Consolidated Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Secure Energy Services Inc.

We have audited the accompanying consolidated financial statements of Secure Energy Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Secure Energy Services Inc. as at December 31, 2016 and December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

March 1, 2017
Calgary, Canada

SECURE ENERGY SERVICES INC.
Consolidated Statements of Financial Position
As at December 31,

($000's)	Notes	2016	2015
Assets			
Current assets			
Cash		**3,432**	4,863
Accounts receivable and accrued receivables	**19**	**206,154**	125,358
Current tax assets		**14,768**	15,416
Prepaid expenses and deposits		**8,380**	8,427
Inventories	**6**	**68,463**	58,848
		301,197	212,912
Property, plant and equipment	**7**	**1,011,990**	1,007,626
Intangible assets	**8**	**68,038**	70,323
Goodwill	**9**	**30,643**	11,127
Deferred tax assets	**16**	**13,382**	13,432
Total Assets		**1,425,250**	1,315,420
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**156,107**	86,785
Asset retirement obligations	**12**	**102**	1,476
Finance lease liabilities		**5,164**	8,873
		161,373	97,134
Long-term borrowings	**11**	**208,042**	260,683
Asset retirement obligations	**12**	**80,012**	84,511
Finance lease liabilities		**4,000**	7,041
Onerous lease liabilities	**18**	**1,930**	3,644
Deferred tax liabilities	**16**	**42,846**	37,895
Total Liabilities		**498,203**	490,908
Shareholders' Equity			
Issued capital	**13**	**1,030,033**	851,490
Share-based compensation reserve	**14**	**51,441**	37,194
Foreign currency translation reserve		**32,049**	36,403
Deficit		**(186,476)**	(100,575)
Total Shareholders' Equity		**927,047**	824,512
Total Liabilities and Shareholders' Equity		**1,425,250**	1,315,420

Approved by the Board of Directors:

"SIGNED" — *Rene Amirault*

"SIGNED" — *Kevin Nugent*

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Comprehensive Loss
For the years ended December 31,

($000's except per share and share data)	Notes	2016	2015
Revenue		**1,410,063**	1,346,425
Operating expenses:			
Direct expenses	**17**	**1,267,220**	1,163,984
Depreciation, depletion and amortization		**113,012**	126,161
		1,380,232	1,290,145
General and administrative expenses		**44,482**	63,411
Share-based compensation		**25,158**	19,829
Business development expenses		**5,401**	11,649
		75,041	94,889
Operating loss		**(45,210)**	(38,609)
Interest, accretion and finance costs		**11,503**	12,098
Impairment	**10**	**-**	139,752
Other income	**18**	**-**	(6,529)
Loss before tax		**(56,713)**	(183,930)
Current tax recovery	**16**	**(13,169)**	(10,110)
Deferred tax expense (recovery)	**16**	**5,399**	(13,950)
		(7,770)	(24,060)
Net loss		**(48,943)**	(159,870)
Other comprehensive (loss) income			
Foreign currency translation adjustment		**(4,354)**	21,774
Total comprehensive loss		**(53,297)**	(138,096)
Basic and diluted loss per common share	**15**	**(0.32)**	(1.20)
Weighted average shares outstanding - basic and diluted	**15**	**154,625,869**	133,380,634

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Changes in Shareholders' Equity

($000's)	Note	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	(Deficit) retained earnings	Total Shareholders' Equity
Balance at January 1, 2016		**851,490**	**37,194**	**36,403**	**(100,575)**	**824,512**
Net loss		-	-	-	(48,943)	**(48,943)**
Dividends declared	**13**	-	-	-	(36,958)	**(36,958)**
Shares issued through dividend reinvestment plan ("DRIP")	**13**	13,514	-	-	-	**13,514**
Foreign currency translation adjustment		-	-	(4,354)	-	**(4,354)**
Bought deal equity financing	**13**	149,513	-	-	-	**149,513**
Share issue costs, net of tax	**13**	(4,906)	-	-	-	**(4,906)**
Issue of share capital for business acquisition	**13**	5,932	-	-	-	**5,932**
Exercise of options and Restricted Share Units ("RSUs")	**13**	14,490	(9,536)	-	-	**4,954**
Share-based compensation		-	23,783	-	-	**23,783**
Balance at December 31, 2016		**1,030,033**	**51,441**	**32,049**	**(186,476)**	**927,047**
Balance at January 1, 2015		**631,229**	**25,227**	**14,629**	**91,210**	**762,295**
Net loss		-	-	-	(159,870)	(159,870)
Dividends declared		-	-	-	(31,915)	(31,915)
Shares issued through DRIP		7,105	-	-	-	7,105
Foreign currency translation adjustment		-	-	21,774	-	21,774
Bought deal equity financing		198,000	-	-	-	198,000
Share issue costs, net of tax		(6,476)	-	-	-	(6,476)
Issue of share capital for business acquisition		3,957	-	-	-	3,957
Exercise of options and RSUs		17,675	(8,527)	-	-	9,148
Share-based compensation		-	20,494	-	-	20,494
Balance at December 31, 2015		**851,490**	**37,194**	**36,403**	**(100,575)**	**824,512**

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Cash Flows
For the years ended December 31,

($000's)	Notes	2016	2015
Cash flows from (used in) operating activities			
Net loss		**(48,943)**	(159,870)
Adjustments for non-cash items:			
Depreciation, depletion and amortization		**113,012**	126,161
Interest, accretion and finance costs	**12**	**11,503**	12,098
Other income	**18**	**-**	(6,529)
Current and deferred tax recovery		**(7,770)**	(24,060)
Other non-cash (income) expense		**(1,479)**	4,680
Impairment	**10**	**-**	139,752
Share-based compensation		**25,158**	19,829
Interest paid		**(7,884)**	(9,874)
Income taxes recovered (paid)		**13,694**	(12,282)
Funds from operations		**97,291**	89,905
Change in non-cash working capital		**(11)**	42,760
Asset retirement obligations incurred	**12**	**(598)**	(1,647)
Net cash flows from operating activities		**96,682**	131,018
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(62,649)**	(114,246)
Business acquisitions	**5**	**(88,228)**	(3,272)
Change in non-cash working capital		**(7,744)**	(37,975)
Net cash flows used in investing activities		**(158,621)**	(155,493)
Cash flows from (used in) financing activities			
Shares issued, net of share issue costs	**13**	**147,785**	198,501
Repayment on credit facility		**(53,000)**	(136,500)
Financing fees	**11**	**-**	(525)
Capital lease obligation		**(11,076)**	(12,937)
Dividends paid	**13**	**(23,444)**	(24,810)
Net cash flows from financing activities		**60,265**	23,729
Effect of foreign exchange on cash		**243**	727
Decrease in cash		**(1,431)**	(19)
Cash, beginning of year		**4,863**	4,882
Cash, end of year		**3,432**	4,863

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

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Secure Energy Services Inc. ("Secure") is incorporated under the Business Corporations Act of Alberta. Secure operates through a number of wholly-owned subsidiaries (together referred to as the "Corporation") which are managed through three operating segments which provide innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry. The fluids and solids solutions are provided through an integrated service and product offering that includes midstream services, environmental services, systems and products for drilling, production and completion fluids, and other specialized services and products. The Corporation owns and operates midstream infrastructure and provides services and products to upstream oil and natural gas companies operating in western Canada and in certain regions in the United States ("U.S.").

The processing, recovery and disposal services division ("PRD") owns and operates midstream infrastructure that provides processing, storing, shipping and marketing of crude oil, oilfield waste disposal and recycling. More specifically these services are clean oil terminalling and rail transloading, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service. The drilling and production services division ("DPS") provides equipment and product solutions for drilling, completion and production operations for oil and gas producers in western Canada. The OnSite division ("OS") includes Projects which include pipeline integrity, demolition and decommissioning, and reclamation and remediation of former wellsites, facilities, commercial and industrial properties, and environmental construction projects; Environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, Naturally Occurring Radioactive Material ("NORM") management, waste container services and emergency response services; and Integrated Fluid Solutions ("IFS") which include water management, recycling, pumping and storage solutions.

The following entities have been consolidated within Secure's consolidated financial statements for the year ended December 31, 2016:

Subsidiaries	Country	Functional Currency	Segment	% Interest Dec 31, 2016 and 2015
Secure Energy Services Inc. (parent company)	Canada	Canadian Dollar	PRD/CORP	
True West Energy Ltd.	Canada	Canadian Dollar	PRD	100%
Chaleur Terminals Inc.	Canada	Canadian Dollar	PRD	100%
Secure Energy (Drilling Services) Inc.	Canada	Canadian Dollar	DPS	100%
Alliance Energy Services International Ltd.	Canada	Canadian Dollar	DPS	100%
Secure Energy (OnSite Services) Inc.	Canada	Canadian Dollar	OS	100%
Secure Energy (Logistics Services) Inc.	Canada	Canadian Dollar	DPS	100%
SES USA Holdings Inc.	USA	US Dollar	PRD/DPS/OS	100%
Secure Energy Services USA LLC	USA	US Dollar	PRD	100%
Secure Drilling Services USA LLC	USA	US Dollar	DPS	100%
Secure Minerals USA LLC	USA	US Dollar	DPS	100%
Secure OnSite Services USA LLC	USA	US Dollar	OS	100%

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION (continued)

Basis of Presentation

The consolidated financial statements of Secure have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect at the closing date of December 31, 2016.

These consolidated financial statements are recorded and presented in Canadian dollars ($), which is Secure's functional currency, and have been prepared on a historical cost basis, except for certain financial instruments and share-based compensation transactions that have been measured at fair value. All values are rounded to the nearest thousand dollars ($000's), except where otherwise indicated. The accounting policies described in Note 2 have been applied consistently to all periods presented in these consolidated financial statements, except as noted herein. Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

The timely preparation of financial statements requires that management make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. See Note 3 for a description of significant estimates and judgments used in the preparation of the consolidated financial statements.

