustment

($000's)	Three months ended June 30, 2021	2020	% Change	Six months ended June 30, 2021	2020	% Change
Foreign currency translation loss (gain), net of tax	**3,476**	6,376	(45)	**5,600**	(9,286)	(160)

Other comprehensive loss includes foreign translation losses of $3.5 million and $5.6 million for the three and six months ended June 30, 2021, respectively. These losses relate 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 six months ended June 30, 2021, at a lower period end rate due to the appreciation of the Canadian dollar relative to the U.S. dollar during each respective period. The foreign currency translation adjustment included in the consolidated statements of comprehensive loss does not impact net loss for the period.

Income Taxes

($000's)	Three months ended June 30, 2021	2020	% Change	Six months ended June 30, 2021	2020	% Change
Income taxes						
Current tax expense	**75**	179	(58)	**350**	708	(51)
Deferred tax recovery	**(2,977)**	(5,999)	(50)	**(3,031)**	(11,784)	(74)
Total income tax expense (recovery)	**(2,902)**	(5,820)	(50)	**(2,681)**	(11,076)	(76)

For the three and six months ended June 30, 2021, the Corporation's income tax recovery was $2.9 million and $2.7 million, respectively, compared to $5.8 million and $11.1 million for the corresponding prior year comparative periods. The variance is as a result of lower pre-tax losses in the current year period.

SUMMARY OF QUARTERLY RESULTS

Seasonality

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. 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, completions 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 midstream infrastructure and fluid management 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.

	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Revenue (excluding oil purchase and resale)	116,705	132,135	118,606	103,499	65,546	172,022	156,998	149,097
Oil purchase and resale	395,192	529,077	356,109	348,674	225,644	433,555	596,073	577,877
Total revenue	511,897	661,212	474,715	452,173	291,190	605,577	753,071	726,974
Net (loss) income attributable to shareholders of SECURE	(14,876)	(630)	(37,794)	(4,588)	(20,889)	(21,952)	2,658	(500)
Per share - basic and diluted	(0.09)	0.00	(0.24)	(0.03)	(0.13)	(0.14)	0.02	0.00
Weighted average shares - basic	160,358,466	159,540,722	158,664,323	158,577,224	158,488,825	158,513,800	157,097,902	158,075,674
Weighted average shares - diluted	160,358,466	159,540,722	158,664,323	158,577,224	158,488,825	158,513,800	159,430,711	158,075,674
Adjusted EBITDA (1)	30,045	39,153	36,640	37,018	20,453	42,094	46,894	43,173

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

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with fluctuating commodity prices impacting industry activity, and SECURE's historical growth and acquisitions, variations in quarterly results are attributable to several other factors as well.

In the last several months of 2018, crude oil benchmark price and commodity price differential volatility resulting from a lack of pipeline egress out of the WCSB resulted in a pull back on producer budgets for 2019. Weather-related issues also had an impact on activity levels during 2019, with a prolonged spring break-up and an unusually wet third quarter. Producers were unwilling to incur additional costs due to weather related issues if the oil and gas activity could be delayed until ground conditions improved. The poor weather also impacted the execution of planned remediation and demolition programs and landfill disposal volumes in the Environmental and Fluid Management segment.

The rapid and dramatic decline in crude oil prices at the end of the first quarter of 2020 resulting from oil demand destruction caused by COVID-19 and over supply concerns stemming from failed negotiations between OPEC+ countries on production curtailments began to have an additional adverse impact on the Corporation's results in March 2020, and resulted in negative quarter over quarter variances throughout the remainder of 2020.

During the first half of 2021, higher crude oil prices resulted in improved activity levels across all business units and increased utilization at the Corporation's midstream processing facilities and landfills as higher drilling, completion and production volumes from increased activity levels required treating, processing and disposal.

Each previous quarter was also impacted by the date at which an acquisition occurred or any one of the constructed or acquired facilities commenced operations. For a complete description of SECURE's assets and operations, please refer to the heading '*Description of Business*' in the AIF which includes a description of the date of acquisitions or the dates on which each of SECURE's facilities commenced operations.

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

- In April 2019, SECURE acquired a 27% interest in a storage facility in Cushing, Oklahoma;
- In October 2019, the Corporation's Pipestone water disposal facility commenced operations. SECURE added three other produced water pipelines in 2019, connecting producer batteries/gas plants to SECURE's midstream infrastructure at Gold Creek (two) and Tony Creek (one); and
- In July 2020, the Corporation's East Kaybob oil pipeline commenced operations.

In addition to the above, SECURE has completed several improvements and expansions to increase capacity capabilities at existing facilities, including construction of produced water pipelines at existing facilities, primarily in the Montney and Duvernay regions of Alberta, and in the Bakken region of North Dakota.

LIQUIDITY AND CAPITAL RESOURCES

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

Management considers capital to be the Corporation's long-term borrowings less cash plus 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 spending to approved limits on a quarterly basis.

The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized limits, Adjusted EBITDA on all of its operations, and Senior and Total Debt to EBITDA as defined in the Corporation's lending agreements.

SECURE's long-term borrowings at June 30, 2021, consisted of a $600 million first lien credit facility ("First Lien Facility"), a $130 million second lien credit facility ("Second Lien Facility") and two bilateral letter of credit facilities totalling $75 million. At June 30, 2021, SECURE also closed the private placement of the 2026 unsecured notes, which were held in escrow at period end pending the satisfaction of certain release conditions which were satisfied upon closing the Transaction on July 2, 2021. The proceeds of the 2026 unsecured notes have subsequently been used to (i) fund the redemption of US$100 million of the Tervita Notes on July 16, 2021; (ii) repay outstanding indebtedness; and (iii) pay fees and expenses incurred in connection with the note issuance and for general corporate purposes.

