2017 ANNUAL REPORT

A truck pulls in at a Full Service Terminal

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NOTICE OF ANNUAL MEETING

SECURE Energy Services Inc. is pleased to invite its shareholders and other interested parties to the Corporation's Annual General Meeting which will be held at the Metropolitan Centre, 333 – 4th Avenue SW, Calgary, AB on Tuesday, May 1, 2017 at 10:30 a.m.

Corporate Overview

SECURE Energy Services Inc. (SECURE or the Corporation) is a leading energy services company providing safe and environmentally responsible fluid and solid solutions to energy companies operating in the Western Canadian Sedimentary Basin and North Dakota. SECURE's head office is in Calgary, Alberta.

SECURE offers comprehensive customer focused solutions for the energy industry across three divisions that provide our customers with more than 90 services: Processing, Recovery & Disposal (PRD), Drilling & Production Services (DPS) and OnSite Services (OS). With a dedication to value and customer service, we continue to build our suite of services with a focus on environmental, technical and midstream services.

In 2017, the Corporation focused on providing cost effective, innovative solutions for increased industry activity in a cost constrained environment. Maintaining financial flexibility was a priority while taking a prudent approach to capital spending. We continue our dedication to adding value to our customers' operations from the initial drilling phase, to completions, production and final reclamation.

Employees at a Full Service Terminal

HEALTH & SAFETY

At the core of all we do is the safety of our people, the environment and our operations. SECURE proudly provides safe, innovative and environmentally responsible solutions across all three divisions. Our safety program emphasizes proactive and preventative measures which have promoted a safety focused corporate culture.

In 2017, the SECURE executive team developed an initiative outlining five steps to an industry leading safety culture. This initiative demonstrates SECURE's commitment to safety by engaging management and employees through safety observations, exercises and discussions at our facilities and customer sites. In 2017, our proactive efforts per employee doubled for the second consecutive year to 67 per employee; these efforts include training, participation in safety meetings, hazard identifications, inspections, behavioural observations and leadership tours.

In 2017, all three of our divisions successfully completed the annual Certificate of Recognition (COR) audits and scored well above the mandated requirements. Continuous improvement action items from those audits have been highlighted for 2018.

Safety meeting at a Full Service Rail Terminal

All levels of the organization are committed to mindful change and improvement in our health and safety culture with a goal of everyone going home safely.

ENVIRONMENT & REGULATORY LEADERSHIP

SECURE helps our clients increase sustainability by going above and beyond to ensure that the industry and communities we serve are enriched and protected for future generations. With a focus on protecting the environment, SECURE is proud of our commitment to exceed regulatory requirements with our products and services. Environmental responsibility is at the forefront of everything we do.

To align with Alberta's new Climate Leadership Plan, SECURE created and implemented a program in 2016 to manage fugitive emissions at its Canadian facilities. The project was completed in 2017 and follows industry best practices as directed by the Canadian Association of Petroleum Producers' and the Alberta Energy Regulator.

In 2017, we continued our partnership with the British Columbia Oil and Gas Commission, University of British Columbia Okanagan and Mitacs acceleration program. Through these partnerships, SECURE participated in the Natural Gas Strategic Research Initiative studying the water life cycle for the hydraulic fracturing operations in the northeast British Columbia Montney play. The 2017 component of the project was focused on risk modeling for the storage and reuse of frac flowback fluid and has been provided to regulators in British Columbia and Alberta for consideration in future regulatory development. SECURE, at the request of Alberta Environment and Parks, provided input to the finalization of the Alberta Water Policy document with the end goal of reducing the amount of freshwater used for hydraulic fracturing.

COMMUNITY PARTNER

The act of giving back is ingrained in SECURE's culture. We strive to be a good neighbour and support the enrichment of local communities in the areas where we live and work. This is accomplished through charitable giving, sponsorships and employee volunteerism.

In 2017, SECURE hosted and participated in fundraising events for KidSport, Providence, the Alberta Children's Hospital Foundation, and United Way for a combined total of $440,000. In addition, over $200,000 was invested back into the local communities where we live and operate across Western Canada and North Dakota.

SECURE's employee-led community volunteerism group, GenC: Caring for our Communities, helped organize and participate in over 10 events throughout the year in Calgary from serving meals at the Calgary Drop-In Centre to sorting donations at the Women In Need Society to walking dogs for Alberta Animal Rescue Crew Society (AARCS). SECURE finished the year with a focus on giving: our Calgary-based offices raised over $10,000 for seven Adopt-a-Families over the holiday season.

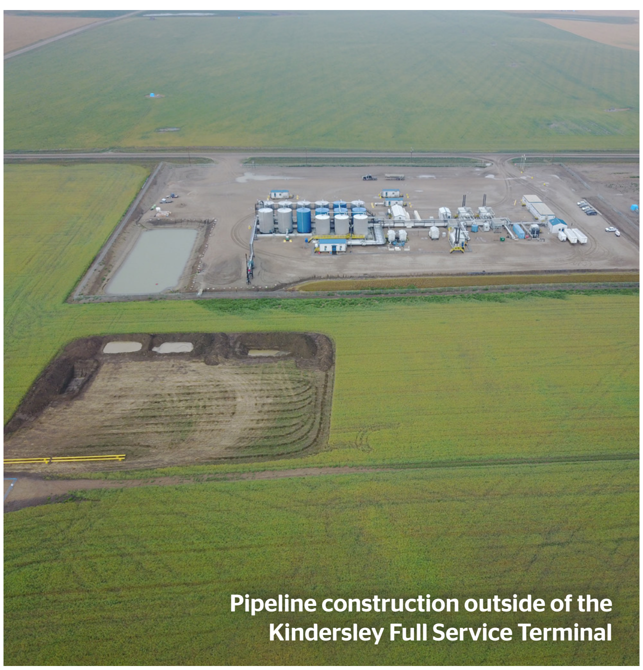

An Integrated Fluid Solutions (IFS) Project

$315,000 raised for KidSport Alberta and Providence

Processing, Recovery & Disposal

SECURE's PRD division operates a network of 49 strategically located facilities including 23 Full Service Terminals (FSTs), 14 Stand-Alone Water Disposal Facilities (SWDs), eight landfills and four Full Service Rail Terminals (FSRs) that serve the industry with the safe treatment and disposal of oilfield by-products.

As part of SECURE's long-term growth strategy, we concentrated on commercial and transportation (C&T) related opportunities in 2017 in an effort to provide additional services to our customers. As part of our C&T services, we are constructing a light oil feeder pipeline system and receipt terminal in the Kindersley-Kerrobert region of Saskatchewan. This system will gather crude oil from multiple oil producers and transport the product to a newly constructed, SECURE owned and operated terminal and tankage. From there, the product will be delivered onto the Enbridge Pipeline mainline at Kerrobert, Saskatchewan. The project supports our customers with ongoing operations in the Kindersley region of Saskatchewan.



Pipeline construction outside of the Kindersley Full Service Terminal

2017 HIGHLIGHTS

- Closed the Ceiba acquisition in August, adding 10 new locations to our PRD footprint
- Growth of SECURE's C&T services with the construction of a light oil feeder pipeline system and receipt terminal in the Kindersley-Kerrobert region of Saskatchewan, expected to be completed and operational in the fourth quarter of 2018
- Pre-design and commencement of construction of the new Gold Creek SWD in the Montney region of Alberta which is expected to be completed and commissioned in mid-2018
- Successfully re-completed additional wells for tie-in to the Rycroft, Kaybob South and Big Mountain Creek SWDs
- Additional well tied-into Rocky Mountain House FST
- Successful re-drill of a well connected to the Fox Creek FST
- Proceeding with application process for two new landfills
- Increased oil shipping via rail from our rail terminals

Train leaving a Full Service Rail Terminal

Drilling & Production Services

SECURE's DPS division is driven by innovative solutions and customized programs for drilling fluids, production chemicals, equipment solutions and chemical enhanced oil recovery (EOR). Our industry-leading drilling fluids technical expertise with long and deep horizontal wells helps customers reduce costs and maximize efficiencies.

In April, SECURE acquired the Canadian division of a production chemical business. This facilitated an expansion in our existing suite of proven production chemical solutions. In addition to adding 100 fully formulated proprietary products, SECURE acquired a 13,000 square foot laboratory in Edmonton, Alberta, and a 48,500 square foot blending facility in Red Deer, Alberta. Our experienced field personnel, production chemists and technicians are constantly designing, improving and responding to unique industry challenges tailored to our customers' needs.

Drill site with a full suite of equipment rentals

2017 HIGHLIGHTS

- Drilling Fluids maintained a 31 percent market share in the second half of 2017
- Acquired the Canadian division of a production chemical business in April 2017 growing our existing production chemicals business
- Optimized utilization of equipment rentals driven by the increased market share and industry activity
- Production chemicals and production enhancement continued to win new projects with the advancement of significant bids and proposals for 2018
- Awarded a new EOR commercial project

Tank battery serviced by Production Chemicals

Production Chemicals Laboratory in Edmonton, AB

OnSite Services

SECURE's OS division provides a full spectrum of services spanning pipeline integrity to remediation and reclamation, naturally occurring radioactive material (NORM) management, integrated fluid solutions, landfill management and demolition, decommissioning and well abandonments.

Pipeline integrity continued to be a growth driver throughout 2017 with the expansion of composite installation and liner pulling services. Producers and pipeline operators have historically had difficulty accessing high-quality composite pipelines due to a lack of specialized contractors. SECURE is addressing this critical gap in the market with an International Organization for Standardization certified pipelining business unit dedicated solely to the composite and non-metallic segment.

SECURE's integrated fluid solutions continue to help oil and gas producers source water, provide water logistics, storage and reuse in the Montney and Duvernay formations. SECURE's business model provides the complete offering and is assisting customers with large completion programs where significant amounts of water are required to be managed in remote locations.