These consolidated financial statements were approved by Secure's Board of Directors on March 1, 2017. The head office of the Corporation is located at 3600, 205 – 5th Avenue S.W., Calgary, Alberta, Canada, T2P 2V7. The registered office of the Corporation is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 4K7.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of Secure and its subsidiaries and the proportionate share of the assets, liabilities, revenues, expenses and cash flows of its joint operations. All inter-company balances and transactions are eliminated on consolidation.

b) Investments in joint operations

A joint operation is a joint arrangement whereby two or more parties have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Corporation as a joint operator recognizes its share of assets and liabilities jointly owned and incurred, and its share of revenue and expenses of the joint operation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. If the acquisition meets the definition of a business combination, the assets acquired and liabilities assumed are classified or designated based on the contractual terms, economic conditions, the Corporation's operating and accounting policies, and other factors that exist on the acquisition date. Goodwill is measured at the acquisition date as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and the liabilities assumed. The measurement of goodwill is inherently imprecise and requires judgment in the determination of the fair value of assets and liabilities.

Transaction costs associated with business combinations, other than those related to issuing debt or equity securities, are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Changes in the fair value of liability classified contingent consideration are recognized in net loss. If the contingent consideration is classified in equity, it is not remeasured and its final settlement is accounted for within equity.

d) Revenue recognition

The Corporation has many different business lines offering services, products and integrated solutions to meet customer needs. Revenue is recognized when it is probable that any future economic benefit associated with the item of revenue will flow to the Corporation and the amount of revenue can be measured with reliability.

- Revenue associated with services provided in the PRD division such as processing, disposal, transportation, terminalling and rail transloading are recognized when the services are rendered.
- Revenue from the sale of crude oil and natural gas liquids is recorded when title to the product and risk of loss transfers to the customer.
- Revenue from pipeline tariffs and fees are based on volumes and rates as the pipeline is being used.
- Revenue from drilling services is recognized when services are provided and materials are utilized. Materials that are delivered and not utilized are shown as drilling fluids inventory.
- Revenue from rentals is recognized once the equipment is delivered, over the term of the rental agreement at pre-determined rates.
- Revenue from the sale of production chemicals and minerals inventories is recognized at the point of sale, when the customer takes ownership of the products.
- Revenue in the OS division is typically recognized when services are provided. For other projects where costs can be measured reliably, revenue may be recognized based on stage of completion of the contract, determined by the physical portion of work performed.
- Revenue is measured net of trade discounts and volume rebates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Inventories

Inventories are comprised of crude oil, natural gas liquids, drilling fluids, minerals, speciality chemicals, production chemicals and spare parts. Inventories, other than crude oil and natural gas liquids held for trading purposes, are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The cost of drilling fluids is determined on a weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventory in transit is recognized at the point of shipment. Any inventory write-downs are included in operating expenses. The reversal of previous write-downs to inventories is permitted when there is a subsequent increase to the value of inventories.

Crude oil and natural gas liquids held for trading purposes are measured at fair value less costs to sell with changes to fair value less costs to sell recognized in net loss. The fair value is determined based on the market price of crude oil and natural gas liquids on the measurement date.

f) Property, plant and equipment

Land is measured at cost, net of accumulated impairment losses, if any. Property, plant and equipment are stated at cost, net of accumulated depreciation, depletion and/or accumulated impairment losses, if any. Such costs include geological and geophysical, drilling of wells, labour and materials, site investigation, equipment and facilities, contracted services and borrowing costs for long-term construction projects if the recognition criteria are met. Overhead costs which are directly attributable to bringing an asset to the location and condition necessary for it to be capable of use in the manner intended by management are capitalized. These costs include compensation costs paid to internal personnel dedicated to capital projects. When significant parts of plant and equipment are required to be replaced, the Corporation recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in net loss as incurred. The present value of the expected cost for the asset retirement obligation of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Costs related to assets under construction are capitalized when incurred. Assets under construction or refurbishment are not depreciated until they are complete and available for use in the manner intended by management.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Corporation incurs in connection with the borrowing of funds.

An item of property, plant and equipment and any significant part is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in net loss when the asset is derecognized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Intangible assets

Intangible assets acquired outside business combinations are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets resulting from a business combination are initially recorded at fair value. Fair value is estimated by management taking into account its highest and best use associated with the intangible asset. Intangible assets with a finite life are amortized over the estimated useful life and intangible assets with an indefinite life are not subject to amortization and are tested for impairment at least annually.

h) Depreciation, depletion and amortization

Capital expenditures are not depreciated until assets are substantially complete and ready for their intended use. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation and depletion

Depreciation of property, plant and equipment, other than landfill cells, is based on a straight line basis and is calculated over the estimated useful life of the asset as follows:

Buildings	10 to 45 years
Plant equipment and disposal wells	2 to 25 years
Rental and mobile equipment	2 to 25 years
Office and computer equipment	3 to 10 years

Landfill cells are depleted based on units of total capacity utilized in the period.

Amortization

Amortization of intangible assets is recorded on a straight line basis over the estimated useful life of the intangible asset as follows:

Non-competition agreements	2 to 5 years
Customer relationships	5 to 10 years
Licenses and patents	3 to 20 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of non-financial assets

The non-financial assets of the Corporation are comprised of property, plant and equipment, goodwill and intangible assets.

The Corporation assesses at each reporting date whether there is an indication that an asset or cash-generating unit ("CGU") may be impaired. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If any indication of impairment exists, or when annual impairment testing for an asset is required, the Corporation estimates the CGU's recoverable amount. An asset or CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. In determining fair value less costs to sell, recent market transactions are taken into account, if available. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in net loss.

Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually. Goodwill impairment is tested at either the individual or group CGU level and is determined based upon the amount of future discounted cash flows generated by the individual CGU or group of CGUs compared to the individual CGU or group of CGUs' respective carrying amount(s).

For non-financial assets other than goodwill and intangible assets with an indefinite useful life, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the non-financial asset's or CGU's recoverable amount. The reversal is limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior periods. Such reversal is recognized in net loss.

Impairment losses related to assets under construction and property, plant and equipment are included with depreciation, depletion and amortization expense on the consolidated statements of comprehensive loss. Impairment losses related to goodwill and intangible assets are recorded on the impairment line on the consolidated statements of comprehensive loss.

j) Leases

Finance leases, which transfer to the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in net loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight line basis in net loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments

Recognition and Measurement

Financial instruments within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified upon initial recognition into one of the following categories: fair value through profit or loss ("FVTPL"), available for sale, held-to-maturity investments, loans and receivables, derivatives designated as hedging instruments in an effective hedge, and other financial liabilities. All financial instruments are recognized initially at fair value, net of any transaction costs except for financial instruments classified as FVTPL where transaction costs are expensed as incurred. Subsequent measurement of financial instruments is based on their classification.

The Corporation may utilize derivative financial instruments, such as, but not limited to, physical and financial contracts, futures, swaps and options, to manage certain exposures to fluctuations in commodity prices and foreign exchange rates as part of its overall risk management program. These derivative financial instruments are not used for speculative purposes and are not designated as hedges. They are initially recognized at fair value at the date the derivative contracts are entered into on the Corporation's consolidated statements of financial position as either an asset, when the fair value is positive, or a liability, when the fair value is negative. The derivative contracts are subsequently remeasured to their fair value at the end of each reporting period, with the resulting gain or loss included in the statements of comprehensive loss.

Certain physical commodity contracts are deemed to be derivative financial instruments for accounting purposes. Physical commodity contracts entered into for the purpose of receipt or delivery of products in accordance with the Corporation's own purchase, sale or usage requirements are not considered to be derivative financial instruments. Settlement on these physical contracts is recognized in the comprehensive statements of loss over the term of the contracts as they occur.

The Corporation has classified cash and accounts receivable and accrued receivables as loans and receivables; accounts payable and accrued liabilities and long-term borrowings as other financial liabilities, and derivative financial instruments as FVTPL.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value measurement

The Corporation has classified its financial instrument fair values based on the required three-level hierarchy:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and,
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future expected credit losses that have not yet been incurred.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in net loss. The asset, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Corporation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in net loss.

l) Provisions

Provisions are recognized when the Corporation has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a risk-free rate. Where discounting is used, the increase in the provision due to the passage of time is recognized in interest, accretion and finance costs in net loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Asset retirement obligations

Asset retirement obligations associated with well sites, facilities and landfills are measured at the present value of the expenditures expected to be incurred. The Corporation uses a risk-free rate in the measurement of the present value of its asset retirement obligations. The associated asset retirement cost is capitalized as part of the related asset. Changes in the estimated obligation resulting from revisions to estimated timing, amount of cash flows or changes in the discount rate are recognized as a change in the asset retirement obligation and the related asset retirement cost. Accretion is expensed as incurred and recognized in the consolidated statements of comprehensive loss as interest, accretion and finance costs. The estimated future costs of the Corporation's asset retirement obligations are reviewed at each reporting period and adjusted as appropriate.

n) Shareholders' equity

Common shares are presented in issued capital within shareholders' equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from issued capital, net of any tax effects.

o) Share-based compensation

Equity-settled transactions

The Corporation has a share option plan for eligible employees and consultants of the Corporation. The Corporation follows the fair-value method to record share-based compensation expense with respect to share options granted. The fair value of each option granted is estimated on the date of grant and that value is recorded as share-based compensation expense over the vesting period of those grants, with a corresponding increase to share-based compensation reserve less an estimated forfeiture rate. The consideration received by the Corporation on the exercise of share options is recorded as an increase to issued capital together with corresponding amounts previously recognized in the share-based compensation reserve. Forfeitures are estimated based on historical information for each reporting period, and adjusted as required to reflect actual forfeitures that have occurred in the period.