In connection with closing the Transaction, SECURE entered into the new SECURE Credit Facility with nine financial institutions and Chartered Banks. The new SECURE Credit Facility was used to replace and repay SECURE's First Lien Facility, Second Lien Facility, Tervita's first lien credit facility, and SECURE's LC facilities. SECURE also entered into the new SECURE LC Facility.

The new SECURE Credit Facility requires that the Corporation maintain certain coverage ratios, as follows:

- The Senior Debt to EBITDA ratio shall not exceed 3.0:1 for the first two quarters after closing the Transaction, before stepping down to 2.75:1.
- The Total Debt to EBITDA ratio shall not exceed 4.75:1 for the first two quarters after closing the Transaction, before stepping down to 4.5:1.
- The interest coverage ratio, defined as EBITDA divided by interest expense on Total Debt, shall not be less than 2.5:1.

At June 30, 2021, SECURE was in compliance with all covenant requirements under the Corporation's First Lien Facility and Second Lien Facility, which required the Corporation to maintain the following coverage ratios:

- The Senior Debt to EBITDA ratio shall not exceed 3.5:1.
- The Total Debt to EBITDA ratio shall not exceed 5.0:1.
- The interest coverage ratio, defined as EBITDA divided by interest expense on Total Debt, shall not be less than 2.5:1.

The following table outlines the Corporation's financial covenant ratios calculated in accordance with the existing credit agreements as at June 30, 2021 and December 31, 2020.

	June 30, 2021	Dec 31, 2020	% Change
Senior Debt to EBITDA	2.0	2.2	(9)
Total Debt to EBITDA	2.9	3.2	(9)
Interest coverage	7.3	6.4	14

Senior Debt is calculated as the amounts drawn on the First Lien Facility and finance leases entered into by the Corporation as defined by the old lease accounting standard International Accounting Standard 17 Leases ("IAS 17"), less cash balances above $5 million. Total Debt is equal to Senior Debt plus amounts drawn under the Corporation's Second Lien Facility and unsecured debt.

EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, less any operating lease payments as defined by IAS 17, minority interest losses, non-recurring losses, non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis.

Issued capital of $1.0 billion increased 1% at June 30, 2021, compared to December 31, 2020, as a result of capital issued through the conversion of restricted share units and performance share units into common shares under the Corporation's Unit Incentive Plan during the six months ended June 30, 2021.

Liquidity risk is the risk that the Corporation will not be able to meet our 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.

Market events that resulted in low and volatile oil prices beginning in March 2020 resulted in lower revenue and cash flows for the Corporation due to reduced drilling, completion and production volumes and demand for associated services as customer's reduced spending levels and shut-in uneconomic production and naturally declining production due to reduced reinvestment. SECURE's business is highly concentrated on production volumes or related services that historically represent approximately 75% of the Corporation's Adjusted EBITDA. A portion of these production volumes are contracted and/or fee-for-service contracts that are expected to provide a degree of cash flow stability.

Additionally, prudent measures were taken at the end of March 2020 to reduce the Corporation's cost structure to align with expected activity levels for the remainder of the year. As a result, the Corporation expects sufficient liquidity to fund its operations, working capital requirements, dividends and capital program with cash flow from operations, with excess cash flow available to pay down debt. However, the ultimate duration and magnitude of the impact on the economy of COVID-19 and the financial effect to the Corporation is not known at this time, creating a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's forecasts.

On March 24, 2020, the Corporation announced that the monthly dividend would be reduced to $0.0025 (0.25 cents) per common share, effective for the May 2020 dividend. This reduction of the dividend results in annualized cash savings of approximately $38 million. Additionally, following the June 2020 dividend, the Corporation moved to a quarterly dividend, with the first payment of $0.0075 (0.75 cents) per common share made in October 2020.

SECURE believes the sharing of excess cash flows with shareholders is a core business principle; as a result, management and the Board of Directors of the Corporation will continue to monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease, tax, transaction and implementation costs, and will look for opportunities to increase the dividend after the successful integration with Tervita and as business conditions warrant.

To meet financial obligations, the Corporation may further adjust the amount of its dividends, draw on the new SECURE Credit Facility up to the covenant restrictions, divest assets, issue subordinated debt, or obtain equity financing. The declaration and payment of dividends is at the discretion of the Board and is dependent upon, among other things, financial performance, compliance with debt covenants and the factors referred to under the heading "*Risk Factors*" in the AIF. 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.

Refer to Note 18 of the Annual Financial Statements for further disclosure of the Corporation's liquidity risk and Note 13 of the Interim Financial Statements for details of the Corporation's contractual obligations and contingencies at June 30, 2021.

The following provides a summary and comparison of the Corporation's operating, investing and financing cash flows for the three and six months ended June 30, 2021 and 2020.

Net Cash Flows from Operating Activities

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Net cash flows from operating activities	**20,811**	22,098	(6)	**45,396**	67,948	(33)

The Corporation generated cash flows from operating activities of $20.8 million for the three months ended June 30, 2021, a decrease of 6% from the prior year comparative period. Higher Adjusted EBITDA in the current year period was more than offset by $7.2 million of transaction costs incurred and reduced non-cash working capital recovered compared to the second quarter of 2020 due to higher activity levels.

For the six months ended June 30, 2021, the Corporation generated cash flows from operating activities of $45.4 million, a decrease of 33% from the 2020 comparative period. The decrease was primarily a result of a $25.8 million change in non-cash working capital. In the prior year comparative period, the Corporation had a large working capital recovery as a result of reduced accounts receivable and accrued receivables at June 30, 2020 compared to December 31, 2019, following the decline in crude oil prices in March 2020. At June 30, 2021, SECURE carried total net working capital, excluding cash, of $58.4 million, relatively consistent with the balance at December 31, 2020.