An Integrated Fluid Solutions (IFS) Project

2017 HIGHLIGHTS

- Provided asset recovery services in the Fort McMurray area to four operating mine sites
- Expanded our pipeline services group to include composite installation and liner pulling services
- Container rental fleet increased 13 percent in 2017 vs. 2016
- Provided management and disposal of NORM impacted projects at SECURE's Pembina Class I Landfill
- Safely removed and disposed of 20,000 tonnes of PCB contaminants at former compressor station
- Completed fabrication of eight additional high volume, high pressure pumps at our Red Deer facility for use in our Integrated Fluid Solutions

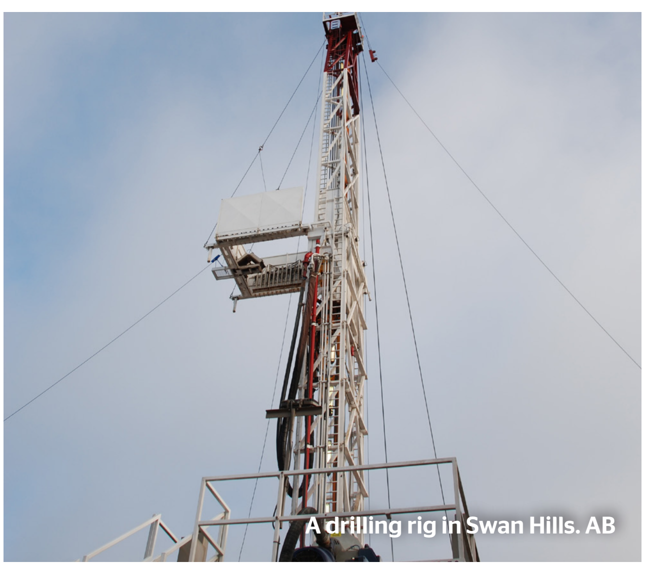
Pipeline integrity dig in Calgary, Alberta

Message to Shareholders

On behalf of the employees and the Board of Directors of SECURE Energy Services Inc., I am pleased to report on the Corporation's 2017 financial and operating results.

Drilling and completion activity levels combined with SECURE's dedication to delivering customer-driven solutions resulted in adjusted EBITDA of $157.2 million, a 67 percent increase from 2016. With the increase in industry activity in 2017, SECURE's focus was to deliver customer-driven solutions while maintaining a strong balance sheet. Helping customers minimize their cost structure while maximizing SECURE's existing services and business, expanding our production chemical solutions and growing SECURE's commercial and transportation services were our 2017 priorities.

In April, SECURE acquired the Canadian division of a production chemical business to expand our capabilities in the production chemicals market by adding over 100 fully formulated proprietary products, key infrastructure and an experienced and dedicated employee base. In August, SECURE acquired the outstanding shares of Ceiba Energy Services Inc. which added 10 new facilities to the PRD facility count for a total of 49.

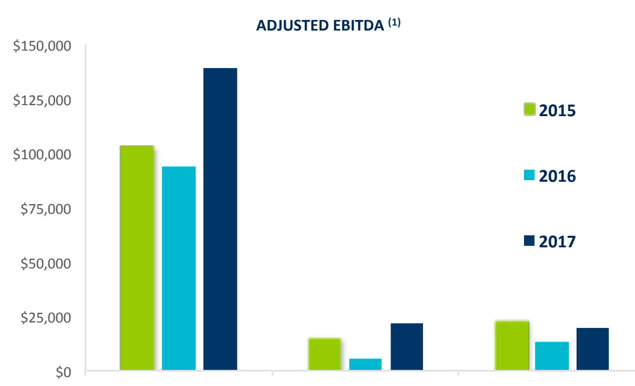

A drilling rig in Swan Hills. AB

As an organization, we continue to focus on safety and our people. Improving our safety behaviours and proactive efforts has helped in our efforts for everyone to go home safe. As our business grows, it is important our people grow along with it. We are investing in training and development of our employees to ensure we have the right people in the right roles.

FINANCIAL STRENGTH

SECURE maintained financial flexibility throughout 2017 and had a thoughtful approach to capital spending.

SECURE achieved consolidated revenues of $603 million (excluding oil purchase and resale) for the year ended December 31, 2017. Increased drilling, completions and production activities across western Canada and North Dakota resulted in the PRD and DPS divisions increasing their revenue year-over-year by 38 percent and 85 percent, respectively. The OS division's revenue increased 48 percent as a result of increased number of small to medium size projects, geographic expansion into Manitoba and Ontario, and increased demand for services tied to oil and gas drilling and completions activity, such as water pumping in the Deep Basin region of Alberta.



(1) Refer to Non-GAAP measures described in Management's Discussion and Analysis

SECURE increased the total amount drawn on its credit facilities to $300 million in order to fund the organic capital program and the two acquisitions, partially offset by increased cash flows from operating activities. At year end, SECURE had $260.3 million available under its credit facilities, subject to covenant restrictions. In November, SECURE's Board of Directors approved a six percent increase to the monthly dividend rate from $0.02125 to $0.0225 per common share commencing with the January 15, 2018 dividend payment. This increase reflects the capacity of our assets to generate meaningful cash flow while continuing to fund our organic capital and acquisition programs and maintain a strong balance sheet.

SECURE is well positioned, based on the credit availability and expected funds from operations, to pursue further accretive acquisition opportunities and execute on the 2018 capital program.

SECURE is structured to help its customers through all stages of the energy life cycle. The PRD division had a high growth year with the closing of the Ceiba acquisition, adding 10 new locations to our PRD footprint. This brings SECURE's count to 49 strategically located facilities in high impact resource plays. In response to increased industry activity, SECURE focused on facility maintenance and expansions. Given pipeline constraints, SECURE increased shipping oil via rail from two different rail terminals. SECURE has also expanded our infrastructure with the construction of a light oil feeder pipeline and receipt terminal in Saskatchewan, which is expected to be operational in the fourth quarter of 2018 and is currently on schedule and budget. The total cost of this project is approximately $75 million.

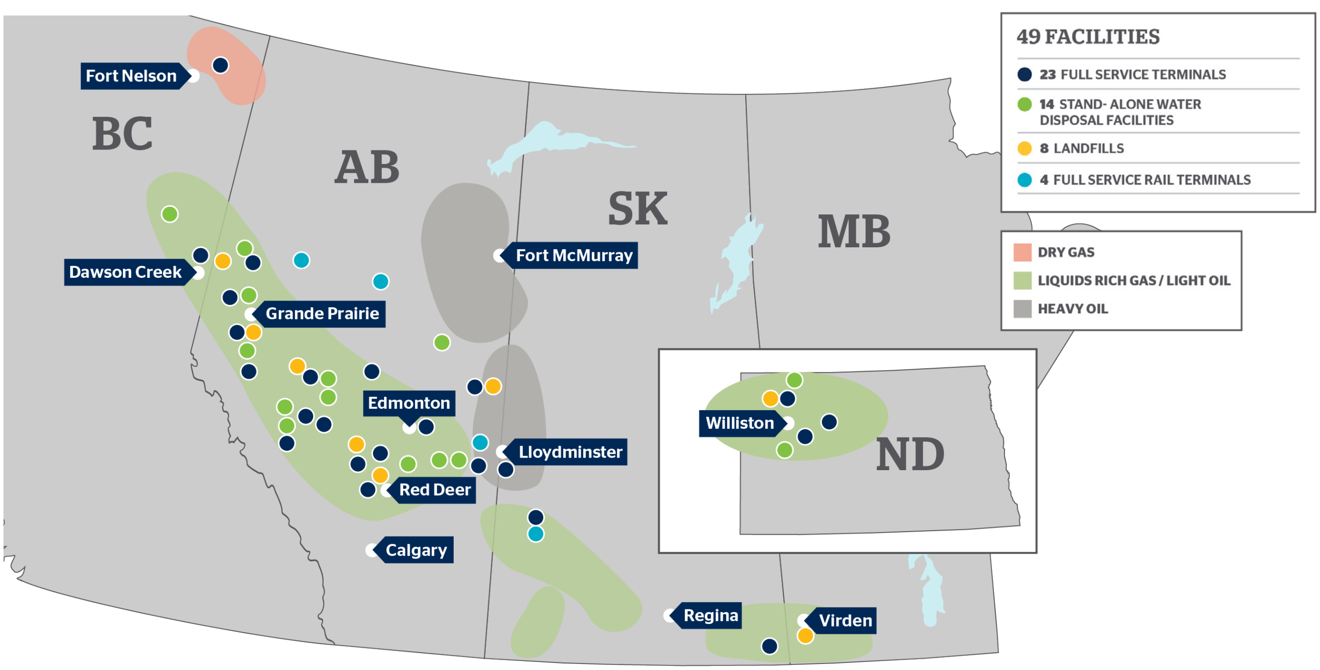
The DPS division's activity grew in 2017 with increased drilling activity. Drilling Fluids maintained a 31 percent market share in the second half of 2017 and the equipment solutions group optimized utilization of its solids control equipment and Target Tanks on the back of increased demand. In addition, the DPS division grew its production chemicals offering with the acquisition of the Canadian division of a production chemical business.

The OS division saw growth in large scale project work, expansion into Manitoba and Ontario, and from increased demand for services tied to oil and gas drilling and completions activity, such as water pumping.

OUTLOOK

SECURE's financial performance continues to improve year-over-year as the oil and gas sector rebounds on the back of rising, more stable crude oil prices, which closed out the year at the highest levels seen since mid-2015. In 2018, SECURE is forecasting at least $100 million for growth and expansion projects primarily allocated to the PRD division:

- Light oil feeder pipeline system in the Kindersley/Kerrobert area of Saskatchewan



- New locations and capacity expansions at existing facilities
- Long lead items and engineering costs on various projects.