The Corporation also has a unit incentive plan ("UIP") under which the Corporation may grant restricted share units ("RSUs"), performance share units ("PSUs") and compensation share units ("CSUs") to its employees.

Under the terms of the UIP, the RSUs awarded will vest in three equal portions on the first, second and third anniversary of the grant date and will be settled in equity, in the amount equal to the fair value of the RSU on that date. The fair value of the RSUs issued is equal to the Corporation's five day weighted average share price on the grant date. The fair value is expensed over the vesting term on a graded vesting basis. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of RSUs that vest.

Under the terms of the UIP, the date or dates which all or a portion of the PSUs shall vest and any performance conditions to such vesting, is designated by the Board of Directors at the time of grant. PSUs will be settled in equity at the discretion of the Corporation, in the amount equal to the fair value of the PSU on that date. The fair value of the PSUs issued is equal to the Corporation's five day weighted average share price on the grant date and is adjusted for the estimate of the outcome of the performance conditions. The fair value is expensed over the vesting term on a graded vesting basis. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of PSUs that vest.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In 2016, the Corporation allowed employees to elect to reduce the cash compensation paid to them in exchange for a grant of CSUs. CSUs granted will vest in January of the following calendar year from which they are issued and are equity settled. The Corporation will contribute an additional 20% to 35% of the CSU award in recognition of the time value of money of the delayed compensation. The fair value of the CSUs issued is equal to the Corporation's five day weighted average share price on the grant date. The fair value is expensed over the vesting term. If an employee ceases to be employed by the Corporation prior to the CSU vesting date, the employee's earned portion of the contribution automatically vests and the Corporation's additional contribution is forfeited.

Cash-settled transactions

The Corporation has a deferred share unit ("DSU") plan for its non-employee directors. The DSUs vest immediately and the fair value of the liability and the corresponding expense is recognised in the consolidated statements of comprehensive loss at the grant date. Subsequently, at each reporting date between the grant date and settlement date, the fair value of the liability is revalued with any changes in the fair value recognized in net loss for the period. When the awards are surrendered for cash, the cash settlement paid reduces the outstanding liability. The liability is included in accounts payable and accrued liabilities in the consolidated statements of financial position and the expense is included in the share-based compensation expense in the consolidated statements of comprehensive loss.

p) Per share amounts

The Corporation calculates basic loss per share by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that would occur if in-the-money share options and other equity awards were exercised or converted into common shares. Diluted earnings per share is calculated by dividing net earnings available to common shareholders by the total of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, utilizing the treasury method, arising from the exercise of in-the-money share options and other equity awards. The treasury method for outstanding options assumes that the use of proceeds that could be obtained upon exercise of options in computing diluted earnings per share are used to purchase the Corporation's common shares at the average market price during the period. For RSUs, PSUs and CSUs, the treasury stock method assumes that the deemed proceeds related to unrecognized share-based compensation are used to repurchase shares at the average market price during the period.

q) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities in the various jurisdictions in which the Corporation operates. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, by the reporting date, in the various jurisdictions where the Corporation operates and generates taxable income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current income tax relating to items recognized directly in the consolidated statement of changes in shareholders' equity is recognized in the consolidated statement of changes in shareholders' equity and not in the consolidated statements of comprehensive loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate in accordance with IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

Deferred income tax

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable earnings will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is expected to be settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items relating to items recognized outside of earnings are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in shareholders' equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

r) Foreign currency translation and transactions

Entities who transact in currencies that are not their functional currency translate monetary assets and liabilities at period-end exchange rates and non-monetary items at historical rates. Income and expense accounts are translated at the average rates in effect during the period. Gains or losses from changes in exchange rates are recognized in net loss in the period of occurrence.

For foreign entities whose functional currency is not the Canadian dollar, the Corporation translates assets and liabilities at period-end rates and income and expense accounts at average exchange rates in effect during the period. Adjustments resulting from these translations are reflected in total comprehensive loss as foreign currency translation adjustments.

Foreign exchange gains or losses arising from a monetary item that is receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in the foreign currency translation reserve in the cumulative amount of foreign currency translation differences.

s) Segment reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Corporation's Chief Executive Officer in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Readers are cautioned that the following list is not exhaustive and other items may also be affected by estimates and judgments.

Significant judgments

Determining CGUs

For the purpose of assessing impairment of non-financial assets, the Corporation must determine its CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU.

Management has determined that the appropriate CGUs for the Corporation are the DPS division, each service line in the OS division, and each facility type within the PRD division (2015: each facility was considered a CGU within the PRD Division).

Significant estimates and assumptions

Depreciation, depletion and amortization

Determination of which components of an item of property, plant and equipment represent a significant cost to the asset as a whole and identifying the consumption patterns along with the useful lives and residual values of these significant parts involve management judgment and estimates. The actual lives of the assets and residual values are assessed annually taking into account factors such as technological innovation and maintenance programs. Amounts recorded for depletion on the landfill cells are based on estimates of the total capacity utilized in the period.

Effective January 1, 2016, Secure reassessed the useful lives of certain intangible assets based on the current economic and operating climate and taking into consideration the operating history of the assets. As a result of this change, there was an increase in amortization expense for the year ended December 31, 2016 of $3.8 million, and Secure anticipates an increase of $3.8 million for each of the next five years, notwithstanding additions during any given year. The revision to useful life related primarily to customer relationships in the DPS division and was reassessed in conjunction with the impairment recorded in the DPS division at December 31, 2015 in response to the decrease in oil and gas activity in 2015.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Recoverability of assets

The Corporation assesses impairment on its non-financial assets when it has determined that a potential indicator of impairment exists. The assessment of the existence of impairment indicators is based on various internal and external factors and involves management's judgment. Goodwill is tested annually for impairment or when an indicator is present. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The required valuation methodology and underlying financial information that is used to determine value in use requires significant estimates to be made by management. The key estimates the Corporation normally applies in determining the recoverable amount of an individual asset, CGU or group of CGUs include expected levels of activity within the oil and gas industry, future sustaining capital costs, discount rates, tax rates, and operating margins. Assumptions that are valid at the time of preparing the cash flow models may change significantly when new information becomes available. Changes to these estimates may affect the recoverable amounts of an individual asset, CGU or group of CGUs which may then require a material adjustment to their related carrying value.

Asset retirement obligations and accretion

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

Other provisions and contingent liabilities

The determination of other provisions and contingent liabilities is a complex process that involves judgments about the outcomes of future events, estimates of timing and amount of future expenditures, the interpretation of laws and regulations, and discount rates. The amount recognized as a provision is management's best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Inventories

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Share-based compensation

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

Deferred income taxes

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

Provision for doubtful accounts

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

Fair value of derivative financial instruments

The Corporation reflects the fair value of derivative financial instruments based on third party valuation models and methodologies that utilize observable market data, including forward commodity prices and foreign exchange rates. As a result of changes in key assumptions, the actual amounts may vary significantly from estimated amounts.

Purchase price equations

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Net investments in foreign subsidiaries

Determination of whether an advance to a foreign subsidiary constitutes a net investment involves judgments about the outcomes of future events, specifically related to the timing and amount of repayment of the advance by the foreign subsidiary. Unrealized foreign gains and losses from advances classified as net investments are recorded as foreign currency translation adjustments in other comprehensive loss. The accumulated foreign currency translation adjustments are reclassified to net loss when the foreign subsidiary is disposed of, or the advance is repaid.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing IFRS standards have been published but are not yet effective, and have not been adopted early by the Corporation. Management anticipates that all of the pronouncements will be adopted in the Corporation's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's consolidated financial statements.

On July 24, 2014, the IASB issued IFRS 9 Financial Instruments, which addresses the classification and measurement of financial assets. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Corporation's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. The IASB has determined the mandatory effective date of IFRS 9 to be January 1, 2018. The full impact of the standard on the Corporation's consolidated financial statements is still being assessed at this time.

On May 28, 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard replaces the two main recognition standards IAS 18 Revenue, and IAS 11 Construction Contracts. The new standard provides a five step model framework as a core principle upon which an entity recognizes revenue and becomes effective January 1, 2018. The Corporation is assessing the potential impact of the adoption of IFRS 15 on the Corporation's consolidated financial statements and will disclose any impacts as they are determined throughout 2017.

On January 13, 2016, the IASB issued IFRS 16 Leases which replaces IAS 17. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The standard becomes effective January 1, 2019. The full impact of the standard on the Corporation's consolidated financial statements is still being assessed at this time.

5. BUSINESS ACQUISITIONS

a) On June 1, 2016, the Corporation acquired all of the operating assets (excluding working capital) and inventory of PetroLama Energy Canada Inc. ("PetroLama"), for aggregate consideration of $67.6 million, comprised of $61.7 million in cash and the balance of $5.9 million through the issuance of common shares of the Corporation.

The main asset acquired by the Corporation from PetroLama is a crude oil terminal in Alida, Saskatchewan which is connected to the Tundra Energy Marketing Limited (formerly Enbridge Pipelines (Saskatchewan) Inc.) pipeline system and includes truck unload risers and storage tanks. Secure also acquired various marketing contracts relating to the purchase, sale and transportation of propane, butane and condensate, including access to crude oil storage at Cushing, Oklahoma. With the acquisition of PetroLama's assets, Secure has expanded its market presence and enhances its current service offering for continued midstream growth.

On July 12, 2016, Secure acquired the remaining 50% interest in all of the joint venture assets of the La Glace and Judy Creek facilities for aggregate cash consideration of $26.6 million. The La Glace and Judy Creek facilities were initially constructed as a joint operation between Secure and other joint venture participants in 2008 and 2013, respectively, and have been owned and operated in accordance with their respective joint operating agreements since construction. This acquisition relieves Secure of the administrative requirements of operating these facilities under a joint venture structure, while adding additional cash flow from the increased ownership.