Investing Activities

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Capital expenditures [1]						
Growth and expansion capital expenditures	**2,733**	9,012	(70)	**7,229**	47,011	(85)
Sustaining capital expenditures	**4,064**	1,548	163	**5,995**	4,909	22
Total capital expenditures	**6,797**	10,560	(36)	**13,224**	51,920	(75)

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

The Corporation's capital expenditures of $6.8 million and $13.2 million for the three and six months ended June 30, 2021, respectively, decreased $3.8 million and $38.7 million from the corresponding 2020 comparative periods. Of the total spend, $4.1 million and $6.0 million related to sustaining capital expenditures during the three and six months ended June 30, 2021, in line with SECURE's expectations and capital budget. Growth and expansion capital of $2.7 million and $7.2 million for the three and six months ended June 30, 2021, related largely to connecting an additional segment of the East Kaybob oil pipeline, and constructing an additional cell at the Saddle Hills landfill.

In the prior year comparative periods, costs incurred related to progressing construction of the East Kaybob oil pipeline system; certain carryover costs related to the tie in of two disposal wells drilled and completed in 2019 in North Dakota; and increasing processing and disposal capacity and creating efficiencies at various other facilities.

There were no business acquisitions completed during the three and six months ended June 30, 2021 or 2020.

Financing Activities

	Three months ended June 30,			Six months ended June 30,		
($000's)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**
Repurchase and cancellation of shares under NCIB	**-**	-	-	**-**	(1,531)	(100)
Repayment (draw) on credit facility	**(10,083)**	11,105	(191)	**(16,440)**	8,555	(292)
2026 unsecured note offering	**200,000**	-	100	**200,000**	-	100
Financing fees	**(4,951)**	-	(100)	**(4,951)**	-	(100)
Lease liability principal payment	**(2,012)**	(4,648)	(57)	**(5,432)**	(9,063)	(40)
Dividends	**(1,204)**	(4,357)	(72)	**(2,405)**	(14,963)	(84)
Changes in non-cash working capital	**2**	-	100	**13**	-	100
Net cash flows from (used in) financing activities	**181,752**	2,100	8,555	**170,785**	(17,002)	(1,104)

As at June 30, 2021, the Corporation had drawn $383.0 million on its credit facilities compared to $399.5 million as at December 31, 2020. At June 30, 2021, the Corporation was in compliance with all covenants related to its credit facilities.

The Corporation currently pays a quarterly dividend of $0.0075 (0.75 cents), resulting in a spend of $1.2 million and $2.4 million for the three and six months ended June 30, 2021, respectively. On June 15, 2021, the Corporation declared the next quarterly dividend of $0.0075 (0.75 cents), which was paid to shareholders of record on July 1, 2021.

Management and the Board of Directors of the Corporation will monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease, tax and transaction and implementation costs associated with the Transaction.

During the second quarter of 2020, SECURE renewed the normal course issuer bid ("NCIB") whereby the Corporation could repurchase up to a maximum of 10,796,069 common shares of the Corporation from May 28, 2020 to May 27, 2021, subject to daily limits in accordance with the terms of the NCIB. The NCIB expired on May 27, 2021, and was not renewed. There were no repurchases under the NCIB during the three and six months ended June 30, 2021. For the three months and six months ended June 30, 2020, the Corporation repurchased and cancelled 336,500 common shares.

On June 30, 2021, the Corporation closed the private placement of the 2026 unsecured notes. The net proceeds of the offering, along with $6.4 million of interest accrued up to the latest possible mandatory redemption date in accordance with the offering, were deposited into an escrow account pending the satisfaction of certain conditions, including the completion of the Transaction. The escrow release conditions were satisfied on July 2, 2021. The proceeds of the 2026 unsecured notes have subsequently been used to (i) fund the redemption of US$100 million of the Tervita Notes at a redemption price of 105.50%, plus accrued and unpaid interest to the redemption date of July 16, 2021; (ii) repay outstanding indebtedness; and (iii) pay fees and expenses incurred in connection with the note issuance and for general corporate purposes.

CONTRACTUAL OBLIGATIONS

Refer to Note 13 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 *'Risk Factors',* which is incorporated by reference herein. 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.

Oil Prices and the COVID-19 Pandemic

The dramatic decline in oil prices in March 2020, and the ongoing COVID-19 pandemic resulted in an unprecedented global crisis. The prudent response from SECURE's customers was to significantly reduce capital spending in 2020. This decision impacted both drilling and completions activity in 2020 and production volumes that were shut-in due to uneconomic crude oil prices or that naturally declines due to lower capital spending.

Many jurisdictions continue to expand mass vaccination programs at an accelerated pace, with nearly 80% of eligible Canadians having received at least one dose as of July 27, 2021. Current government forecasts project that all Canadians who want to be, will be fully vaccinated by the end of September 2021. Despite the ongoing vaccination of the majority of the population, there can be no certainty that vaccinations will successfully control the spread of COVID-19 and its variants and consequently reduce its impact on SECURE's business and the impact of the COVID-19 pandemic on the world economy may continue or increase until immunization rates in developing countries improve.

While oil prices have stabilized at the highest levels seen in several years, demand is normalizing and many provinces and territories, including Alberta, continue to ease restrictions as infection rates decline; the situation remains fluid as COVID-19 and its variants, some of which may be more transmissible and carry increased health risks, continue to be a concern. Governments are continuing to closely monitor the spread of COVID-19 and its variants, which may lead to the maintenance or reintroduction of emergency measures to counter any resurgence of such viruses. Accordingly, ongoing uncertainty with respect to the pandemic may continue to have significant adverse impacts on the Corporation in 2021, including, but not limited to:

- Public health measures effected by local governments to protect the health system and slow the spread of COVID-19 could result in the temporary suspension of operations which could have material impacts on the Corporation's financial results;
- Material declines in revenue and cash flows due to reduced drilling, completion and production volumes and demand for associated services as customers reduce spending levels and shut-in uneconomic production;
- Declines in revenue and operating activities could result in increased impairment charges on long-term assets;
- Increased risk of non-performance by the Corporation's customers which could materially increase collection risk of accounts receivable and customer defaults on contracts; and
- Increased restructuring charges as the Corporation aligns its structure and personnel to the dynamic environment.