The Corporation's focus in 2018 will be on responding to increased customer demand opportunities and targeting the highest rates of return projects while maintaining a prudent approach to capital spending. SECURE may increase organic spending to $150 million based on the outcome of various opportunities in development.

Some of the drivers that will support SECURE in achieving it's 2018 goals, include:

- Increasing produced water volumes: disposal volumes for SECURE are up over 30 percent in 2017 and we expect that trend to continue
- Growing completion fluids and processing volumes as high intensity fracs continue to be used resulting in increasing volumes coming to SECURE's facilities for safe disposal
- There is a significant demand from SECURE's customers for sourcing water, water logistics, storing water and overall water reuse where it is cost effective. SECURE's Integrated Fluid Solutions assists customers with large completion programs where significant amounts of water are required to be managed at various stages
- SECURE's construction of the Kindersley-Kerrobert light oil feeder pipeline system to the existing Kindersley FST, and further on to Kerrobert, is a growing trend where producers seek to reduce truck traffic and lower transport costs through incremental treatment of oil and condensate
- SECURE could see crude by rail activity materially increase as supply growth driven by large oil sands expansions are anticipated to tighten pipeline takeaway capacity in 2018
- The acquisition of the Canadian division of a production chemical business completed in 2017 provides a meaningful opportunity to grow market share in western Canada
- Environmental regulations in all of our operating areas have created opportunities to help our customers operate in an environmentally responsible way with a focus on sustainability
- SECURE's OS division has seen increased proactive environmental projects that strive to prevent spills and reduce their future environmental liabilities.

ACKNOWLEDGMENTS

A significant historical milestone for the Corporation was celebrated in 2017: SECURE's 10-year anniversary. What started as a company with just a handful of employees has grown into one that today has over 1,400 employees with 49 facilities, three divisions and over 90 services. After 10 years, we're proud to still be delivering solutions that are focused on the foundation of why SECURE was established: helping our customers.

The past few years have been challenging for the oil and gas industry, but SECURE is well positioned for steady growth in 2018 as we see contributions from previous year's capital projects and acquisitions. The fortitude and innovation of our people has been steady through the uncertainty and will continue to help guide us in the coming years. Providing compelling work and opportunities for SECURE employees will continue to be a focus for 2018.

To our employees, none of this happens without you and your dedication and hard-work in providing safe, customer-driven solutions. Thank you.

A sincere thank you to investors and vendors who have been along for the ride the past 10 years. I am looking forward to continuing this journey with you in the years to come.

SECURE's competitive advantage is putting our customers' needs first. One thing that will never change, regardless of the economic environment, is that we are THE trusted solution provider. We started with one vision in mind, to help our customers, and this will continue to be our guiding principle moving forward.

Sincerely,

R. Amirault

Rene Amirault
President & CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and twelve months ended December 31, 2017 and 2016

The following management's discussion and analysis ("MD&A") of the financial position and results of operations of Secure Energy Services Inc. ("Secure" or the "Corporation") has been prepared by management and reviewed and approved by the Board of Directors of Secure on March 1, 2018. The discussion and analysis is a review of the financial results of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The MD&A's primary focus is a comparison of the financial performance for the three and twelve months ended December 31, 2017 to the three and twelve months ended December 31, 2016 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2017 and 2016 ("Consolidated Financial Statements").

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

CORPORATE OVERVIEW

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

The Corporation operates three divisions:

PROCESSING, RECOVERY AND DISPOSAL DIVISION ("PRD")

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

DRILLING AND PRODUCTION SERVICES DIVISION ("DPS")

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

ONSITE SERVICES DIVISION ("OS")

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

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

FOURTH QUARTER OPERATIONAL AND FINANCIAL HIGHLIGHTS

The Corporation's financial performance continues to improve year over year as the oil and gas sector rebounds on the back of rising, more stable crude oil prices, which closed out the year at the highest levels seen since mid-2015. Along with these higher activity levels, contributions from capital projects and acquisitions over the last several years, new service offerings, and geographic expansion contributed to Secure generating $51.2 million in Adjusted EBITDA[1] in the fourth quarter of 2017, a 55% increase over the same period in 2016. Highlights from the fourth quarter include:

- Within the PRD division, disposal and processing volumes increased by 48% and 19%, respectively, over the fourth quarter of 2016, contributing to a 30% increase in PRD services revenue. The increase in volumes can be attributed to the continued trend of higher fluid volumes pumped per well while fracing in the Corporation's key service areas, higher oil and gas activity levels, the acquisition of new facilities, and increases in disposal capacity at existing facilities;
- Revenues generated from facilities in the U.S. nearly doubled in the fourth quarter of 2017 over 2016 because of increased volumes due to improved drilling and completion activity levels, new sales initiatives and higher average crude oil prices impacting recovered oil revenues;
- Pipeline capacity constraints have resulted in a higher demand for the Corporation's full service rail terminals, which offer customers treating and storage solutions with rail access;
- The DPS division approximately doubled its contribution to the Corporation's total Adjusted EBITDA in the fourth quarter of 2017 over the same period in 2016 as a result of higher industry drilling activity levels, increased average revenue per operating day generated from more complex wells, the continued effects of cost control measures previously implemented, and incremental Adjusted EBITDA generated from the production chemicals service line;
- The Corporation's OS division had its most profitable quarter of 2017, driven primarily by positive industry activity levels and from integrated service offerings resulting in incremental Project work. Higher activity levels in the oil and gas sector also increased demand for the Corporation's water pumping services. Favorable weather conditions drove project execution and new customer additions also contributed to the OS division's success in the quarter.

2017 CAPITAL PROGRAM

During the fourth quarter, Secure incurred growth and expansion capital of $45.3 million, advancing construction on several projects. The expenditures in the quarter related primarily to:

- Ongoing construction of a light oil feeder pipeline system and receipt terminal in the Kindersley-Kerrobert region of Saskatchewan. The system includes gathering pipelines for customer production, as well as a larger pipeline commencing at the Corporation's existing Kindersley FST, which will transport processed oil from the gathering pipelines and Secure's facility to a Secure owned and operated receipt terminal, and ultimately to the Enbridge Inc. mainline in Kerrobert. Key Viking light oil producers have contracted volume on both an annual and cumulative term basis over 10 years, supporting both FST and pipeline economics. The pipeline system is expected to be completed and operational in the fourth quarter of 2018 and cost approximately $75 million in total;
- Construction of the Gold Creek SWD facility in the Montney region of Alberta, with commissioning expected by mid-2018;
- Engineering, site work and long lead costs for the addition of a third well at the Big Mountain SWD located south of Grande Prairie to increase disposal capacity in order to meet customer demands in the region. Facility upgrades and the third well are expected to be completed in the first quarter of 2018;
- Completing construction of additional landfill cells at the South Grande Prairie, Pembina and Fox Creek landfills to increase capacity;

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

- Improvements to increase disposal capacity at various existing facilities, including the recently acquired facilities from Ceiba Energy Services Inc. Improvements included the deepening of a disposal well, pump replacements and well workovers;
- Long lead items and upfront engineering costs on various other PRD division projects; and
- Addition of rental equipment for the IFS service line, including two water injection skids and several frac ponds and pumps.

INCREASED DIVIDEND BY 6%

On November 9, 2017, Secure's Board of Directors approved a 6% increase to the monthly dividend rate from $0.02125 to $0.0225 per common share of the Corporation ("Common Share") commencing with the January 15, 2018 dividend payment date for shareholders of record on January 1, 2018. The dividend was previously increased in the second quarter of 2017 from $0.02 per Common Share.

Additional operating and financial highlights for the three months ended December 31, 2017 and 2016 can be summarized as follows:

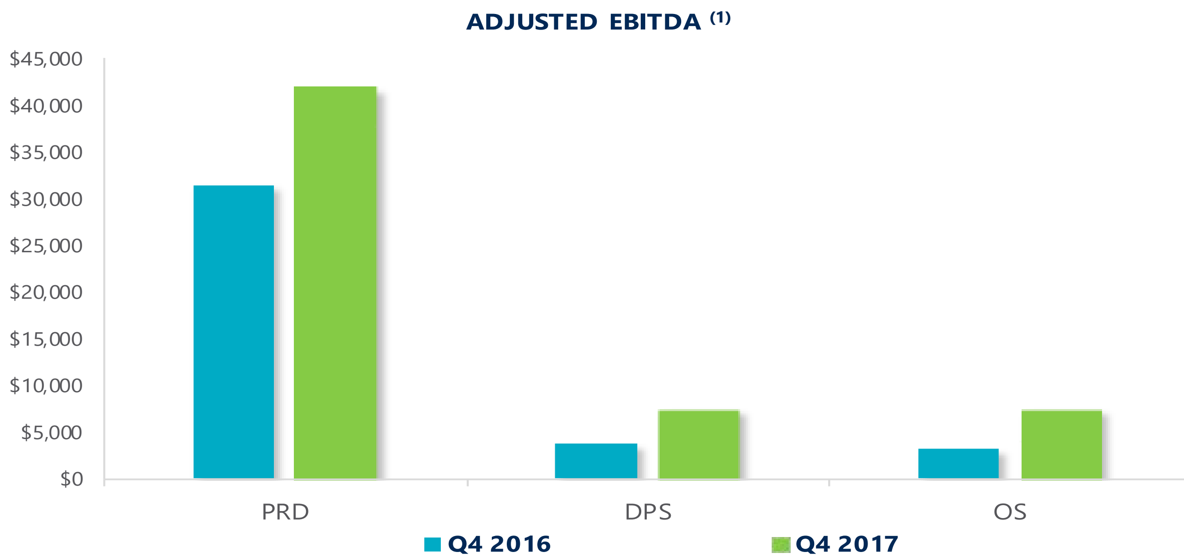
	Three months ended Dec 31,		
($000's except share and per share data)	**2017**	**2016**	**% change**
Revenue (excludes oil purchase and resale)	**184,740**	124,584	48
Oil purchase and resale	**494,816**	405,939	22
Total revenue	**679,556**	530,523	28
Adjusted EBITDA (1)	**51,177**	33,046	55
Per share ($), basic	**0.31**	0.21	48
Net loss	**(23,934)**	(10,075)	138
Per share ($), basic and diluted	**(0.15)**	(0.06)	150
Adjusted net loss (1)	**(2,057)**	(11,430)	(82)
Per share ($), basic	**(0.01)**	(0.07)	(86)
Cash flows from operating activities	**22,925**	15,361	49
Per share ($), basic	**0.14**	0.10	40
Funds flow (1)	**45,075**	33,978	33
Per share ($), basic	**0.28**	0.21	33
Dividends per common share	**0.06**	0.06	6
Capital expenditures (1)	**51,815**	15,408	236
Total assets	**1,562,746**	1,425,250	10
Net debt (1)	**166,647**	73,176	128
Common shares - end of period	**163,352,572**	160,652,221	2
Weighted average common shares - basic and diluted	**163,325,590**	160,314,786	2