From the date of acquisition to December 31, 2016, the assets of the acquisitions contributed an estimated $346.4 million of revenue and $6.4 million of earnings before tax for the Corporation. If the business combinations had been completed on January 1, 2016, Secure's estimated revenue and loss before tax for the year ended December 31, 2016 would have been $1.7 billion and $54.6 million, respectively.

The following summarizes the purchase price equations:

Balance at acquisition date	Amount ($000's)
Cash paid	88,228
Shares issued	5,932
	94,160

Balance at acquisition date	Amount ($000's)
Inventory	14,102
Net working capital	2,323
Property, plant and equipment	45,384
Intangible assets [(1)]	16,022
Goodwill [(2)]	19,516
Asset retirement obligations	(2,069)
Finance leases	(36)
Deferred tax liabilities	(1,082)
	94,160

[(1)] Consists of customer relationships of $11.3 million and non-compete agreements of $4.7 million.

[(2)] $13.8 million of the goodwill arising on the acquisitions is deductible for tax purposes.

5. BUSINESS ACQUISITIONS (continued)

The goodwill arises as a result of the synergies existing with the acquired business and also the synergies expected to be achieved as a result of combining the acquisitions with the rest of the Corporation.

The Corporation incurred costs related to the acquisitions of $0.2 million relating to due diligence and external legal fees. These costs have been included in business development expenses on the consolidated statement of comprehensive loss.

b) The Corporation did not complete any significant acquisitions in the year ended December 31, 2015.

6. INVENTORIES

($000's)	Dec 31, 2016	Dec 31, 2015
Drilling fluids	23,056	30,034
Minerals and specialty chemicals	21,907	25,989
Crude oil and natural gas liquids	21,740	1,715
Spare parts and supplies	1,760	1,110
Total inventories	68,463	58,848

Drilling fluids, minerals and specialty chemical inventories recognized as operating expenses in the consolidated statements of comprehensive loss for the year ended December 31, 2016 were $70.9 million (2015: $126.2 million).

Inventories are included in the general security agreements held by the banks as security for the Corporation's credit facility (Note 11).

Crude oil and natural gas liquids includes $15.6 million of inventory held in storage at Cushing, Oklahoma that is recorded at fair value. The inventory was included in the PetroLama acquisition (Note 5a) and the storage lease expired on January 31, 2017. The inventory was sold at market price subsequent to December 31, 2016.

7. PROPERTY, PLANT AND EQUIPMENT

The amounts included in assets under construction consist of assets associated with a variety of ongoing projects. During the year ended December 31, 2016, $6.4 million (2015: $13.4 million) of directly attributable capitalized salaries and overhead were added to property, plant and equipment. The amount of borrowing costs capitalized to property, plant and equipment for the year ended December 31, 2016 was $0.2 million (2015: $0.4 million) based on a capitalized borrowing rate of 2.8% (2015: 2.6%) incurred only on facilities that have a longer construction period.

During the year ended December 31, 2016, $93.2 million (2015: $266.7 million) was transferred from assets under construction to property, plant and equipment for completed projects.

Included in property, plant, and equipment is equipment under finance lease arrangements with a net book value of $14.4 million at December 31, 2016 (2015: $21.7 million).

Included in depreciation, depletion and amortization expense in the consolidated statements of comprehensive loss for the year ended December 31, 2016 is $8.0 million relating to impairment of property, plant and equipment (2015: $18.0 million impairment and $4.4 million relating to the loss on disposal of assets). Impairment losses are incurred on projects where the development plans are uncertain, and where equipment was withdrawn from active use in the year where it could not be repurposed or otherwise deployed.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

($000's)	Assets Under Construction	Land and Buildings	Plant Equipment, Landfill Cells and Disposal Wells	Rental and Mobile Equipment	Office and Computer Equipment	Total
Cost:						
December 31, 2014	210,139	71,428	721,906	116,573	27,737	1,147,783
Additions [1]	113,818	31,539	224,272	21,614	5,974	**397,217**
Change in asset retirement cost	-	-	10,127	-	-	**10,127**
Disposals	-	(2,316)	(5,611)	(10,713)	(1,383)	**(20,023)**
Transfers [1]	(266,702)	-	-	-	-	**(266,702)**
Foreign exchange effect	3,002	3,233	23,367	3,864	263	**33,729**
December 31, 2015	60,257	103,884	974,061	131,338	32,591	**1,302,131**
Additions from business acquisitions (Note 5)	-	3,051	42,233	100	-	**45,384**
Additions [1]	69,996	4,366	79,489	5,928	4,282	**164,061**
Change in asset retirement cost	-	-	(5,963)	-	-	**(5,963)**
Disposals	-	(1,980)	(4,761)	(7,245)	(71)	**(14,057)**
Transfers [1]	(93,194)	-	-	-	-	**(93,194)**
Foreign exchange effect	(221)	(634)	(4,586)	(569)	(40)	**(6,050)**
December 31, 2016	**36,838**	**108,687**	**1,080,473**	**129,552**	**36,762**	**1,392,312**
Accumulated depreciation and depletion:						
December 31, 2014	-	(9,204)	(159,424)	(25,583)	(8,237)	**(202,448)**
Depreciation and depletion [2]	-	(10,964)	(61,540)	(16,821)	(6,284)	**(95,609)**
Disposals	-	156	809	5,943	764	**7,672**
Foreign exchange effect	-	(289)	(2,848)	(1,089)	106	**(4,120)**
December 31, 2015	-	(20,301)	(223,003)	(37,550)	(13,651)	**(294,505)**
Depreciation and depletion [2]	-	(3,427)	(69,172)	(15,129)	(5,380)	**(93,108)**
Disposals	-	93	1,597	4,777	50	**6,517**
Foreign exchange effect	-	52	568	141	13	**774**
December 31, 2016	**-**	**(23,583)**	**(290,010)**	**(47,761)**	**(18,968)**	**(380,322)**
Net book value:						
December 31, 2016	**36,838**	**85,104**	**790,463**	**81,791**	**17,794**	**1,011,990**
December 31, 2015	**60,257**	**83,583**	**751,058**	**93,788**	**18,940**	**1,007,626**

[1] Costs related to assets under construction are transferred to property, plant and equipment and classified by nature of the asset when available for use in the manner intended by management.

[2] Depreciation and depletion includes amounts relating to impairment of assets under construction and property, plant and equipment.

8. INTANGIBLE ASSETS

($000's)	Non-competition agreements	Customer relationships	Licenses & Patents	Total
Cost:				
December 31, 2014	**63,067**	**91,155**	**17,072**	**171,294**
Additions	2,308	6,245	-	**8,553**
Foreign exchange effect	1,201	1,437	147	**2,785**
December 31, 2015	**66,576**	**98,837**	**17,219**	**182,632**
Additions through business acquisitions (Note 5a)	4,733	11,289	-	**16,022**
Additions	-	-	920	**920**
Foreign exchange effect	(176)	(127)	(21)	**(324)**
December 31, 2016	**71,133**	**109,999**	**18,118**	**199,250**
Accumulated amortization:				
December 31, 2014	**(24,208)**	**(18,948)**	**(4,036)**	**(47,192)**
Amortization	(14,130)	(9,827)	(2,151)	**(26,108)**
Impairment	(17,705)	(18,825)	(1,022)	**(37,552)**
Foreign exchange effect	(1,032)	(425)	-	**(1,457)**
December 31, 2015	**(57,075)**	**(48,025)**	**(7,209)**	**(112,309)**
Amortization	(6,247)	(11,440)	(1,431)	**(19,118)**
Foreign exchange effect	176	39	-	**215**
December 31, 2016	**(63,146)**	**(59,426)**	**(8,640)**	**(131,212)**
Net book value:				
December 31, 2016	**7,987**	**50,573**	**9,478**	**68,038**
December 31, 2015	**9,501**	**50,812**	**10,010**	**70,323**

Refer to Note 10 for discussion of impairment charges.

9. GOODWILL

($000's)	Dec 31, 2016	Dec 31, 2015
Balance - beginning of year	**11,127**	111,650
Additions through business acquisitions (Note 5a)	**19,516**	-
Impairment of goodwill	**-**	(102,200)
Foreign exchange effect	**-**	1,677
Balance - end of year	**30,643**	**11,127**

Of the aggregate carrying amount of goodwill at December 31, 2016, $19.5 million is allocated to the PRD Division and $11.1 million is allocated to the OS Division. (2015: $11.1 million allocated to the OS division).

Refer to Note 10 for discussion of impairment charges.

10. IMPAIRMENT

The Corporation assesses at each reporting date whether there is an indication that an asset or CGU may be impaired. Regardless if any indicators of impairment are present, the Corporation must complete an annual impairment assessment for any CGU, or group of CGUs, whose net carrying value includes goodwill. Secure completed this review as at December 31, 2016 and no impairment was recorded.

In the comparative year ended December 31, 2015, as a result of the significant decline in commodity prices in the year and the corresponding decrease in oil and gas industry activity, the Corporation performed impairment tests on its rail transloading facilities and Drilling Services CGUs. As a result of the impairment tests performed in 2015, the Corporation recognized impairment of $54.2 million against the goodwill and intangible assets recorded on the acquisition of three rail transloading facilities in 2014. The Corporation's rail transloading facilities were significantly impacted by lower levels of activity as a result of the severe weakening in crude oil prices and the narrowing of oil price differentials. The Corporation also recorded impairment of $74.7 million related to goodwill and intangible assets in its DPS division for the year ended December 31, 2015. The weakness in commodity pricing had a significant impact on the DPS divisional results as operations are tied directly to drilling activity.

At December 31, 2015, Secure completed an annual impairment assessment on its CGUs and groups of CGUs whose net carrying value included goodwill and as a result recorded impairment equal to the full $10.9 million carrying value of the goodwill related to two PRD facilities located in North Dakota. No impairment was recorded for the year ended December 31, 2015 as a result of the year-end impairment tests performed on the OS CGUs.