The situation is dynamic and the ultimate duration and magnitude of the impact of the COVID-19 pandemic on the economy and the financial effect on the Corporation is not known at this time and depends on a variety of factors including (i) the severity, transmission rate and resurgence of the COVID-19 virus or its variants, (ii) the timing, extent and effectiveness of containment actions, including the approval, availability, effectiveness, uptake, and distribution rate of vaccines, (iii) the speed and extent to which normal economic and operating conditions resume worldwide, and (iv) the impact of these and other factors on our stakeholders, particularly those upon whom we have a major reliance, including our customers, vendors and employees. Estimates and judgments made by management in the preparation of the Interim Financial Statements are subject to a higher degree of measurement uncertainty during this volatile period. For a full discussion of SECURE's risks related to the COVID-19 pandemic, see *"Risk Factors – COVID-19 Pandemic"* in the AIF.

Credit Ratings
During the second quarter of 2021, SECURE received its first public credit ratings following the announcement of the Transaction and in connection with the 2026 unsecured note offering. Early in the third quarter, SECURE also received credit ratings on the Tervita Notes as SECURE became the obligor upon completion of the Transaction. Credit ratings are intended to provide an independent measure of the credit quality of an issue of securities and are subject to ongoing evaluation by credit rating agencies. The credit rating assigned by a rating agency is not a recommendation to purchase, hold or sell securities nor does the rating comment on market price or suitability for a particular investor. A rating may not remain in effect for any given period of time and may be revised or withdrawn entirely by a rating agency at any time in the future, if, in its judgment, circumstances so warrant. There can be no assurance that a credit rating will be maintained in the future. Downgrades in SECURE's credit rating could adversely affect SECURE's business, cash flows, financial condition, operating results and share and debt prices.

Greenhouse Gas Emissions Regulations
On March 25, 2021, the Supreme Court of Canada ("SCC") released its judgment confirming the constitutionality of Canada's national carbon-pricing regime, the *Greenhouse Gas Pollution Pricing Act*. Certain Canadian provinces, including Alberta and Saskatchewan, had previously launched constitutional challenges to the federal backstop and as Canada's highest appeal court, the SCC's decision is the final ruling on this matter. The implementation of the federal backstop in certain provinces in which SECURE operates may materially impact its current or future business (including, without limitation, increasing costs of compliance) and could have an adverse effect on SECURE's operations, margins, profitability and results.

On July 12, 2021, the federal government formally submitted Canada's enhanced Nationally Determined Contribution ("NDC") to the United Nations, committing Canada to cut its greenhouse gas emissions by 40-45 percent below 2005 levels by 2030. Canada's NDC submission outlines a series of investments, regulations and measures that the country is taking in pursuit of its ambitious target. It includes input from provincial, territorial and Indigenous partners. The federal government additionally confirmed that the minimum price on carbon pollution will increase by $15 per tonne each year starting in 2023 through to 2030. The federal backstop will be updated to ensure all provincial and territorial pricing systems are comparable in terms of stringency and effectiveness. Provinces and territories will continue to have the flexibility to implement a system that makes sense for their circumstances as long as they align with the benchmark. The increased costs of compliance associated with the federal backstop may have a material impact on SECURE's business and financial position. For a full discussion of SECURE's risks related to the implementation of the national carbon pricing regime, see *"Risk Factors – Governmental Regulation – GHG Emissions"* in the AIF.

Indigenous Peoples Consultation, Claims and Relationship
The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of ongoing litigation. In a recent decision by the British Columbia Supreme Court, the court found that the province's mechanisms for assessing and taking into account cumulative effects were lacking and contributed to the breach of its obligations under Treaty 8. Amongst other things, the court declared that the Province of British Columbia could not continue to authorize activities that breach the Treaty, or that unjustifiably infringe the Treaty 8 Nation's exercise of its treaty rights. This declaration was suspended for six months to enable the parties to negotiate a path forward. While this recent decision does not currently impact SECURE's operations directly, it is expected to contribute to the development of Canadian law. In addition, Canada and the Province of British Columbia have enacted legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples which obliges the government to take steps to align their respective laws with the Declaration, such steps may result in amendments to regulatory approval processes.

Any such developments in the law may have a material effect on SECURE's business, financial condition and reputation. This includes risk related to the failure to satisfy the duty to consult and provide any associated accommodations which may adversely affect SECURE's, or its customers, ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For a full discussion of SECURE's risks related to Indigenous relations, see *"Risk Factors – Indigenous Peoples Consultation, Claims and Relationships"* in the AIF.

Competition Act Matters

SECURE has been engaged in discussions with the Competition Bureau relating to the review of the Transaction under the Competition Act. On June 29, 2021, the Commissioner of Competition (the "Commissioner") served SECURE with a notice of application to block the closing of the Transaction under section 92 of the Competition Act. The Commissioner also served SECURE with an application under Section 104 of the Competition Act, which sought an interim order from the Competition Tribunal to block the closing of the Transaction. The Commissioner also made an interim application to prevent closing of the Transaction pending the outcome of the application under Section 104 of the Competition Act, but the Commissioner's application was denied by the Competition Tribunal on July 1, 2021, and the Commissioner's emergency appeal of that decision was rejected by the Federal Court of Appeal on July 2, 2021. The Transaction closed on July 2, 2021, and the Commissioner amended his application under Section 104 of the Competition Act to seek the unwinding of the Transaction, in the alternative an order for SECURE to hold separate the former business of Tervita, or in the further alternative an order for SECURE to not proceed with any further integration of Tervita's operations and to preserve all assets until such time as the application under section 92 of the Competition Act is disposed of.