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

- REVENUE OF $679.6 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Total processing, recovery and disposal volumes at PRD facilities for the three months ended December 31, 2017 increased from the 2016 comparative period due to increased drilling and completion activity levels across the Western Canadian Sedimentary Basin ("WCSB") and North Dakota, ongoing and moderately increasing production related volumes, and the contribution of volumes from facility acquisitions and expansions in 2017. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) of $80.6 million in the three months ended December 31, 2017, an increase of 30% from 2016;
  - Oil purchase and resale revenue in the PRD division for the three months ended December 31, 2017 increased by 22% from the 2016 comparative period to $494.8 million due to higher average crude oil prices and increased oil purchase and resale volumes from heightened industry activity at various pipeline connected facilities;

- DPS division revenue increased by 61% to $61.4 million in the three months ended December 31, 2017. Activity in the DPS division is strongly correlated with oil and gas drilling activity in the WCSB, which experienced a 9% increase in active rig counts in the three months ended December 31, 2017 over 2016. Along with these improved activity levels, producers continue to drill longer and more complex wells, which require more sophisticated drilling fluid systems and expertise, generating higher revenue for the division. Additionally, contributions from the acquisition of a production chemicals business in April 2017 resulted in incremental revenue for the DPS division in the fourth quarter of 2017;
- OS division revenue increased 74% to $42.7 million in the three months ended December 31, 2017 primarily due to higher activity levels in the oil and gas sector over the prior year resulting in increased demand for oilfield services such as water pumping and storage, and drilling waste management services. As well, revenue improvements were due to increased Project work in the quarter, good weather conditions conducive to project execution, new customer additions, and geographic expansion.

- ADJUSTED EBITDA OF $51.2 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Adjusted EBITDA of $51.2 million, a 55% increase from the three months ended December 31, 2016, resulted primarily from increased production and drilling related activity and additional volumes from acquisitions and facility expansions in 2017 which drove both PRD revenues and operating margins. Increased rig counts, metres drilled and completion activity also positively impacted the DPS and OS divisions, along with contributions from the DPS production services line, and increased Project work in the OS division.
  - The following graphs demonstrate the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the three months ended December 31, 2017 and 2016.



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

- NET LOSS OF $23.9 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Net loss for the three months ended December 31, 2017 was $23.9 million compared to $10.1 million in the comparative period of 2016. The variance is primarily due to non-cash impairment of $29.2 million recorded related to the goodwill and intangible assets associated with the Corporation's Alida crude oil terminalling facility, and increased tax expense resulting from higher net income before non-deductible expenses. Net loss was positively impacted by higher Adjusted EBITDA resulting from the factors discussed above.
- ADJUSTED NET LOSS OF $2.1 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Adjusted net loss of $2.1 million for the three months ended December 31, 2017 improved by $9.4 million over the comparative period as a result of the factors discussed above impacting Adjusted EBITDA, partially offset by increased tax expense resulting from higher net income before non-deductible expenses.

- FINANCIAL FLEXIBILITY
  - The total amount drawn on Secure's credit facilities as at December 31, 2017 increased by 44% to $300.0 million compared to $209.0 million at December 31, 2016. The amount drawn on Secure's credit facilities increased in the year in order to fund the Corporation's organic capital program and the two acquisitions completed in 2017, partially offset by increased cash flows from operating activities.
  - As at December 31, 2017, the Corporation had $260.3 million available under its credit facilities, subject to covenant restrictions. The Corporation is well positioned, based on this availability and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the 2018 capital program.
- CAPITAL EXPENDITURES OF $51.8 MILLION FOR THE THREE MONTHS ENDED DECEMBER 31, 2017
  - Total capital expenditures for the three months ended December 31, 2017 of $51.8 million were comprised of $45.3 million related to growth and expansion projects, as described above, and $6.5 million of sustaining capital related primarily to maintenance on Secure's disposal wells. There were no acquisitions completed during the quarter.

ANNUAL OPERATIONAL AND FINANCIAL HIGHLIGHTS

The operating and financial highlights for the year ended December 31, 2017 and 2016 can be summarized as follows:

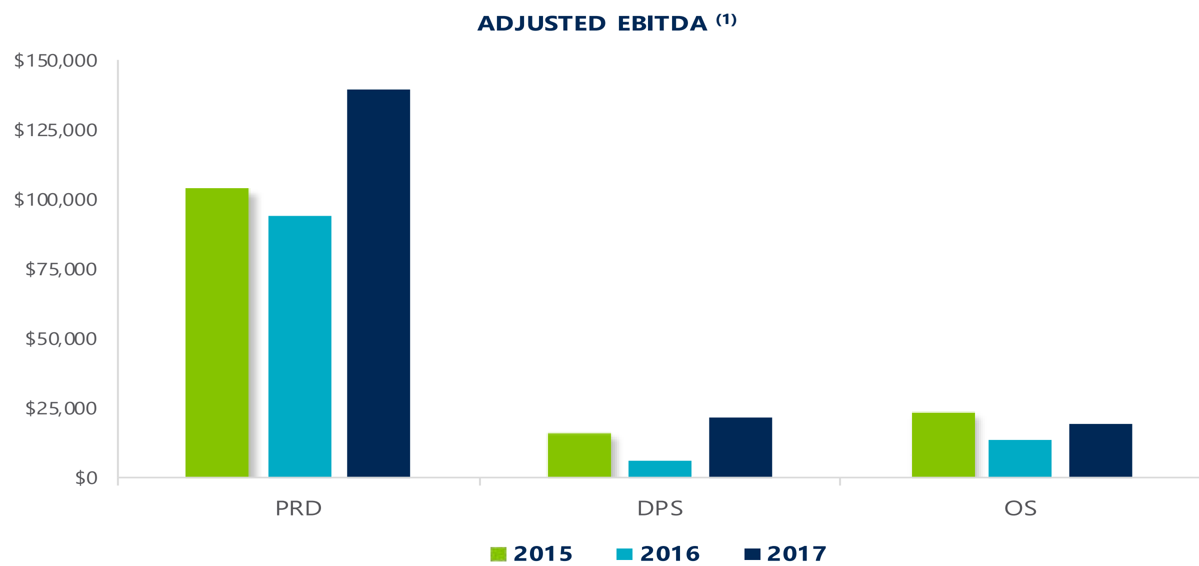
	Twelve months ended Dec 31,		
($000's except share and per share data)	**2017**	**2016**	**2015**
Revenue (excludes oil purchase and resale)	**603,421**	393,159	560,898
Oil purchase and resale	**1,724,787**	1,016,904	785,527
Total revenue	**2,328,208**	1,410,063	1,346,425
Adjusted EBITDA [(1)]	**157,211**	94,100	126,652
Per share ($), basic	**0.97**	0.61	0.95
Net loss	**(34,202)**	(48,943)	(159,870)
Per share ($), basic and diluted	**(0.21)**	(0.32)	(1.20)
Adjusted net loss [(1)]	**(13,088)**	(48,111)	(30,166)
Per share ($), basic	**(0.08)**	(0.31)	(0.23)
Cash flows from operating activities	**108,872**	96,682	131,018
Per share ($), basic	**0.67**	0.63	0.98
Funds flow [(1)]	**157,186**	97,291	89,905
Per share ($), basic	**0.97**	0.63	0.67
Dividends per common share	**0.25**	0.24	0.24
Capital expenditures [(1)]	**191,837**	150,877	117,518
Total assets	**1,562,746**	1,425,250	1,315,420
Long-term liabilities	**422,251**	336,830	393,774
Net debt [(1)]	**166,647**	73,176	153,263
Common Shares - end of period	**163,352,572**	160,652,221	137,708,127
Weighted average common shares - basic and diluted	**162,827,541**	154,625,869	133,380,634

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

- REVENUE OF $2.3 BILLION FOR THE YEAR ENDED DECEMBER 31, 2017
  - Total processing, recovery and disposal volumes at PRD facilities for the year ended December 31, 2017 increased from 2016 due to increased drilling and completion activity levels across the WCSB and North Dakota, ongoing and moderately increasing production related volumes and the contribution of volumes from facility expansions and new facilities added in 2016 and 2017. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) of $274.4 million in the year ended December 31, 2017, an increase of 38% from the year ended December 31, 2016;
  - Oil purchase and resale revenue in the PRD division for the year ended December 31, 2017 increased by 70% from the 2016 comparative period to $1.7 billion due to higher average crude oil prices and increased oil purchase and resale volumes from heightened industry activity at various pipeline connected facilities and additional volumes through new facilities;

- Activity in the DPS division is strongly correlated with oil and gas drilling activity in the WCSB, which experienced a 60% increase in active rig counts in the year ended December 31, 2017 over 2016. As a result of these improved activity levels, and contributions from the production chemicals service line, the DPS division revenue increased by 85% to $205.8 million in the year ended December 31, 2017;
- OS division revenue increased 48% to $123.2 million for the year ended December 31, 2017 primarily due to higher revenue from Project jobs, geographic expansion into Manitoba and Ontario, and from increased demand for services tied to oil and gas drilling and completions activity, such as water pumping in the Deep Basin region of Alberta.