For the 2015 impairments recognized, the Corporation used the value in use method to determine the recoverable amount of its CGUs determined by using discounted cash flows. The cash flow projections included specific estimates for five years and a terminal valuation. The estimated cash flows were based on the 2015 run rate with revenue and margins changing in correlation with the anticipated oil and gas industry activity based on oil price projections over the following five years, and a terminal value thereafter was applied. The terminal valuation was determined based on management's estimate of the long-term compound growth rate of annual net earnings excluding depreciation, depletion, amortization and accretion, share-based compensation expense, interest, and taxes ("EBITDA"), consistent with the assumption that a market participant would make. The Corporation used a terminal growth rate of 4%. The discount rate used to calculate the net present value of cash flows was based on estimates of the Corporation's weighted average cost of capital, taking into account the nature of the assets being valued and their specific risk profile. The Corporation used a pre-tax discount rate range of 16.5% to 18.4%.

The commodity price environment in 2015 created considerable uncertainty as to the level of exploration and development activity that would be undertaken by the majority of the Corporation's customers and considerably increased the estimation uncertainty associated with the future cash flows used in the impairment tests.

10. IMPAIRMENT (continued)

The estimated value in use for the CGUs that were tested in 2015 are particularly sensitive to the following estimates:

- For the rail transloading facilities CGU, an increase of 1% in the pre-tax discount rate and a 1% decrease in the terminal growth rate would have increased the impairment by approximately $2.6 million and $1.5 million, respectively.
- For the Drilling Services CGUs, an increase of 1% in the pre-tax discount rate and a 1% decrease in the terminal growth rate would have increased the impairment by approximately $11.1 million and $7.6 million, respectively.

The impairment of goodwill and intangible assets is recorded in the impairment line on the consolidated statements of comprehensive loss.

11. LONG-TERM BORROWINGS

($000's)	Dec 31, 2016	Dec 31, 2015
Amount drawn on credit facility	209,000	262,000
Unamortized transaction costs	(958)	(1,317)
Total long-term borrowings	**208,042**	**260,683**

The Corporation has a $700.0 million syndicated credit facility (the "Credit Facility"), consisting of a $675.0 million extendible revolving term credit facility and a $25.0 million revolving operating facility. The Credit Facility includes an accordion feature which, if exercised and approved by the Corporation's lenders, would increase the Credit Facility by $100.0 million.

Amounts borrowed under the Credit Facility incur interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the Bankers' Acceptance rate plus 1.45% to 3.00%, depending in each case on the ratio of consolidated Senior Debt to EBITDA ratio, with any unused outstanding amounts subject to standby fees ranging from 0.29% to 0.60%. Senior Debt includes amount drawn on the Credit Facility and finance leases. Total Debt is equal to Senior Debt plus any unsecured debt, excluding any convertible debentures. EBITDA is adjusted for non-recurring losses, any non-cash impairment charges, any other non-cash charges, and acquisitions on a pro-forma trailing twelve month basis. As at December 31, 2016 and 2015 the Corporation does not have any unsecured debt and as a result, Total Debt is equal to Senior Debt. The Credit Facility is used for working capital purposes, capital expenditures, acquisitions, and general corporate purposes.

The Credit Facility is due on September 26, 2019 (the "maturity date") and includes an option for the Corporation to extend the maturity date (once per annum) to a maximum of four years from the extension request date, subject to the approval of the Corporation's lenders. Repayment of any amounts drawn on the facility would therefore be repayable on the maturity date if the Credit Facility was not extended.

The following covenants apply to the Credit Facility:

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

At December 31, 2016 and December 31, 2015, the Corporation was in compliance with all covenants.

11. LONG-TERM BORROWINGS (continued)

As security for the Credit Facility, the Corporation granted its lenders a security interest over all of its present and after acquired property. A $1.0 billion debenture provides a first fixed charge over the Corporation's real properties and a floating charge over all present and after acquired property not subject to the fixed charge.

The amount available under the Credit Facility is reduced by any outstanding letters of credit. As at December 31, 2016, the Corporation has $35.7 million (2015: $16.4 million) in letters of credit issued by the Corporation's lenders. The letters of credit are issued to various government authorities for potential reclamation obligations in accordance with applicable regulations and crude oil marketing contracts.

($000's)	Dec 31, 2016	Dec 31, 2015
Credit facility	700,000	700,000
Amount drawn on credit facility	(209,000)	(262,000)
Letters of credit	(35,654)	(16,371)
Available amount	**455,346**	**421,629**

12. ASSET RETIREMENT OBLIGATIONS

($000's)	Dec 31, 2016	Dec 31, 2015
Balance - beginning of year	**85,987**	72,439
Arising during the period through development activities	5,064	8,800
Revisions during the period	(9,612)	1,612
Accretion	1,508	1,581
Change in discount rate	(1,415)	(285)
Asset retirement obligations incurred	(598)	(1,647)
Foreign exchange effect	(820)	3,487
Balance - end of year	**80,114**	**85,987**

The Corporation's asset retirement obligations were estimated by a third party or management based on the Corporation's estimated costs to remediate, reclaim and abandon the Corporation's facilities and estimated timing of the costs to be incurred in future periods. The Corporation has estimated the net present value of its asset retirement obligations at December 31, 2016 to be $80.1 million (December 31, 2015: $86.0 million) based on a total future liability of $125.8 million as at December 31, 2016 (December 31, 2015: $136.0 million). The Corporation used its risk-free interest rates of 0.7% to 2.9% (December 31, 2015: 0.5% to 2.8%) and an inflation rate of 3.0% to calculate the net present value of its asset retirement obligations at December 31, 2016 (December 31, 2015: 3.0%).

The Corporation expects to incur the majority of the costs over the next 25 years. The amount expected to be incurred within the next 12 months is related to the retirement of wells.

The Corporation has issued $21.7 million (December 31, 2015: $17.2 million) of performance bonds and $10.9 million (December 31, 2015: $13.4 million) for letters of credit issued by the Corporation's lenders in relation to the Corporation's asset retirement obligations.

13. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common voting shares of no par value.

Unlimited number of preferred shares of no par value, none of which have been issued.

	Number of Shares	Amount ($000's)
Balance, December 31, 2014	121,367,451	631,229
Options exercised	1,502,471	9,148
RSUs exercised	270,895	3,428
Transfer from reserves in equity	-	5,099
Bought deal equity financing	13,515,370	198,000
Shares issued through DRIP	686,598	7,105
Shares issued as consideration for business acquisition	365,342	3,957
Share issue costs, net of tax	-	(6,476)
Balance at December 31, 2015	137,708,127	851,490
Options exercised	597,119	4,954
RSUs and CSUs exercised	502,189	-
Transfer from reserves in equity	-	9,536
Bought deal equity financing	19,550,000	149,513
Shares issued through DRIP	1,629,814	13,514
Shares issued as consideration for business acquisition	664,972	5,932
Share issue costs, net of tax	-	(4,906)
Balance at December 31, 2016	**160,652,221**	**1,030,033**

As at December 31, 2016, there were 3,062,827 common shares of the Corporation held in escrow in conjunction with the Corporation's business combinations (2015: 5,959,456).

On March 22, 2016, the Corporation closed a bought deal financing (the "Offering") with a syndicate of underwriters, pursuant to which the underwriters agreed to purchase for resale to the public 19,550,000 common shares (including overallotment) of the Corporation at a price of $7.65 per common share for gross proceeds of $149.6 million. In connection with the Offering, the Corporation incurred approximately $6.6 million in transaction costs which included $6.0 million in agent fees. Total transaction costs, net of tax, were applied against the proceeds in share capital.

The Corporation has a Dividend Reinvestment Plan ("DRIP") that provides eligible shareholders with the opportunity to reinvest their cash dividends, on each dividend payment date, in additional Common Shares ("Plan Shares"), which are issued from treasury.

Under the terms of the DRIP, Plan Shares issued from treasury are issued on the applicable dividend payment date to eligible shareholders at a 3% discount to the average market price of the Common Shares. Average market price is defined in the DRIP to be the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days preceding the dividend payment date.

13. SHAREHOLDERS' EQUITY (continued)

The Corporation declared dividends to holders of common shares for the year ended December 31, 2016 of $37.0 million (2015: $31.9 million). Of the dividends declared, $13.5 million were reinvested in additional common shares through the DRIP for the year ended December 31, 2015 (2015: $7.1 million). The Corporation has 485,854 common shares reserved for issue under the DRIP as at December 31, 2016 (2015: 415,668).

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

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

14. SHARE-BASED COMPENSATION PLANS

The Corporation has share-based compensation plans (the "Plans") under which the Corporation may grant share options, RSUs, PSUs and CSUs to its employees and consultants. In addition the Corporation has a DSU plan for non-employee directors of the Corporation.

The aggregate number of common shares issuable pursuant to the exercise of options, RSUs, PSUs and CSUs granted under the Plans shall not exceed ten percent of the issued and outstanding common shares of Secure calculated on a non-diluted basis at the time of the grant.

At December 31, 2016, a total of 16.1 million common shares were reserved for issuance under the Corporation's Share Option Plan and Unit Incentive Plan ("UIP").

Share Option Plan

The exercise price of options granted under the Plan is calculated as the five day weighted average trading price of the common shares for the five trading days immediately preceding the date the options are granted. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant.