SECURE believes that the Transaction will be beneficial to customers and result in significant cost savings and other efficiencies that will benefit SECURE, its customers, and the Canadian economy. In connection with, or as a result of, a challenge by the Commissioner of the Transaction under the Competition Act, including the applications described above (collectively, "the Applications"), SECURE may be required to divest certain of its assets or be subject to another remedy (including a behavioral remedy) which in any case may adversely affect SECURE's ability to achieve the anticipated benefits of the Transaction and financial projections related thereto. SECURE may incur significant costs in connection with its defense of the Applications and any additional challenge by the Commissioner to the Transaction. SECURE believes the resolution of such proceedings will not be material to the combined company's asset base or Adjusted EBITDA.

Risks Related to Tervita's Business and the Transaction

Competitive Conditions and Retention of Tervita's Customers

SECURE's business is dependent on the willingness of its customers to outsource their waste management and other environmental services generally, and to SECURE specifically, rather than to its competitors. Following the Transaction, it is possible that SECURE will maintain all existing relationships with Tervita's customers. Currently, numerous internal waste treatment, recovery and disposal options are available to oil and gas companies. In addition, most oilfield operators, including many of SECURE's customers, have numerous suspended wells that could be licensed for use in the disposition of internally generated waste and third-party waste in competition with SECURE and other facilities that could be used to recover oil through oilfield waste processing. Further, merger and acquisition activity amongst oil and gas exploration and production companies may reduce demand for SECURE's services. Companies that acquire SECURE's customers may have preferred supplier relationships with oilfield service providers other than SECURE or combined companies may have the resources to internalize the services currently provided by SECURE. Oil and gas production companies in the industries SECURE services, including its current customers, could decide to process and dispose of their waste internally for any reason, and this could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. For a full discussion of SECURE's risks related to competition, see *"Risk Factors – Competitive Conditions"* and "*Risk Factors – Contract Bidding Success and Renewal of Existing Contracts"* in the AIF.

Environmental Obligations

Several of SECURE's operations acquired in the Transaction require complex and detailed environmental and other permits and authorizations to establish, operate, expand and ultimately decommission its sites, including the engineered landfill and water treatment businesses. For certain sites, SECURE is required under applicable laws, regulations, and/or permits to conduct periodic monitoring, and internal and third-party testing. Such permits involve lengthy timelines and significant employee effort to complete and SECURE may experience a delay in obtaining, be unable to obtain or renew, or suffer the suspension or revocation of required permits or regulatory authorizations. Regulatory agencies may also impose more stringent or burdensome restrictions or obligations on operations when SECURE seeks to renew or amend its permits. For example, permit conditions may limit the amount or types of waste SECURE can accept, require it to make material expenditures to upgrade its facilities, implement burdensome and expensive operational or monitoring programs or increase the amount of financial assurance that it provides to cover future facility closure costs. Any delay or inability to acquire such permits or authorizations, or renew them in a timely fashion on substantially similar terms, could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. In addition, governmental authorities or other third parties may bring claims against SECURE if it fails to comply with environmental laws, regulations or permits or cause environmental damage, which may result in suspension or revocation of necessary permits and authorizations, civil or criminal liability and the imposition of fines, penalties and damages claims. For a full discussion of SECURE's risks related to environmental protection and health and safety, see *"Risk Factors – Environmental Protection & Health and Safety"* in the AIF.

Crude Oil Marketing - Changes in Industry Practices related to Crude Oil Equalization

Prior to the Transaction, Tervita's energy marketing division derived a material portion of its revenue from the collection of Canadian industry mandated equalization penalties applicable to crude oil with a density outside of the required band of the oil and gas industry crude oil equalization scale. The crude oil equalization scale is determined twice annually by the Crude Oil Logistics Committee (the "COLC"). The COLC is a Canadian oil and gas industry committee comprised of members drawn from oil and gas producers, crude oil pipeline companies, terminal operators, industry associations and regulators. Changes to the equalization scale, and the amount of the equalization penalty, or changes to the industry practice related to crude oil equalization, which are all beyond SECURE's control, could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding. For a full discussion of SECURE's risks related to crude oil marketing, see *"Risk Factors – Crude Oil Marketing and Commodity Price Risk – Trading"* in the AIF.

Increased Seismic Activity

Various studies have identified links between increases in seismic activity and hydraulic fracturing and the injection/disposal of water associated with oil and gas production. This linkage could result in new operational limits or closure of disposal wells in areas where events become significant (magnitude and frequency), including areas in which SECURE now owns and operates disposal wells following the Transaction. If the operation of disposal wells becomes more heavily regulated, or if disposal wells become unavailable as a result of regulation, SECURE will need to identify alternative disposal locations or develop technologies and methods to increase water reuse and recycling of wastewater from oil, natural gas and natural gas liquids drilling sites, both of which are likely to increase costs and require substantial capital investments. If SECURE's operations are suspended or terminated at disposal wells, its business, financial condition, results of operations and cash flows or ability to make required payments on debt outstanding may be materially adversely impacted. Additionally, SECURE could incur liability for seismic damages or be affected by related regulation. For a full discussion of SECURE's risks related to fracturing regulations, see *"Risk Factors – Governmental Regulation – Fracturing Regulations"* in the AIF.

Scrap Metal Price Volatility

Scrap metals pricing is subject to fluctuations associated with the supply and demand for steel in general. Low demand for new steel (for example as a result of a weak automobile sector or low infrastructure spending) will adversely affect the demand for scrap metal, a major input in North American new steel production. The market price for scrap metal will also be affected by overseas supplies of steel. The vast majority of Canadian scrap metal is shipped to the United States. As a result, if SECURE's metals recycling division is unable to access the U.S. market due to a prolonged rail service interruption, worsening trade relations or for other reasons, SECURE's business, financial condition, results of operations and cash flows or Tervita's ability to make required payments on debt outstanding could be materially adversely affected.