- ADJUSTED EBITDA OF $157.2 MILLION FOR THE YEAR ENDED DECEMBER 31, 2017
    - Adjusted EBITDA of $157.2 million, a 67% increase from the year ended December 31, 2016, resulted from increased production and drilling related activity and additional volumes from acquisitions and facility expansions in 2017 which drove both PRD revenues and operating margins. Increased rig counts, metres drilled and completion activity also positively impacted the DPS and OS divisions, along with contributions from the DPS production services line, and increased Project work in the OS division.
    - The following graphs demonstrate the divisional impacts to Adjusted EBITDA, excluding Corporate costs, for the years ended December 31, 2017, 2016 and 2015.



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

- NET LOSS OF $34.2 MILLION FOR THE YEAR ENDED DECEMBER 31, 2017
    - For the year ended December 31, 2017, Secure's net loss of $34.2 million improved from a net loss of $48.9 million in 2016. The positive variance is primarily a result of the factors discussed above impacting Adjusted EBITDA, partially offset by non-cash impairment charges of $29.2 million and increased tax expense resulting from higher net income before non-deductible expenses.
- ADJUSTED NET LOSS OF $13.1 MILLION FOR THE YEAR ENDED DECEMBER 31, 2017
    - Adjusted net loss of $13.1 million for the year ended December 31, 2017 improved from $48.1 million in 2016 as a result of the factors discussed above impacting Adjusted EBITDA, partially offset by increased tax expense resulting from higher net income before non-deductible expenses.
- CAPITAL EXPENDITURES OF $191.8 MILLION FOR THE YEAR ENDED DECEMBER 31, 2017
    - Total capital expenditures (excluding business combinations) for the year ended December 31, 2017 of $137.3 million include:

- Commencement of construction on the Kindersley-Kerrobert light oil feeder pipeline system and receipt terminal;
- Pre-design and commencement of construction of the Gold Creek SWD in the Montney region of Alberta which is expected to be completed and commissioned in mid-2018;
- Cell expansions at four of the Corporation's landfills;
- Expansions and improvements to increase disposal capacity at various existing facilities;
- Pre-design and engineering for future facility locations and expansions;
- Long lead items for various projects commencing in 2018; and
- Sustaining capital expenditures at existing facilities required to maintain ongoing business operations.

- PRODUCTION CHEMICALS ACQUISITION
  - On April 13, 2017, the Corporation acquired the Canadian division of a production chemical business from a U.S. based multi-national company for an aggregate purchase price of $30.3 million, with consideration paid in cash (the "Production Chemicals Acquisition").
  - The acquired assets were integrated into the DPS division's production chemicals service line and has strengthened Secure's position in the market by adding over 100 fully formulated proprietary products, as well as key infrastructure related to the product offering and an experienced and dedicated employee base.
  - The addition of advanced chemical products improves the Corporation's ability to help customers optimize production, provide flow assurance and maintain the integrity of their production assets. The research lab facility acquired demonstrates the Corporation's commitment to innovation and is intended to design customized chemical solutions for customers.
- CEIBA ACQUISITION
  - On August 1, 2017, the Corporation acquired all of the outstanding shares of Ceiba Energy Services Inc. ("Ceiba") which added ten new facilities to the PRD division ("Ceiba Acquisition"). The new facilities are a good fit with Secure's existing PRD facility network, increasing capacity and expanding the Corporation's geographic footprint. Secure has added incremental capital to the assets which will enhance throughput and service capabilities in 2018. The acquisition has enabled Secure to expand its facility network while realizing synergies related to senior management, sales and general and administrative costs.
- STRONG BALANCE SHEET LEVERAGED THROUGH NEW CREDIT FACILITIES
  - On June 30, 2017, Secure entered into new credit facilities consisting of a $470 million first lien credit facility ("First Lien Facility") and a $130 million second lien credit facility ("Second Lien Facility"). The combined facilities total $600 million and replace the Corporation's previous $700 million syndicated facility. The reduction in the total borrowing capacity allows the Corporation to optimize its debt structure to reduce costs associated with standby fees on undrawn amounts while maintaining target levels of liquidity.
  - Secure is in compliance with all covenants related to its credit facilities at December 31, 2017. Secure's senior and total debt to trailing twelve month EBITDA ratios, where EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis, was 1.1 to 1 and 1.9 to 1 at December 31, 2017 compared to 2.2 to 1 for both senior and total debt to trailing twelve month EBITDA at December 31, 2016.
  - Senior debt is equal to amounts drawn on the First Lien Facility plus financial leases less any cash balances exceeding $5 million. Total debt includes senior debt plus the $130 million borrowed under the Second Lien Facility. The maximum covenant for the senior debt to EBITDA ratio is 3.5 to 1, while the total debt to EBITDA ratio is 5.0 to 1.

OUTLOOK

Moderate oil, condensate and natural gas liquids ("NGL") price increases along with favourable weather conditions throughout the year drove increased drilling and completion activity in 2017 compared to 2016. Secure anticipates that there will be consistent producer activity levels and demand for the Corporation's services during 2018. In addition, there are also key fundamental drivers of Secure's business that are expected to provide meaningful avenues of growth for 2018 and beyond:

- Produced water volumes continue to increase based on maturing basins and new shale completion techniques that result in increased water volumes per well. Disposal volumes for Secure are up over 30% in 2017 and Secure expects the trend for more produced water volumes and disposal capacity to continue;
- Completion waters and processing volumes are also increasing as high intensity fracs continue to be applied in liquids rich natural gas shale reservoirs like the Montney and Duvernay formations. The increased use of proppants, the number of completion stages and length of the horizontal wells are expected to continue to drive more volumes to Secure's PRD facilities;
- Oil and condensate treatment volumes are increasing as producers bring on new production and are looking for incremental treating capacity while minimizing transportation costs. Secure's construction of the Kindersley-Kerrobert light oil feeder pipeline system to the Corporation's existing Kindersley FST, and further on to Kerrobert, is a growing trend where producers seek to reduce truck traffic and lower transport costs;
- Moving oil volumes on rail cars also continues to gain momentum. Secure could see activity materially increase as supply growth driven by large oil sands expansions are anticipated to tighten pipeline takeaway capacity in 2018. Moreover, wide WTI – Brent oil differentials influence certain U.S. refiners to look for feedstock accessible by rail that is otherwise delivered by oil tanker;
- Deep shale reservoirs and the increased need for new innovative drilling fluid programs are reducing the number of days to drill a well. This trend will continue in 2018 as Secure brings new products to market from the Corporation's research lab;
- Demand for production chemicals is also increasing as producers bring on new oil, condensate and NGLs. Production chemicals optimize production, provide flow assurance and maintain the integrity of their production assets. The Production Chemicals Acquisition completed in 2017 provides a meaningful opportunity to grow market share in western Canada leveraging off Secure's infrastructure, key relationships and proprietary patents;
- As described above, completions in the oil and gas industry are growing more geographically concentrated and even more penetrating given the length of wells and amount of proppants used. As part of this growing trend, there is a significant need from Secure's customers for sourcing water, water logistics, storing water and overall water re-use where it is cost effective. Secure's business model provides the complete offering and is assisting customers with large completion programs where significant amounts of water are required to be managed at various stages; and
- Increased environmental regulations in all of our market areas have created opportunities to help our customers operate in a sustainable way with a focus on protecting the environment. Secure's OS division has seen increased proactive environmental projects that strive to prevent spills and reduce their future environmental liabilities. A long-term contract signed in the fourth quarter of 2017 to manage oil sands metal recycling is another example of environmental sustainability and reducing our customers' operating costs.

All of these growth trends provide Secure a significant opportunity to grow and expand its business into 2018 and beyond. Secure has made significant capital investments over the past few years to ensure the business is well positioned to capture new customer demand, and based on customer feedback there are more opportunities to continue to deploy capital in western Canada. As a result, Secure is expecting to allocate a minimum of $100 million in growth capital to the areas described above in 2018, including completion of the Kerrobert-Kindersley pipeline system and receipt terminal and Gold Creek SWD, expansions at various existing facilities to increase disposal capacity (additional wells, landfill cells), pre-design and engineering for two potential SWD locations in the Montney region, and equipment to support existing services.

The Corporation could increase organic spending within the PRD division up to $150 million depending on the outcome of various opportunities in development, such as timing of obtaining regulatory approvals, development permits and other operating agreements. Secure expects cash flow to climb as a result of improving activity levels as well as contributions from capital investments made by Secure in key areas over the past several years. Given annual sustaining capital of approximately $20 million, cash interest expense of approximately $15 million and minimal cash taxes, the amount of free cash flow generated by the Corporation's assets can adequately fund annual dividends while still providing cash to fund growth capital, pay down debt, buy back shares and/or increase the dividend.

Secure's strong balance sheet provides the Corporation the flexibility to grow organically and execute on strategic acquisition opportunities that align with the profitable growth strategy of Secure. Helping Secure's customers grow and being their trusted energy solutions partner will ensure that the Corporation continues to create long-term shareholder value.

NON-GAAP MEASURES

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

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before finance costs, taxes, depreciation, depletion, and amortization, non-cash impairments on the Corporation's non-current assets, unrealized gains or losses on mark to market transactions, share-based compensation, other income/expenses, and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations. In this MD&A, the Corporation has added back the severance payments to terminated employees in 2016. Adjusted EBITDA is not a recognized measure under IFRS.