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

	Dec 31, 2016		Dec 31, 2015	
	Outstanding options	Weighted average exercise price ($)	Outstanding options	Weighted average exercise price ($)
Balance - beginning of period	8,608,870	12.88	7,665,806	12.45
Granted	20,000	8.23	3,558,968	11.59
Exercised	(597,119)	8.30	(1,502,471)	6.08
Expired	(196,802)	9.15	(14,284)	5.97
Forfeited	(625,810)	14.93	(1,099,149)	15.13
Balance - end of year	**7,209,139**	**13.17**	**8,608,870**	**12.88**
Exercisable - end of year	**4,057,215**	**14.18**	**3,516,903**	**12.06**

14. SHARE-BASED COMPENSATION PLANS (continued)

The following table summarizes information about share options outstanding as at December 31, 2016:

	Options outstanding			Options exercisable	
Exercise price ($)	Outstanding options	Weighted average exercise price ($)	Weighted average remaining term (years)	Outstanding options	Weighted average exercise price ($)
7.67 - 7.85	2,080,763	7.81	3.26	413,763	7.75
7.86 - 13.74	1,098,732	10.67	1.34	1,005,988	10.75
13.75 - 15.47	1,116,180	14.11	1.68	1,035,585	14.06
15.48 - 17.93	1,413,501	15.71	2.87	601,522	15.94
17.94 - 25.51	1,499,963	19.34	2.37	1,000,357	19.34
	7,209,139	**13.17**	**2.46**	**4,057,215**	**14.18**

The fair value of options granted to employees and consultants was estimated at the date of grant using the Black-Scholes Option Pricing Model, using the following weighted average assumptions:

For the years ended	Dec 31, 2016	Dec 31, 2015
Volatility factor of expected market price (%)	**45.6**	40.8
Weighted average risk-free interest rate (%)	**0.5**	0.8
Weighted average expected life in years	**3.9**	4.0
Weighted average expected annual dividends per share (%)	**2.7**	2.3
Weighted average fair value per option ($)	**2.35**	3.15
Weighted average forfeiture rate (%)	**7.7**	6.5

Unit Incentive Plan

The Corporation has a UIP which allows the Corporation to issue RSUs, PSUs and CSUs that are redeemable for the issuance of common shares.

Unless otherwise directed by the Board of Directors, one third of each RSU grant vests and is redeemed on each of the first, second, and third anniversaries of the date of grant. RSUs terminate and cease to be redeemable on December 31st of the third year following the year in which the grant of the RSU was made.

The Corporation issues PSUs to senior management. The Board of Directors shall designate, at the time of grant, the date or dates which all or a portion of the PSUs shall vest and any performance conditions to such vesting.

In 2016, the Corporation allowed employees to elect to reduce the cash compensation paid to them in exchange for a grant of CSUs. CSUs granted vest in January of the following calendar year from which they are issued. Secure will contribute an additional 20% to 35% of the CSU award in recognition of the time value of money of the delayed compensation.

DSU Plan

The Corporation has a DSU plan for non-employee members of the Board of Directors. Under the terms of the plan, DSUs awarded will vest immediately and will be settled in cash in the amount equal to the previous five day's weighted average price of the Corporation's common shares on the date the members of the Board of Directors specify upon the holder resigning from the Board of Directors.

14. SHARE-BASED COMPENSATION PLANS (continued)

The following table summarizes the units outstanding under the UIP and DSU Plan:

For the year ended December 31, 2016:	RSUs	PSUs	CSUs	DSUs
Balance - beginning of period	1,348,879	154,708	-	113,010
Granted	1,844,850	677,850	606,282	58,070
Reinvested dividends	66,422	21,032	8,849	4,586
Redeemed for common shares	(500,897)	-	(1,292)	-
Forfeited	(350,410)	-	(5,876)	-
Balance - end of year	2,408,844	853,590	607,963	175,666

For the year ended December 31, 2015:	RSUs	PSUs	CSUs	DSUs
Balance - beginning of period	843,913	21,620	-	79,427
Granted	1,196,718	130,000	-	31,335
Reinvested dividends	29,416	3,088	-	2,248
Redeemed for common shares	(270,895)	-	-	-
Forfeited	(450,273)	-	-	-
Balance - end of year	1,348,879	154,708	-	113,010

The fair value of the RSUs, PSUs, CSUs and DSUs issued is determined using the five day volume weighted average share price at the grant date.

As at December 31, 2016, $2.1 million (2015: $0.7 million) was included in accounts payable and accrued liabilities for outstanding DSUs and share-based compensation included in the statements of consolidated loss was an expense of $1.4 million for the year ended December 31, 2016 (2015: recovery of $0.7 million).

Employee Share Ownership Plan

The Employee Share Ownership Plan ("ESOP") allows employees to contribute up to 20% of their base salaries to purchase common shares of Secure. The Corporation suspended its matching of employee contributions in March 2015. Prior to the suspension of the employer matching program, the Corporation incurred expense of $0.5 million for 2015 which is recognized in either direct expenses or general and administrative expenses on the consolidated statements of comprehensive loss.

Prior to the suspension of the employer matching program, the Corporation matched contributions, subject to certain limitations, based on the employee's years of service with the Corporation. Shares purchased for both the employee contributions and Corporation's matching contributions are purchased on the open market.

Subsequent to December 31, 2016, the Corporation reinstated the ESOP allowing employees to contribute up to 20% of their base salary with the Corporation matching up to 2.5%.

15. EARNINGS PER COMMON SHARE

The following reflects the share data used in the basic and diluted loss per share computations:

	For the years ended	
	Dec 31, 2016	Dec 31, 2015
Weighted average number of shares for basic loss per share	154,625,869	133,380,634
Effect of dilution:		
Options, RSUs, PSUs and CSUs	-	-
Weighted average number of shares for diluted loss per share	**154,625,869**	**133,380,634**

The above calculation excludes the effect of all options, RSUs, PSUs and CSUs for the year ended December 31, 2016 and December 31, 2015 as they are considered to be anti-dilutive.

16. INCOME TAXES

($000's)	Dec 31, 2016	Dec 31, 2015
Current tax (recovery) expense		
Current year	(13,145)	(10,452)
Adjustments related to prior years	(24)	342
	(13,169)	(10,110)
Deferred tax expense (recovery)		
Current year	5,572	(13,950)
Adjustments related to prior years	(173)	-
	5,399	(13,950)
Total tax recovery	**(7,770)**	**(24,060)**

The income tax recovery differs from that expected by applying the combined federal and provincial income tax rates of 27.0% (2015: 26.10%) to loss before tax for the following reasons:

($000's)	Dec 31, 2016	Dec 31, 2015
Loss before taxes	(56,713)	(183,930)
Combined federal and provincial income tax rate	27.00%	26.10%
Expected combined federal and provincial income tax recovery	(15,313)	(48,006)
Foreign and other statutory rate differences	640	(2,030)
Non-deductible impairments	-	18,321
Share-based compensation	6,793	5,238
Non-deductible expenses	307	2,075
Adjustments related to prior years	(197)	342
Total tax recovery	**(7,770)**	**(24,060)**

16. INCOME TAXES (continued)

The components of the net deferred tax asset related to the U.S. and the net liability related to Canada as at December 31, 2016 and 2015 are as follows:

($000's)	Dec 31, 2016	Dec 31, 2015
Deferred tax assets:		
Non-capital loss carry forwards	39,061	34,990
Property, plant and equipment	(40,636)	(41,308)
Goodwill and intangible assets	8,512	9,565
Asset retirement obligations	5,285	8,564
Other	1,160	1,621
	13,382	13,432
Deferred tax liabilities:		
Property, plant and equipment	(64,045)	(48,885)
Goodwill and intangible assets	5,297	3,504
Non-capital loss carry forwards	6,918	1,224
Asset retirement obligations	4,593	3,294
Share issue costs	3,123	2,721
Other	1,268	247
	(42,846)	(37,895)
Net deferred tax liabilities	(29,464)	(24,463)

Included above in the deferred tax assets are $126.7 million (2015: $93.5 million) of gross non-capital losses that can be carried forward to reduce taxable income in future years. The gross non-capital losses in the U.S. are $101.1 million (2015: $89.0 million) and expire between 2029 and 2036. The gross non-capital losses in Canada are $25.6 million (2015: $4.5 million) and expire between 2028 and 2036. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. The recognition involves the Corporation assessing when the deferred tax assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable income available to offset the tax assets when they do reverse. This assessment requires assumptions and assessments regarding future taxable income, and is therefore inherently uncertain.

The movements in the Corporation's temporary differences are as follows:

($000's)	Dec 31, 2016	Dec 31, 2015
Movement in deferred tax balances during the year		
Net deferred tax liabilities at beginning of year	(24,463)	(42,473)
Recognized in profit or loss	(5,399)	13,950
Deferred tax liabilities from acquisitions	(1,082)	(577)
Foreign exchange adjustments and other	1,480	4,637
Net deferred tax liabilities	(29,464)	(24,463)

17. DIRECT EXPENSES

Included in direct expenses for the year ended December 31, 2016 is employee compensation and benefits of $74.2 million (2015: $101.2 million).

18. OTHER INCOME

($000's)	Dec 31, 2016	Dec 31, 2015
Realized foreign exchange (gain)	-	(12,280)
Onerous lease expense	-	5,751
Other (income)	-	(6,529)

Included in other income is recognition of foreign exchange gains on the translation of the Corporation's interest in its foreign subsidiary and cumulative operating losses of the DPS U.S. division that was included in the foreign currency translation reserve in equity. These operations were substantively liquidated by December 31, 2015.

Onerous lease expense relates to a provision for unused office space as a result of reduced staff levels within the Corporation during the year ended December 31, 2015. The provision for onerous leases is assessed at the end of each reporting period. No revisions to the provision were recognized at December 31, 2016.

19. FINANCIAL INSTRUMENTS

Non-derivative financial instruments

Non-derivative financial instruments consist of cash, accounts receivable and accrued receivables, accounts payable and accrued liabilities, and long-term borrowings.

The carrying value of cash, accounts receivable and accrued receivables, and accounts payable and accrued liabilities is estimated to be their fair value. This is due to the fact that transactions which give rise to these balances arise in the normal course of trade, have industry standard payment terms and are of a short-term nature.