Exposure to U.S. Environmental Regulations as a result of Tervita's Past Operations

As a result of the Transaction, SEUCRE is now subject to a broad range of U.S. federal, state and local environmental laws, rules and regulations as a result of its past operations and facilities. These laws, rules and regulations regulate, among other things, the discharge of materials into the environment, the handling and disposal of wastes, remediation of contaminated sites and other matters relating to worker and consumer health, and safety and to the protection of the environment and natural resources. Noncompliance with these laws, rules, regulations and other requirements can result in significant fines or penalties, limitations on SECURE's operations or may require SECURE to make additional expenditures. Contamination identified at, or migrating from facilities in the U.S. formerly owned or operated by SECURE or its predecessors in interest, including assets divested in 2016, may cause SECURE to incur liabilities or require it to investigate or undertake remedial action pursuant to applicable environmental laws and regulations or orders or other actions by governmental authorities. Liability may be imposed without regard to whether Tervita knew of, or caused, the contamination and, in some cases, liability may be joint or several. SECURE may also be subject to liability for remediation of third-party contaminated sites where SECURE or its predecessors in interest have sent waste for treatment or disposal. Moreover, current and future remedial obligations, environmental claims or any other environmental liabilities related to Tervita's past facilities or operations in the U.S. could materially adversely affect SECURE's business (including its reputation), ability to retain or attract customers, ongoing operations, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

Increase of Operation Costs relating to Commodity Prices

The price and supply of fuel is unpredictable and fluctuates based on events outside of SECURE's control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns, weather events and environmental concerns. As a result of the Transaction, SECURE needs a significant amount of fuel to run its operations and any price escalations or reductions in supply could materially reduce SECURE's profit margins if it is unable to correspondingly increase the price of its services. For a full discussion of SECURE's risks related to commodity prices, see *"Risk Factors – Commodity Price Risk – Non-Trading"* in the AIF.

Third-Party Ownership of Facilities

Some of the engineered landfills SECURE now operates as a result of the Transaction are owned by third parties but operated by SECURE under contract. If SECURE breaches the terms of such contracts, they could be terminated or SECURE could be subject to penalties. SECURE also cannot ensure that the parties for whom it contract will honor the terms of their contracts or that they will renew the current contracts upon their expiry on commercially reasonable terms or at all. Any default by SECURE under such contracts or any failure by the third parties to honor or renew SECURE's current contracts could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

New Significant Shareholder
As a result of the Transaction, Solus Alternative Asset Management LP ("Solus"), is now a significant SECURE shareholder. As a result, Solus may have the ability to influence all matters submitted to SECURE's shareholders for approval, including, without limitation, the election and removal of directors, amendments to SECURE's articles and by-laws and certain fundamental corporate transactions. The interests of such a large shareholder in SECURE's business, operations and financial condition from time to time may not be aligned with, or may conflict with, the interests of the other SECURE shareholders. Further, Solus may in the future own businesses that directly or indirectly compete with SECURE or do business with any potential or actual suppliers or customers of SECURE.

Possible Failure to Realize Anticipated Benefits of the Transaction
The Transaction is intended to create a stronger midstream infrastructure and environmental solutions business and realize certain benefits including, among other things, greater scale and significant annual integration cost savings. Achieving the benefits of the Transaction depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the combined company's ability to realize the anticipated growth opportunities and cost savings from integrating the respective businesses of SECURE and Tervita following completion of the Transaction.

Realizing the benefits of the Transaction also depends on the ability of the combined company to achieve the anticipated growth and cost savings opportunities without adversely affecting current revenues and investments in future growth. If the combined company is not able to successfully achieve its growth and cost savings objectives, the anticipated benefits of the Transaction may not be realized fully, or at all, or may take longer to realize than expected, which may have an adverse effect on SECURE's business, financial condition and reputation. A variety of factors, including those risk factors set forth in the Joint Information Circular, may adversely affect the ability to achieve the anticipated benefits of the Transaction.

Integration of SECURE's and Tervita's Businesses
The ability of the combined company to realize certain anticipated benefits such as growth opportunities and cost savings following the completion of the Transaction, will require the dedication of substantial effort, time and resources on the part of management which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. In addition, the integration process could result in the disruption of existing relationships with suppliers, employees, customers and other constituencies of each company. There can be no assurance that management will be able to integrate the operations of each of the businesses successfully or achieve any of the growth opportunities, cost savings or other benefits that are anticipated to result from the Transaction. Strategic decisions and the integration of the two companies will present challenges to management, including the integration of systems and personnel of the two companies which may be geographically separated, unanticipated liabilities and unanticipated costs. It is possible that the integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with customers, suppliers, employees or to achieve the anticipated benefits of the Transaction. The performance of the combined company's operations could be adversely affected if the combined company cannot retain key employees to assist in the integration and operation of Tervita and SECURE. Difficulties in the integration of the businesses, which may result in significant costs and delays, also include: coordinating corporate and administrative infrastructures and harmonizing insurance coverage; integrating and unifying the services available to customers and coordinating marketing efforts; unanticipated issues in coordinating accounting, information technology, communications, administration and other systems; difficulty addressing possible differences in corporate cultures and management philosophies; legal and regulatory compliance, including effecting actions that may be required in connection with obtaining regulatory approvals; creating and implementing uniform standards, controls, procedures and policies; maintaining existing agreements and relationships with customers and suppliers and avoiding delays in entering into new agreements with prospective customers and suppliers; and unforeseen and unexpected liabilities related to the

Transaction. Any inability of management to successfully integrate the operations could have a material adverse effect on the business, financial condition and results of operations of SECURE.