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Net loss	**(23,934)**	(10,075)	138	**(34,202)**	(48,943)	(30)
Add (deduct):						
Depreciation, depletion and amortization	**31,705**	36,834	(14)	**118,611**	113,012	5
Current tax recovery	**(2,452)**	(1,476)	66	**(4,816)**	(13,169)	(63)
Deferred tax expense	**5,540**	(567)	(1,077)	**11,168**	5,399	107
Share-based compensation	**5,749**	7,559	(24)	**23,257**	25,158	(8)
Impairment	**29,237**	-	100	**29,237**	-	100
Other expense	**1,286**	-	100	**1,286**	-	100
Interest, accretion and finance costs	**4,011**	2,627	53	**12,425**	11,503	8
Unrealized losses (gains) on mark to market transactions (1)	**35**	(1,856)	(102)	**245**	(1,444)	(117)
Severance and related costs (2)	**-**	-	-	**-**	2,584	(100)
Adjusted EBITDA	**51,177**	33,046	55	**157,211**	94,100	67

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

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

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Direct expenses - PRD Division	-	-	-	-	583	(100)
Direct expenses - DPS Division	-	-	-	-	803	(100)
Direct expenses - OS Division	-	-	-	-	228	(100)
General and administrative expenses	-	-	-	-	779	(100)
Business development expenses	-	-	-	-	191	(100)
Severance and related costs	-	-	-	-	2,584	(100)

Operating margin

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

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Operating income (loss)	13,688	(9,491)	(244)	15,098	(45,210)	(133)
Add:						
Depreciation, depletion and amortization	31,705	36,834	(14)	118,611	113,012	5
General and administrative expenses	16,075	11,301	42	59,950	44,482	35
Share-based compensation	5,749	7,559	(24)	23,257	25,158	(8)
Business development expenses	1,526	1,265	21	6,800	5,401	26
Operating margin	68,743	47,468	45	223,716	142,843	57

Adjusted net loss

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

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Net loss	(23,934)	(10,075)	138	(34,202)	(48,943)	(30)
Adjustments, net of estimated tax effect:						
Impairment	21,343	-	100	21,343	-	100
Other expense	939	-	100	939	-	100
Unrealized gain on mark to market transactions	(405)	(1,355)	(70)	(1,168)	(1,054)	11
Severance and related costs	-	-	-	-	1,886	(100)
Adjusted net loss	(2,057)	(11,430)	(82)	(13,088)	(48,111)	(73)

Net debt

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

($000's)	Dec 31, 2017	Dec 31, 2016	% Change
Long-term borrowings (principal amount)	300,000	209,000	44
Long-term finance lease liabilities	6,052	4,000	51
Current liabilities	266,003	161,373	65
Current assets	(405,408)	(301,197)	35
Net debt	166,647	73,176	128

Funds flow

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Net cash flows from operating activities	**22,925**	15,361	49	**108,872**	96,682	13
Add:						
Changes in non-cash working capital	**22,044**	18,552	19	**47,332**	11	430,191
Asset retirement costs incurred	**106**	65	63	**982**	598	64
Funds flow	**45,075**	33,978	33	**157,186**	97,291	62

OPERATIONAL DEFINITIONS

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

Average crude oil prices

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

Operating days

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

DPS division market share

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

Capital expenditures

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

RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2017

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into three reportable operating segments, as outlined in the '*Corporate Overview*' above. Total general and administration expenses by division excludes share-based compensation and corporate expenses, as senior management looks at each division's earnings before corporate expenses and non-cash items such as share-based compensation as an important measure of performance. The table below outlines the results by operating segment for the three and twelve months ended December 31, 2017 and 2016:

($000's)

Three months ended December 31, 2017	PRD division	DPS division	OS division	Corporate	Total
Revenue	575,427	61,403	42,726	-	679,556
Direct expenses	(528,693)	(48,928)	(33,192)	-	(610,813)
Operating margin	**46,734**	**12,475**	**9,534**	**-**	**68,743**
General and administrative expenses	(4,680)	(4,960)	(2,079)	(4,356)	(16,075)
Share-based compensation	-	-	-	(5,749)	(5,749)
Business development expenses	-	-	-	(1,526)	(1,526)
Depreciation, depletion and amortization	(22,923)	(5,783)	(2,797)	(202)	(31,705)
Interest, accretion and finance costs	(391)	-	-	(3,620)	(4,011)
Impairment	(29,237)	-	-	-	(29,237)
Other expense	-	-	-	(1,286)	(1,286)
(Loss) earnings before tax	**(10,497)**	**1,732**	**4,658**	**(16,739)**	**(20,846)**

Year ended December 31, 2017	PRD division	DPS division	OS division	Corporate	Total
Revenue	1,999,159	205,833	123,216	-	2,328,208
Direct expenses	(1,842,442)	(166,568)	(95,482)	-	(2,104,492)
Operating margin	**156,717**	**39,265**	**27,734**	**-**	**223,716**
General and administrative expenses	(17,360)	(17,459)	(8,332)	(16,799)	(59,950)
Share-based compensation	-	-	-	(23,257)	(23,257)
Business development expenses	-	-	-	(6,800)	(6,800)
Depreciation, depletion and amortization	(83,980)	(22,037)	(11,478)	(1,116)	(118,611)
Interest, accretion and finance costs	(1,503)	-	-	(10,922)	(12,425)
Impairment	(29,237)	-	-	-	(29,237)
Other (expense) income	-	-	-	(1,286)	(1,286)
Earnings (loss) before tax	**24,637**	**(231)**	**7,924**	**(60,180)**	**(27,850)**

($000's)

Three months ended December 31, 2016	PRD division	DPS division	OS division	Corporate	Total
Revenue	467,927	38,063	24,533	-	530,523
Direct expenses	(431,744)	(31,776)	(19,535)	-	(483,055)
Operating margin	**36,183**	**6,287**	**4,998**	**-**	**47,468**
General and administrative expenses	(2,856)	(2,640)	(1,892)	(3,913)	(11,301)
Share-based compensation	-	-	-	(7,559)	(7,559)
Business development expenses	-	-	-	(1,265)	(1,265)
Depreciation, depletion and amortization	(28,506)	(4,865)	(3,156)	(307)	(36,834)
Interest, accretion and finance costs	(349)	-	-	(2,278)	(2,627)
Earnings (loss) before tax	**4,472**	**(1,218)**	**(50)**	**(15,322)**	**(12,118)**

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

PRD DIVISION OPERATIONS

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

Processing, recovery and disposal:

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

Oil purchase and resale:

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Revenue						
PRD services (a)	**80,611**	61,988	30	**274,372**	198,813	38
Oil purchase and resale service	**494,816**	405,939	22	**1,724,787**	1,016,904	70
Total PRD division revenue	**575,427**	467,927	23	**1,999,159**	1,215,717	64
Direct expenses						
PRD services (b)	**33,877**	25,805	31	**117,655**	91,620	28
Oil purchase and resale service	**494,816**	405,939	22	**1,724,787**	1,016,904	70
Total PRD division direct expenses	**528,693**	431,744	22	**1,842,442**	1,108,524	66
Operating Margin [(1)] (a-b)	**46,734**	36,183	29	**156,717**	107,193	46
Operating Margin [(1)] as a % of revenue (a)	**58%**	58%		**57%**	54%	

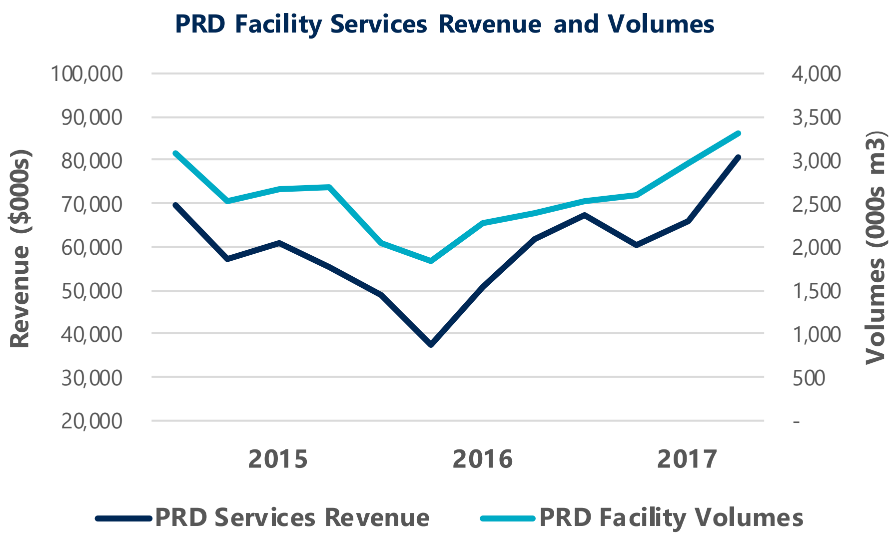
[(1)] **Refer to "*Non-GAAP measures*" for further information.**

	Three months ended Dec 31,			Twelve months ended Dec 31,		
	2017	**2016**	**% Change**	**2017**	**2016**	**% Change**
Average Benchmark Prices and Volumes [(1)]						
WTI (US$/bbl)	**$ 55.40**	$ 49.33	12	**$ 50.95**	$ 43.33	18
Canadian Light Sweet ($/bbl)	**$ 65.68**	$ 60.69	8	**$ 61.84**	$ 52.81	17
Processing volumes (in 000's m^3)	**574**	482	19	**2,123**	1,715	24
Recovery and terminalling volumes (in 000's m^3)	**493**	393	25	**1,845**	1,306	41
Disposal volumes (in 000's m^3)	**2,231**	1,511	48	**7,414**	5,514	34
Oil purchased and resale volumes (in 000's m^3)	**845**	705	20	**3,095**	2,507	23

[(1)] Crude, emulsion and water volumes are metered at the Corporation's facilities. Solid waste is weighed at landfills. All volumes are reviewed by customers and Secure's facility managers on a monthly basis.