The Corporation's long term-borrowings are recorded at amortized cost using the effective interest rate method ("EIR"). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest, accretion and finance costs on the consolidated statements of comprehensive loss. The fair value of long-term borrowings is based on pricing sourced from market data, which is considered a level 2 fair value input. The carrying value of long-term borrowings (excluding transaction costs) at December 31, 2016 and 2015 of $209.0 million and $262.0 million approximates fair values due to the variable interest rates applied to these facilities, which approximate market interest rates.

Derivative financial instruments

The Corporation periodically enters into derivative contracts in order to manage exposure to commodity price risk associated with sales, purchases and inventories of crude oil, natural gas liquids and petroleum products. The Corporation may also enter into derivative contracts to manage risk associated with foreign exchange movements on its estimated future net cash inflows denominated in U.S. dollars. These risk management derivatives are a component of the Corporation's overall risk management program.

19. FINANCIAL INSTRUMENTS (continued)

The following is a summary of the Corporation's risk management contracts outstanding:

	December 31, 2016		December 31, 2015	
($000's)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Commodity futures	1,110	689	-	-
Commodity swaps	477	144	-	-
Commodity options	4	19	-	-
Foreign currency forwards	-	169	-	75
	1,591	1,021	-	75

The changes in the fair value of the Corporation's risk management contracts are as follows:

($000's)	**Commodity Contracts**	**Foreign Currency Contracts**	**Total**
Fair value of contracts outstanding at December 31, 2014	-	(75)	(75)
Fair value of contracts realized during the year	-	-	-
Changes in fair value during the year	-	-	-
Fair value of contracts outstanding at December 31, 2015	-	(75)	(75)
Fair value of contracts realized during the year	146	-	146
Changes in fair value during the year	593	(94)	499
Fair value of contracts outstanding at December 31, 2016	739	(169)	570

The impact of the movement in fair value of commodity derivative financial instruments and foreign currency derivative financial instruments has been included in revenue and interest, accretion and finance costs, respectively.

Fair value hierarchy

The table below analyses financial instruments by fair value hierarchy:

	December 31, 2016			
($000's)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Commodity futures	-	1,110	-	1,110
Commodity swaps	-	477	-	477
Commodity options	-	4	-	4
	-	1,591	-	1,591
Financial liabilities:				
Long-term borrowings	-	209,000	-	209,000
Commodity futures	-	689	-	689
Commodity swaps	-	144	-	144
Commodity options	-	19	-	19
Foreign currency forwards	-	169	-	169
	-	210,021	-	210,021

	December 31, 2015			
($000's)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities:				
Long-term borrowings	-	262,000	-	262,000
Foreign currency forwards	-	75	-	75
	-	262,075	-	262,075

There were no transfers between levels in the hierarchy in the year ended December 31, 2016 (2015: nil).

19. FINANCIAL INSTRUMENTS (continued)

Risk Management

The Corporation is exposed to a number of different risks arising from financial instruments. These risk factors include market risks (commodity price risk, foreign currency risk and interest rate risk), credit risk, and liquidity risk.

a) Market Risk

Market risk is the risk or uncertainty arising from market price movements and their impact on the future performance of the business.

i) Commodity price risk

The Corporation is exposed to changes in the price of crude oil, natural gas liquids, and oil related products, such as inventory purchased as base stock for drilling fluids. Crude oil prices have historically fluctuated widely and are affected by numerous factors outside of the Corporation's control. Crude oil prices are primarily based on West Texas Intermediate ("WTI") plus or minus a differential to WTI based on the crude oil type and other contributing market conditions. As part of normal operating activities, the Corporation is required to hold a certain amount of inventory in any given month.

In addition, changes in the prices of crude oil and natural gas can impact overall drilling activity and demand for the Corporation's products and services. In the DPS division, the Corporation purchases various minerals, chemicals, and oil-based products and is directly exposed to changes in the prices of these items.

The Corporation may use crude oil and NGL priced futures, options and swaps to manage the exposure to these commodities' price movements. These derivative financial instruments are not used for speculative purposes and are not designated as hedges.

The marketing contracts related to the purchase, sale and transportation of certain NGL products not designated as for 'own use' are considered derivatives for accounting purposes. The fair value of these contracts are initially recorded at fair value as either an asset or liability on the consolidated statement of financial position, and are subsequently remeasured at each period end, with the change in fair value recorded to Revenue.

The following table summarizes the impact to net loss from the Corporation's outstanding financial and physical derivative contracts resulting from a 10% change in crude oil and NGL prices, leaving all other variables constant.

($000's)	Dec 31, 2016	Dec 31, 2015
Favourable 10% change	4	-
Unfavourable 10% change	(4)	-

The Corporation's profit or loss is also exposed to various risks from its physical oil purchase and resale trading activities. These risks depend on a variety of factors, including: changes in the prices of commodities; foreign exchange rates; changes in value of different qualities of a commodity; changes in the relationships between commodity prices and the contracts; physical loss of product through operational activities; disagreements over terms of deals and/or contracts; and pipeline apportionment. These risks are mitigated by the fact that the Corporation trades physical volumes, and the volumes are typically traded over a short period. The oil and gas producer forecasts or nominates crude oil volumes expected to be delivered to the Corporation's facilities in advance of the production month as part of normal oil and gas operations.

19. FINANCIAL INSTRUMENTS (continued)

As part of the Corporation's processing, and facility operations, Secure will use net buy and net sell crude oil contracts for marketing and trading of crude oil. In addition, the Corporation has developed detailed policies, procedures and controls over the trading activities, which include oversight by experienced management.

The Corporation defines an "open position" as the difference between physical deliveries of all net buy crude oil contracts offset against physical delivery of all net sell crude oil contracts. The open position is subject to commodity price risk. As a result, the Corporation's strategy is to reduce all open positions for any given month. The Corporation does hold open positions; however, these positions are closed within a relatively short period after the production month and therefore the overall exposure to the Corporation is significantly reduced. At December 31, 2016, the Corporation's open position was not significant.

ii) Foreign currency risk

Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Corporation's foreign currency risk arises from its purchase and sale of crude oil, working capital balances denominated in foreign currencies and on the translation of its foreign operations. Foreign currency risk on the purchase and sale of crude oil is mitigated as the majority of the activities occur in the same period, therefore foreign currency risk exposure is limited to crude oil held in inventory. The Corporation also has foreign currency risk arising from the translation of amounts receivable from and payable to its foreign subsidiary.

The Corporation also has loans that are considered to form part of the net investment and foreign exchange gains and losses are therefore recognized in the foreign currency translation reserve. The Corporation manages and mitigates foreign currency risk by monitoring exchange rate trends, forecasted economic conditions, and forward currency contracts.

The Corporation may enter into foreign currency forward contracts to manage the foreign currency risk that arises from the purchase and sale of crude oil in the PRD division. These derivative financial instruments are not used for speculative purposes and are not designated as hedges.

The following table summarizes the impact to net loss resulting from the Corporation's outstanding foreign currency contracts resulting from a 10% change in the Canadian dollar relative to the U.S. dollar, with all other variables held constant.

($000's)	Dec 31, 2016	Dec 31, 2015
Favourable 10% change	12	6
Unfavourable 10% change	(12)	(6)

iii) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. The Corporation is exposed to interest rate risk as it has borrowed funds at variable interest rates on its credit facility. A 1% increase or decrease is used when management assesses changes in interest rate risk internally. If interest rates had been 1% higher/lower, and all other variables were held constant, the Corporation's consolidated net loss for the year would be approximately $1.5 million lower/higher for the year ended December 31, 2016 (2015: $2.0 million).

As at December 31, 2016 and 2015 the Corporation did not use interest rate hedges or fixed interest rate contracts to mitigate the Corporation's exposure to interest rate fluctuations.

19. FINANCIAL INSTRUMENTS (continued)

b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty fails to meets its contractual obligations. The Corporation provides credit to its customers in the normal course of operations. This includes credit risk on trading activities as the Corporation is at risk for potential losses if the counterparties do not fulfill their contractual obligations. In order to mitigate collection risk, the Corporation assesses the credit worthiness of customers or counterparties by assessing the financial strength of the customers or counterparties through a formal credit process and by routinely monitoring credit risk exposures. In addition, the Corporation uses standard agreements that allow for the netting of exposures associated with a single counterparty. Where the Corporation has a legally enforceable right to offset, the amounts are recorded on a net basis.

A substantial portion of the Corporation's accounts receivable are with customers or counterparties involved in the oil and natural gas industry, whose revenues may be affected by fluctuations in oil and natural gas prices. Collection of these receivables could be influenced by economic factors affecting this industry. The carrying value of trade accounts receivable reflects management's assessment of the associated risks.

The following is a schedule of the Corporation's trade accounts receivable:

($000's)	Dec 31, 2016	Dec 31, 2015
Less than 30 days	122,503	67,130
31 to 60 days	19,573	18,336
61 to 90 days	5,469	5,377
Greater than 90 days	2,093	2,507
	149,638	93,350
Allowance for doubtful accounts	1,253	1,673

The balance of $122.5 million under 30 days includes $87.3 million of crude oil contracts settled as part of the trading activities for December 2016. The entire amount of $87.3 million is due from 40 counterparties and relates to crude oil payments, which as part of industry practice, are settled within 30 days of the production month. The remainder of accounts receivable and accrued receivables not included in the trade accounts receivable schedule above relates to accrued revenue and other non-trade receivables.

The counterparties noted above are approved by the Corporation's risk management committee in accordance with the Corporation's credit policy relating to crude oil payments. The Corporation's credit exposure to any crude oil contracts settled is limited to transactions occurring over a 60 day period. Of the receivables relating to crude oil payments, approximately 67% are due from counter parties with a credit rating of B or higher.