SECURE's Business Mix is Different than SECURE's prior to the Transaction

Prior to the Transaction, SECURE's business was focused on providing customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States. SECURE's core midstream infrastructure operations generated cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE also provided 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. Tervita's standalone business prior to the Transaction involved a broad and integrated array of services and environmental management solutions for customers in the energy, industrial, and natural resource sectors, predominantly in western Canada. Tervita's energy services business focused primarily on the upstream and midstream segments of the oil and gas industry through two service lines: facilities and energy marketing. Tervita's industrial services business provided comprehensive environmental solutions through four service lines: waste services, metals recycling and rail services, water services and environmental services. As a result of the Transaction, SECURE's business entails a combination of SECURE and Tervita's previous businesses, which will result in a different business mix than the previous standalone businesses of SECURE and Tervita, respectively, and which may subject SECURE to different business risks than those which were previously applicable to SECURE and Tervita as separate entities. As a result of SECURE's changing risk profile, SECURE may be subject to review of its credit ratings, which may result in a downgrade or negative outlook being assigned to the combined company. As a result of the Transaction, the combined company faces the same risks that each of Tervita and SECURE currently face, in addition to other risks.

***Pro Forma* Financial Information may not be Indicative of SECURE's Financial Condition or Results following the Transaction**

The unaudited *pro forma* financial information contained in the Joint Information Circular were presented for illustrative purposes only as of its respective dates and may not be indicative of the financial condition or results of operations of SECURE following completion of the Transaction for several reasons. The unaudited *pro forma* financial information was derived from the respective historical financial statements of SECURE and Tervita, and certain adjustments and assumptions made as of the dates indicated therein have been made to give effect to the Transaction. The information upon which these adjustments and assumptions have been made is preliminary and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the unaudited *pro forma* financial information does not include, among other things, estimated costs or cost savings, adjustments related to restructuring or integration activities, or future acquisitions or disposals not yet known or probable**.** Therefore, the *pro forma* financial information contained in the Joint Information Circular was presented for informational purposes only and is not necessarily indicative of what SECURE's actual financial condition or results of operations would have been had the Transaction been completed on the dates indicated. Accordingly, the combined business, assets, results of operations and financial condition may differ significantly from those indicated in the unaudited *pro forma* financial information.

OUTSTANDING SHARE CAPITAL

As at July 27, 2021, there are 308,051,389 common shares issued and outstanding, which includes the issuance of 147,551,566 common shares associated with the Transaction. In addition, as at July 27, 2021, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at July 27, 2021	Issued	Exercisable
Share Options	63,333	63,333
Restricted Share Units	1,655,807	-
Performance Share Units	3,366,232	-

OFF-BALANCE SHEET ARRANGEMENTS

At June 30, 2021 and December 31, 2020, the Corporation did not have any material off-balance sheet arrangements.

FINANCIAL AND OTHER INSTRUMENTS

As at June 30, 2021, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, long-term borrowings, 2026 unsecured notes, lease liabilities 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. The 2026 unsecured notes approximate their fair values as trading on the notes had not commenced at June 30, 2021.

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 *"Risk Factors"* and a discussion of the corresponding classification and amounts of income, expenses, gains and losses associated with these financial instruments and their fair value can be found in Note 18 of the Corporation's Annual Financial Statements.

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 is appropriately managing its credit risk.

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 Facility are managed through a combination of bankers' acceptance loans and U.S. dollar London Inter-bank Offered Rate ("LIBOR") loans which 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 and foreign exchange rates. Exposure to foreign exchange rate changes is mitigated using cross currency swaps to hedge foreign exchange exposure on U.S. denominated long-term debt, fixing the exchange rate on the U.S. dollar loan amounts for the purposes of interest and principal repayments. The Corporation has managed a portion of its interest rate risk through derivative instruments to effectively fix the interest rate on $130 million of funds drawn on its credit facilities until July 31, 2022.

ACCOUNTING POLICIES

SECURE's significant accounting policies are set out in Note 2 of the Annual Financial Statements. There were no revised standards or amendments to IFRS issued that impacted the Interim Financial Statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the Corporation's Annual 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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") means the controls and other procedures of SECURE that are designed to provide reasonable assurance that information required to be disclosed by SECURE in its annual fillings, interim fillings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by SECURE in its annual fillings or other reports filed or submitted under securities legislation is accumulated and communicated to SECURE's management including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting ("ICFR"), as defined in NI 52-109 means a process designed by, or under the supervisions of SECURE's CEO and CFO, and effected by the Board of Directors, management and other personnel, 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 used the Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission in the design of its ICFR. SECURE's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of SECURE;
- Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of SECURE are being made only in accordance with authorizations of management; and
- Are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of SECURE's assets that could have a material effect on the financial statements.

There was no change to the Corporation's ICFR that occurred during the most recent interim or annual period ended June 30, 2021, that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

In accordance with the requirements of NI 52-109, an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at June 30, 2021. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at June 30, 2021.

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.

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 “achieve”, “advance”, “anticipate”, “believe”, “commit”, “continue”, “could”, “deliver”, “drive”, “enhance”, “estimate”, “execute”, “expect”, “focus”, “grow”, “integrate”, “intend”, “may”, “maintain”, “ongoing”, “opportunity”, “plan”, “position”, “prioritize”, “realize”, “result”, “strategy”, “target” “will”, and similar expressions, as they relate to SECURE, its management, or the combined company, are intended to identify forward-looking statements. Such statements reflect the current views of SECURE and speak only as of the date of this document.