Revenue (PRD division)

Processing, recovery and disposal services revenue of $80.6 million and $274.4 million for the three and twelve months ended December 31, 2017 increased by 30% and 38% from the 2016 comparative periods, driven by higher existing facility throughput due to higher produced water volumes and higher drilling and completion related volumes, as well as new facilities added and expansions at certain of the Corporation's existing facilities in 2016 and 2017. The graph below illustrates the relationship between volumes and revenues earned at the Corporation's facilities. PRD services revenue is impacted by both the nature and amount of product received by Secure's facilities; pricing varies depending on the complexity to process and dispose.



The majority of the Corporation's facilities are located in high impact resource plays, such as the Montney and Duvernay regions, where producers have been most active in the WCSB. Fluids pumped from wells in these regions are also significantly higher than other regions of the WCSB, driving incremental volumes at Secure's facilities.

Processing volumes increased 19% and 24% in the three and twelve months ended December 31, 2017 from the comparative periods due to higher waste processing, emulsion and completions processing volumes.

Recovery revenues increased 73% and 65% in the three and twelve months ended December 31, 2017 from the comparative periods which was driven by a 72% and 46% increase in volumes and the positive impact of oil price increases. Recovery revenues at the Corporation's facilities in North Dakota were a strong contributor to this increase due to higher volumes resulting from improved activity levels, including new drilling and frac completions. Improved activity levels were driven by higher average crude oil prices over the prior periods, and the commissioning of the Dakota Access Pipeline in June 2017 which has improved economics for delivering producers' product to market.

Disposal volumes increased by 48% and 34% in the three and twelve months ended December 31, 2017 from the comparative periods. Increased disposal of waste at Secure's landfills resulting from higher drilling activity levels and remediation work resulted in a 43% and 59% increase in landfill revenues in the three and twelve months ended December 31, 2017 over 2016. Further driving the increase in disposal volumes is increased produced, flowback, and waste water volumes across Secure's facilities from the comparative periods resulting from expansions at existing facilities to increase disposal capacity, increasing water production as wells mature and improved industry activity.

The addition of new facilities, both organically and through acquisitions, accounted for $2.2 million and $18.9 million of the PRD services revenue in the three and twelve months ended December 31, 2017, an impact of 4% and 9% when comparing to the same periods of 2016.

Oil purchase and resale revenue in the PRD division for the three months ended December 31, 2017 increased 22% from the 2016 comparative period to $494.8 million due to higher average crude oil prices and increased oil purchase and resale volumes from heightened industry activity at various pipeline connected facilities. Oil purchase and resale revenue increased to $1.7 billion in the year ended December 31, 2017, up 70% from the year ended December 31, 2016, due to the factors described above, as well as additional oil purchase and resale volumes from new facilities added in 2016, which included the Alida crude oil terminalling facility, the increased ownership in the La Glace and Judy Creek FSTs from 50% to 100%, and the Kakwa FST. Excluding the impact of these new facilities, the year over year variance would have been 30%.

Direct expenses (PRD division)

Direct expenses from PRD services increased by 31% and 28% in the three and twelve months ended December 31, 2017 from the comparative periods of 2016. The increase in direct expenses relates primarily to the increased revenue as the Corporation maintains its ability to respond to higher activity levels while managing its fixed and variable costs.

Operating margin as a percentage of PRD services revenue for the three months ended December 31, 2017 remained consistent at 58% compared to the three months ended December 31, 2016. Operating margin as a percentage of PRD services revenue for the twelve months ended December 31, 2017 increased to 57% from 54% in the comparative period of 2016. The increase in operating margin as a percentage of revenue over 2016 is due to increased revenues while minimizing fixed and related costs. The Corporation's revised cost management structure has resulted in improved operating margins realized across various facilities including FSTs, SWDs and landfills.

Depreciation, Depletion and Amortization (PRD division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Depreciation, depletion and amortization	**22,923**	28,506	(20)	**83,980**	77,231	9

Depreciation, depletion and amortization expense relates primarily to the PRD division's facilities and landfills and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. For the three and twelve months ended December 31, 2017, depreciation, depletion and amortization expense includes a $1.5 million non-cash charge to write-down equipment held in assets under construction to recoverable value. Included in expense in the 2016 three and twelve month comparative periods is $8.0 of impairment related to certain projects where the significant decline in commodity prices left uncertainty in the timing of their development plans, and for equipment withdrawn from active use in instances where they could not be repurposed or otherwise deployed. Excluding the impairment charges, depreciation, depletion and amortization increased 5% for the three months ended December 31, 2017 over 2016 as a result of an increase to intangible assets, new facilities acquired and expansions at existing facilities during 2017.

For the twelve months ended December 31, 2017, depreciation, depletion and amortization expense has increased by 9% (19% excluding the impairment charges described above) from the comparative period as a result of an increase to intangible assets and property, plant and equipment balances from the 2016 and 2017 acquisitions, new facilities commissioned or acquired, and other equipment put into use in 2017.

General and Administrative Expenses (PRD division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
General and administrative expenses	**4,680**	2,856	64	**17,360**	12,821	35
% of PRD services revenue	**6%**	5%		**6%**	6%	

General and administrative ("G&A") expenses of $4.7 million and $17.4 million for the three and twelve months ended December 31, 2017 increased by 64% and 35% from the comparative periods. Although the Corporation continues to minimize G&A costs by streamlining operations where possible, PRD G&A expenses have increased primarily due to the acquisitions completed in 2016 and 2017 and the overhead requirements to support new facilities and expansions. As a percentage of PRD revenue, G&A costs are 6% for the three and twelve months ended December 31, 2017 compared to 5% and 6% in the three and twelve months ended December 31, 2016.

DPS DIVISION OPERATIONS

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

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Revenue						
Drilling and production services (a)	**61,403**	38,063	61	**205,833**	111,329	85
Direct expenses						
Drilling and production services (b)	**48,928**	31,776	54	**166,568**	95,516	74
Operating Margin [1] (a-b)	**12,475**	6,287	98	**39,265**	15,813	148
Operating Margin [1] as a % of revenue (a)	**20%**	17%		**19%**	14%	

[1] Refer to "*Non-GAAP measures*" for further information.

Revenue (DPS division)

Revenue in the DPS division correlates with oil and gas drilling activity in the WCSB, most notably active rig counts and metres drilled. Commodity pricing, weather conditions and activity levels from oil and gas producers have a significant impact on the DPS division. For the three and twelve months ended December 31, 2017, industry rig counts in the WCSB increased 9% and 60%, and metres drilled increased 19% and 84% from the 2016 comparative periods. Revenue from the DPS division for the three and twelve months ended December 31, 2017 increased 61% and 85% to $61.4 million and $205.8 million from the comparative periods of 2016. The increased drilling activity and traction in the division's production chemicals service line through the Production Chemicals Acquisition has strengthened the DPS division's revenue in 2017.

Revenue per operating day increased 23% from the prior year comparative quarter from $6,873 to $8,487 during the three months ended December 31, 2017. The variance is a result of the proportion of type of rigs serviced, which typically fluctuates quarter over quarter, and location of wells which impacts the type of fluid used and depth of well. Revenue per operating day for the 2017 year was relatively consistent with 2016.

The DPS division's market share remained relatively consistent at 31% and 29% in the three and twelve months ended December 31, 2017 from 29% in both the 2016 comparative periods. The timing, type and location of one customer's drilling activities can create fluctuations in the market share from period to period.

Secure continues diversification efforts in the DPS division to become less dependent on drilling activity through expansion of the production chemicals and chemical EOR service lines which will benefit the Corporation in the medium to long-term. Strategic relationships with key suppliers and ongoing product development has resulted in a significant expansion to Secure's product offering resulting in multiple commercial projects in 2017. The Production Chemicals Acquisition completed in April 2017 has strengthened Secure's position in the market by adding over 100 fully formulated proprietary products, as well as key infrastructure related to the product offering and an experienced and dedicated employee base.

Direct expenses (DPS division)

The DPS division's direct expenses for the three and twelve months ended December 31, 2017 increased by 54% and 74% to $48.9 million and $166.6 million from the 2016 comparative periods. Overall, the increase in direct expenses from the 2016 period was primarily due to increased activity levels and is consistent with the increased revenues discussed above.

The DPS division's operating margin for the three and twelve months ended December 31, 2017 improved by 98% and 148% from the 2016 comparative periods to $12.5 million and $39.3 million. Operating margin as a percentage of revenue increased to 20% and 19% in the three and twelve months ended December 31, 2017 from 17% and 14% in the comparative periods, respectively. Operating margins as a percentage of revenue were positively impacted by the increased revenues while minimizing fixed costs resulting in improved drilling fluids product margins and achieving economies of scale as activity increases, partially offset by higher production services operating costs for chemicals sourced from the U.S.

Depreciation and Amortization (DPS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Depreciation and amortization	5,783	4,865	19	22,037	21,288	4

Depreciation and amortization expense relates primarily to intangible assets resulting from acquisitions, and rental equipment, and includes non-cash impairment as well as any gains or losses on sale or disposal of equipment. Depreciation and amortization expense increased 19% and 4% in the three and twelve months ended December 31, 2017 over the three and twelve month comparative periods due to the assets acquired from the Production Chemicals Acquisition, partially offset by intangibles that have been fully amortized which reduces amortization expense, and asset disposals from the U.S. operations in 2016 which has reduced the asset carrying balance and the resulting depreciation expense.