The change in the allowance for doubtful accounts is as follows:

($000's)	Dec 31, 2016	Dec 31, 2015
Balance - beginning of year	1,673	908
Additional allowance	429	1,547
Amounts used	(801)	(807)
Foreign exchange effect	(48)	25
Balance - end of year	1,253	1,673

19. FINANCIAL INSTRUMENTS (continued)

When determining whether amounts that are past due are collectible, management assesses the credit worthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Corporation considers all amounts greater than 90 days to be past due. As at December 31, 2016, $2.1 million (2015: $2.5 million) of accounts receivable are past due and a provision of $1.3 million (2015: $1.7 million) has been established as an allowance for doubtful accounts. All other amounts past due are considered to be collectible.

The Corporation is also exposed to credit risk with respect to its cash. However, the risk is minimized as cash is held at major financial institutions.

Maximum credit risk is calculated as the total recorded value of cash, and accounts receivable and accrued receivables as at the date of the consolidated statement of financial position.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of its liquidity reflects estimates, assumptions and judgments relating to current market conditions. As at December 31, 2016, the Corporation has $3.4 million in cash and $455.3 million in capacity on its revolving credit facility (Note 11). The timing of cash outflows relating to financial liabilities, including estimated interest payments, are outlined in the table below:

($000's)	Due within 1 year	Between 1-5 years	Greater than 5 years
Accounts payable and accrued liabilities	155,085	-	-
Derivative liability	1,021	-	-
Finance lease obligations	5,279	4,094	-
Long-term borrowings	6,241	225,205	-
	167,627	**229,299**	**-**

The Corporation anticipates that cash flows from operations, working capital, and other sources of financing will be sufficient to meet its debt repayments and obligations and will provide sufficient funding for anticipated capital expenditures.

20. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of the following:

($000's)	Dec 31, 2016	Dec 31, 2015
Current assets	301,197	212,912
Current liabilities	(161,373)	(97,134)
Long-term borrowings	209,000	262,000
Shareholders' equity	927,047	824,512
	1,275,871	**1,202,290**

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

20. CAPITAL MANAGEMENT (continued)

The Corporation's overall capital management strategy remains unchanged in 2016. Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures. This includes the Board of Directors, reviewing the Corporation's results on a monthly basis, and capital costs to budget and approved authorizations for expenditures on a quarterly basis. The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized budgets, EBITDA on all of its operations, and return on investment. The Corporation is subject to certain financial covenants in its credit facility. The Corporation is in compliance with all financial covenants. Management will manage its debt to maintain compliance with the various financial covenants contained within its long-term borrowings (Note 11).

21. RELATED PARTY DISCLOSURES

Transactions with key management personnel

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel of the Corporation include its executive officers and the Board of Directors. In addition to the salaries and short-term benefits paid to the executive officers and fees paid to the directors, the Corporation also provides compensation under its share-based compensation plans and ESOP (Note 14).

The compensation related to key management personnel is as follows:

($000's)	Dec 31, 2016	Dec 31, 2015
Salaries and short-term employee benefits	2,213	2,549
Share-based compensation	7,384	3,696
	9,597	6,245

22. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

As at December 31, 2016

	Payments due by period			
($000's)	**1 year or less**	**1-5 years**	**5 years and thereafter**	**Total**
Finance leases	5,279	4,094	-	9,373
Operating leases	12,461	34,776	5,995	53,232
Crude oil transportation [1]	28,244	143,380	149,956	321,580
Inventory purchases	19,849	17,829	-	37,678
Capital commitments	2,489	-	-	2,489
Total contractual obligations	**68,322**	**200,079**	**155,951**	**424,352**

[1] Crude oil transportation includes rail car operating lease commitments and crude oil transportation volumes for pipeline throughput at certain pipeline connected full service terminals.

Finance lease commitments

The Corporation has entered into finance lease agreements for computer equipment, vehicles, and mobile equipment. The average lease term is three years (2015: three years). The Corporation's obligations under finance leases are secured by the related assets. Interest rates underlying finance lease obligations are fixed at respective contract rates ranging from 0.0% to 5.9% (2015: 0.0% to 6.4%) per annum.

Operating lease commitments

The Corporation has entered into operating land lease agreements for certain of the Corporation's facilities. In addition, the Corporation has entered into operating leases for office and warehouse spaces.

Crude oil transportation commitments

Included in this number are committed crude oil volumes for pipeline throughput at certain of the Corporation's pipeline connected Full Service Terminals (FSTs). This amount reflects the total payment that would have to be made should the Corporation not fulfill the committed pipeline volumes. Additionally, the Corporation has certain rail car operating lease commitments.

Inventory purchase commitments

The Corporation has inventory purchase commitments related to its minerals product plant in order to meet expected operating requirements.

Capital commitments

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

Commodity contract purchase commitments

In addition to the items in the table above, the Corporation is committed to purchasing commodities for use in its normal course of operations.

Fixed price contracts

In the normal course of operations, the Corporation enters into contracts that contain fixed selling prices within its OS division and therefore the Corporation is exposed to variability in input costs.

22. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES (continued)

Litigation

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

A Statement of Defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, the Corporation claims damages in the amount of $97.8 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the Competition Act (Canada), unlawful interference with the economic relations of the Corporation and conspiracy, including conduct related to Tervita's acquisition of Complete Environmental Inc., the previous owner of the Babkirk landfill in northeast British Columbia.

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

23. OPERATING SEGMENTS

For management purposes, the Corporation is organized into divisions based on their products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment.

The Corporation has three reportable operating segments, as described in Note 1. The Corporation also reports activities not directly attributable to an operating segment under Corporate. Corporate division expenses consist of public company costs, as well as salaries, share-based compensation, interest and finance costs and office and administrative costs relating to corporate employees and officers.

($000's)

Year ended December 31, 2016	PRD division	DPS division	OS division	Corporate	Total
Revenue	1,215,717	111,329	83,017	-	1,410,063
Direct expenses	(1,108,524)	(95,516)	(63,180)	-	(1,267,220)
Operating margin	107,193	15,813	19,837	-	**142,843**
General and administrative expenses	(12,821)	(10,995)	(6,520)	(14,146)	(44,482)
Share-based compensation	-	-	-	(25,158)	(25,158)
Business development expenses	-	-	-	(5,401)	(5,401)
Depreciation, depletion and amortization	(77,231)	(21,288)	(13,286)	(1,207)	(113,012)
Interest, accretion and finance costs	(1,632)	-	-	(9,871)	(11,503)
Earnings (loss) before tax	**15,509**	**(16,470)**	**31**	**(55,783)**	**(56,713)**

Year ended December 31, 2015	PRD division	DPS division	OS division	Corporate	Total
Revenue	1,028,261	192,076	126,088	-	1,346,425
Direct expenses	(904,042)	(165,981)	(93,961)	-	(1,163,984)
Operating margin	**124,219**	**26,095**	**32,127**	**-**	**182,441**
General and administrative expenses	(23,948)	(25,564)	(8,707)	(5,192)	(63,411)
Share-based compensation	-	-	-	(19,829)	(19,829)
Business development expenses	-	-	-	(11,649)	(11,649)
Depreciation, depletion and amortization	(81,379)	(30,621)	(13,616)	(545)	(126,161)
Interest, accretion and finance costs	(1,581)	-	-	(10,517)	(12,098)
Impairment	(65,098)	(74,654)	-	-	(139,752)
Other (expense) income	(3,680)	10,209	-	-	6,529
(Loss) earnings before tax	**(51,467)**	**(94,535)**	**9,804**	**(47,732)**	**(183,930)**

($000's)

As at December 31, 2016	PRD division	DPS division	OS division	Corporate	Total
Current assets	182,694	91,971	26,532	-	301,197
Total assets	1,090,849	249,876	77,652	6,873	1,425,250
Goodwill	19,516	-	11,127	-	30,643
Intangible assets	17,353	43,948	6,737	-	68,038
Property, plant and equipment	871,286	100,575	33,256	6,873	1,011,990
Current liabilities	130,343	18,827	12,203	-	161,373
Total liabilities	239,086	36,725	14,350	208,042	498,203

As at December 31, 2015	PRD division	DPS division	OS division	Corporate	Total
Current assets	90,200	92,720	29,992	-	212,912
Total assets	944,915	273,457	88,030	9,018	1,315,420
Goodwill	-	-	11,127	-	11,127
Intangible assets	4,222	55,556	10,545	-	70,323
Property, plant and equipment	850,493	111,750	36,365	9,018	1,007,626
Current liabilities	60,905	22,078	14,151	-	97,134
Total liabilities	168,710	44,829	16,686	260,683	490,908

23. OPERATING SEGMENTS (continued)

Geographical Financial Information

($000's)	Canada		US		Total	
Year ended December 31,	**2016**	2015	**2016**	2015	**2016**	2015
Revenue	**1,371,513**	1,273,383	**38,550**	73,042	**1,410,063**	1,346,425
As at December 31,						
Total non-current assets	**963,321**	930,713	**160,732**	171,795	**1,124,053**	1,102,508

CORPORATE INFORMATION

DIRECTORS

Rene Amirault - Chairman
Brad Munro (1) (2) (3)
David Johnson (2) (3) (4)
Daniel Steinke (4)
Kevin Nugent (1) (3)
Murray Cobbe (1) (2) (5)
Shaun Paterson (1) (4)

OFFICERS

Rene Amirault
President & Chief Executive Officer

Allen Gransch
Executive Vice President & Chief Financial Officer

Brian McGurk
Executive Vice President, Human Resources & Strategy

Corey Higham
Executive Vice President, Midstream

Daniel Steinke
Executive Vice President, Corporate Development

David Engel
Executive Vice President, Processing, Recovery & Disposal

David Mattinson
Executive Vice President, OnSite Services

George Wadsworth
Executive Vice President, Drilling & Production Services

[1] Audit Committee
[2] Compensation Committee
[3] Corporate Governance Committee
[4] Health, Safety & Environment Committee
[5] Lead Director

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

KPMG LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

BANKERS

Alberta Treasury Branches

TRANSFER AGENT AND REGISTRAR

Computershare
Calgary, Alberta