In particular, this document contains or implies forward-looking statements pertaining but not limited to: the expected benefits of the Transaction and the combined company following close of the Transaction, including expectations with respect to the strength the combined company; the combined company’s access to capital markets and the resulting effect on its future growth and acquisition plans; the relevance of SECURE’s credit rating to debt investors and capital market participants; the complementary nature of the combined company’s asset base and environmental service lines, and the ability to enhance scale and increase utilization as a result thereof; SECURE's ability to partner with its customers to execute on growth projects; the combined company’s expected discretionary free cash flow profile; expected annual integration cost savings of the combined company and the methods and timing thereof; improvements to SECURE's cost structure to serve a growing customer base; debt repayment plans; the ability to achieve the combined company’s target debt to EBITDA ratio of less than 2.5x and the timing thereof; ongoing cooperation with the Competition Bureau and Competition Tribunal; the Applications and SECURE's contestation thereof and costs related thereto; possible divestitures or other remedies as a result of the Applications or other challenges by the Commissioner; the benefit of the Transaction to SECURE, its customers, and the Canadian economy; the impact of the Applications SECURE's business; the resolution of any proceedings under the Competition Act and the materiality thereof, including the impact on the combined company’s asset base and Adjusted EBITDA; prioritizing the advancement of SECURE's ESG goals; governance practices and priorities of SECURE's new board of directors; plans to reduce carbon intensity in half by 2030 and achieving net zero emissions by 2050; SECURE's ability to deliver economic and environmental benefits; future ESG goals and the ability of the Transaction to accelerate SECURE’s environmental and social sustainability initiatives; Canada’s energy industry’s ability to win the race to the lowest emissions by 2050 and operate with the highest ESG standards in the world; maintaining strict cost control measures and a prudent approach to capital spending; SECURE's capital structure and benefits thereof; the outlook for oil and liquids prices; the oil and natural gas industry in Canada and the U.S., including drilling, completion and production activity levels for the remainder of 2021 and beyond in the Corporation’s operating areas, and the related impact on SECURE’s business, operations and financial results; increased year over year discretionary free cash flow; the effect of the current economic conditions on the future demand for SECURE’s services and the impact on SECURE’s cash flows and impairment charges on long-term assets; SECURE’s financial resiliency and corporate priorities, including the integration of Tervita's business, debt repayment, and strategies to achieve such priorities; increased contribution to Adjusted EBITDA from the realization of synergies and the timing thereof; the benefits of contracted and/or fee-for-service contracts on SECURE’s cash flow and the expected stability of such sources; capacity at the Corporation’s existing facilities; the impact the Canadian Federal Government’s orphan and inactive well fund may have to the business, operations and results of the Corporation; increased abandonment and reclamation activity in the oil and gas industry and the related effect on SECURE’s results of operations and the timing thereof; the Corporation’s 2021 capital budget and the future evaluation of SECURE’s and Tervita’s combined capital project opportunities; future dividend plans and opportunities to increase dividend payments after the successful integration with Tervita; debt service and the Corporation’s ability to meet obligations and commitments and operate within any credit facility restrictions, including the financial covenants related to our debt facilities; the sufficiency of the Corporation’s liquidity and expectations that our capital investment, working capital, debt repayment, share repurchases and cash dividends will be funded from internally generated cash flows; the Corporation’s credit risk levels; expected benefits customers will receive from our midstream and environmental solutions; key factors driving the Corporation’s success; demand for the Corporation’s services and products; industry fundamentals driving the success of SECURE’s core operations; future capital needs; and access to capital.

Forward-looking statements are based on certain assumptions that SECURE has made in respect thereof as at the date of this document regarding, among other things: the resolution of Applications made under the *Competition Act* (Canada) on terms acceptable to SECURE; SECURE's ability to successfully integrate the previous standalone businesses of SECURE and Tervita; sources of funding that each of SECURE and Tervita have relied upon in the past continue to be available to SECURE on terms favorable to SECURE; the impact of COVID-19, including related government responses related thereto and lower global energy pricing on oil and gas industry exploration and development activity levels and production volumes (including as a result of demand and supply shifts caused by COVID-19 and the actions of OPEC and non-OPEC countries); the success of SECURE's operations and growth projects; the Corporation's competitive position remaining substantially unchanged; future acquisition and sustaining costs will not significantly increase from past acquisition and sustaining costs; SECURE's ability to retain Tervita's previous customers; that counterparties comply with contracts in a timely manner; that there are no unforeseen events preventing the performance of contracts or the completion and operation of the relevant facilities; that there are no unforeseen material costs in relation to the Corporation's facilities and operations; that prevailing regulatory, tax and environmental laws and regulations apply; increases SECURE's share price and market capitalization over the long term; SECURE's ability to repay debt and return capital to shareholders; SECURE's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; and other risks and uncertainties described from time to time in filings made by SECURE with securities regulatory authorities.

Forward-looking statements involve significant known and unknown 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: SECURE's ability to realize the anticipated benefits of, and synergies and savings from, the Transaction and the timing thereof; actions taken by government entities or others seeking to prevent or alter the terms of the Transaction; the ongoing evaluation of SECURE's credit ratings; legal claims resulting from the announcement or completion of the Transaction; negative reactions to the Transaction, including from customers, suppliers or employees; potential undisclosed liabilities unidentified during the due diligence process; the accuracy of the *pro forma* financial information of the combined company; the interpretation of the Transaction by tax authorities; the success of business integration; the entry into new business activities and the resulting business mix of the combined company; the focus of management's time and attention on the Transaction and other disruptions arising from the Transaction; and those factors referred to under the heading "Risk Factors" in the AIF and the Joint Information Circular. In addition, the effects and impacts of the COVID-19 outbreak, the rapid decline in global energy prices and the length of time to significantly reduce the global threat of COVID-19 on SECURE's business, the global economy and markets are unknown at this time and could cause SECURE's or the combined company's actual results to differ materially from the forward-looking statements contained in this document.

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 applicable securities laws, SECURE does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

Additional information, including the AIF and the Joint Information Circular, 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.