General and Administrative Expenses (DPS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
General and administrative expenses	4,960	2,640	88	17,459	10,995	59
% of DPS division revenue	8%	7%		8%	10%	

G&A expense for the three and twelve months ended December 31, 2017 increased by 88% and 59% from the comparative periods of 2016. Although the Corporation continues to manage costs efficiently and proactively while still responding to customer demands and activity levels, G&A expenses have increased as a result of expanding the production chemicals and chemical EOR service lines, including the Production Chemicals Acquisition in the second quarter of 2017. As a percentage of DPS revenue, G&A expenses have increased to 8% from 7% in the three months ended December 31, 2017 and decreased to 8% from 10% in the twelve months ended December 31, 2017 from the prior year comparative periods.

OS DIVISION OPERATIONS

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

Projects:

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

Integrated Fluid Solutions:

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

Environmental Services:

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

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Revenue						
OnSite services (a)	**42,726**	24,533	74	**123,216**	83,017	48
Direct expenses						
OnSite services (b)	**33,192**	19,535	70	**95,482**	63,180	51
Operating Margin (1) (a-b)	**9,534**	4,998	91	**27,734**	19,837	40
Operating Margin (1) as a % of revenue (a)	**22%**	20%		**23%**	24%	

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

Revenue (OS division)

OS division revenue increased 74% and 48% to $42.7 million and $123.2 million for the three and twelve months ended December 31, 2017 due to increased producer activity which led to more Projects work and higher pumping and fluid storage rental activity. Geographic expansion into Manitoba and Ontario also contributed to increased revenue.

Projects revenue during the three and twelve months ended December 31, 2017 increased 65% and 61% from the 2016 comparative periods. Projects revenue is dependent on the type and size of jobs as well as weather conditions which can vary quarter to quarter. For the three and twelve months ended December 31, 2017, Projects revenue increased primarily because of new jobs awarded due to the division's expertise in managing remediation, demolition and spill response jobs and from overall higher industry activity levels. Revenue also increased due to new customer additions, geographic expansion and from the development of new service offerings. In the fourth quarter, the group entered into a long-term service agreement to manage a scrap metal recycling program for a major oil sands producer. Projects continues to seek opportunities like this contract as they provide a steady stream of revenue over the life of the agreement.

Integrated Fluids Solutions revenue for the three and twelve months ended December 31, 2017 increased 275% and 80% from the 2016 comparative periods. Revenue increased with overall industry activity as existing customers ramped up activity and through the addition of new customers. Pumping services and fluid storage rentals had increased job volumes and higher equipment utilization over the 2016 comparative periods.

Environmental Services revenue for the three and twelve months ended December 31, 2017 increased 39% and 13% from the 2016 comparative periods due to higher drilling waste and bin revenue resulting from improved levels of industry activity. These increases were partially offset by decreased reclamation and remediation revenue as many customers deferred this type of spending throughout most of the year.

Direct expenses (OS division)

Direct expenses for the three and twelve months ended December 31, 2017 increased 70% and 51% to $33.2 million and $95.5 million from the 2016 comparative periods. Overall, the direct expense variance corresponds to changes in activity levels from the 2016 comparative periods.

Operating margins for the three and twelve months ended December 31, 2017 improved by 91% and 40% to $9.5 million and $27.7 million over the prior year comparative periods due primarily to increased revenue. The OS division operating margin as a percentage of revenue for the three months ended December 31, 2017 was 22% which increased from 20% for the prior year three month comparative period. Operating margin as a percentage of revenue for the twelve months ended December 31, 2017 decreased to 23% from 24% as compared to the prior year twelve month period. The OS division's operating margin as a percentage of revenue can fluctuate depending on the volume and type of projects undertaken and from the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services provided in any given period.

Depreciation and Amortization (OS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
Depreciation and amortization	**2,797**	3,156	(11)	**11,478**	13,286	(14)

Depreciation and amortization expense relates primarily to heavy duty field and rental equipment required to execute the OS division's services and from intangible assets arising from previous acquisitions. Depreciation and amortization expense for the three and twelve months ended December 31, 2017 decreased by 11% and 14% as a result of fully amortized intangibles which reduces amortization expense and from a lower property, plant and equipment balance compared to the same 2016 periods.

General and Administrative Expenses (OS division)

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
General and administrative expenses	**2,079**	1,892	10	**8,332**	6,520	28
% of OnSite services revenue	**5%**	8%		**7%**	8%	

G&A expenses for the three and twelve months ended December 31, 2017 increased by $0.2 million and $1.8 million from the 2016 comparative periods to $2.1 million and $8.3 million due primarily to increased costs to support additional Projects office locations resulting from growth initiatives. As a percentage of OS revenue, G&A expenses have decreased to 5% and 7% in the three and twelve months ended December 31, 2017 from 8% in the three and twelve months ended December 31, 2016.

CORPORATE INCOME AND EXPENSES

Corporate General and Administrative Expenses

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	**2017**	**2016**	**% Change**	**2017**	**2016**	**% Change**
General and administrative expenses	**4,356**	3,913	11	**16,799**	14,146	19

Included in corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, as well as additional support services that are shared across all three operational business units. Compared to the same periods in 2016, corporate G&A expenses increased $0.4 million and $2.7 million in the three and twelve months ended December 31, 2017 primarily due to increased salaries expense as Compensation Share Units ("CSUs") were not issued in 2017, and an increase in corporate sales initiatives. In the second quarter of 2016, the Corporation granted CSUs to employees who elected to forego a portion of their cash compensation in exchange for equity-settled awards. The non-cash expense associated with CSUs is included in the share-based compensation line item of the financial statements. CSUs were not granted in 2017.

Share-based Compensation

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Share-based compensation	**5,749**	7,559	(24)	**23,257**	25,158	(8)

Share-based compensation for the three and twelve months ended December 31, 2017 was $5.7 million and $23.3 million, a 24% and 8% decrease from the 2016 comparative periods. Share-based compensation fluctuates based on timing of grants and any forfeitures of share-based awards, the effects of vesting, and changes in share price. Secure has moved to primarily granting unit incentives to employees, consisting of restricted share units ("RSUs") and performance share units ("PSUs"). The increase to share-based compensation expense relating to unit incentives is more than offset by reduced options and CSU expense. In the prior year, the Corporation granted CSUs to certain employees who elected to forego a portion of their cash compensation from May 2016 to January 2017, when the CSUs vested. There were no CSUs granted in 2017.

Business Development Expenses

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Business development	**1,526**	1,265	21	**6,800**	5,401	26

Business development expenses of $1.5 million and $6.8 million for the three and twelve months ended December 31, 2017 increased 21% and 26% from the comparative periods in 2016. The increase is primarily due to increased head count and associated personnel costs in the business development group. Business development expenses include prospect costs associated with organic growth and acquisition opportunities in Canada and the U.S. and research and development costs.

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

Interest and Finance Costs

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Interest and finance costs	**3,620**	2,278	59	**10,922**	9,871	11

Interest and finance costs includes interest expense, amortization of financing fees, accretion expense realized with the passage of time on onerous lease contracts, all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive loss and all realized and unrealized gains or losses related to interest rate swaps on the Corporation's Second Lien Facility. The interest expense portion has varied as a direct result of the unrealized mark to market gain on the Corporation's interest rate swap, more than offset by the fluctuation in the average balance drawn on the credit facilities. The average long-term borrowings balance increased 37% and 8% in the three and twelve months ended December 31, 2017 from the 2016 comparative periods.

Impairment

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Impairment	**29,237**	-	100	**29,237**	-	100

As a result of achieving lower than forecast results in 2017, the Corporation completed an impairment test at year end on the Alida crude oil terminalling facility acquired from PetroLama Energy Canada Inc. in 2016. The Corporation used the value in use method to determine the recoverable amount of the Alida facility by using discounted cash flows. The estimated cash flows were based on the 2017 run rate with revenue and margins increasing in correlation with anticipated oil and gas industry activity and oil price differentials over the following five years, and a terminal value thereafter was applied. The Corporation used a pre-tax discount rate of 16.8% and a terminal growth rate of 3%.

As a result of the impairment test performed, the Corporation is recognizing impairment of $29.2 million (2016: $nil) against the PRD division's goodwill ($19.5 million) and intangible assets ($9.7 million). The recoverable amount of the assets tested were assessed at $17.3 million, supporting the carrying value of the Alida facility's property, plant and equipment.

The required valuation methodology and underlying financial information that was used to determine the assets value in use required estimates and assumptions made by management. Assumptions that are valid at the time of preparing the cash flow models may change when new information becomes available and could result in adjustments to the recoverable amount determined and therefore the carrying value of the asset.

Other Expense

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Other expense	1,286	-	100	1,286	-	100

Other expense of $1.3 million relates to a provision recorded for onerous office lease contracts. The provision was initially recorded in December 2015 and is reviewed and revised as necessary at each period end based on management's best estimates about the outcome of future events, estimates of timing and amount of future cash receipts and expenditures, and discount rates.

Foreign Currency Translation Adjustment

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Foreign currency translation (gain) loss, net of tax	(1,198)	(4,013)	(70)	10,431	4,354	140

Included in other comprehensive (gain) loss is a gain of $1.2 million for the three months ended December 31, 2017 and a loss of $10.4 million for the twelve months ended December 31, 2017 related to foreign currency translation adjustments resulting from the conversion of the assets, liabilities and financial results of the Corporation's ongoing U.S. operations for the three and twelve months ended December 31, 2017. The foreign currency translation adjustment included in the consolidated statements of comprehensive loss does not impact net loss for the period.

Income Taxes

	Three months ended Dec 31,			Twelve months ended Dec 31,		
($000's)	2017	2016	% Change	2017	2016	% Change
Income taxes						
Current tax recovery	(2,452)	(1,476)	66	(4,816)	(13,169)	(63)
Deferred tax expense (recovery)	5,540	(567)	(1,077)	11,168	5,399	107
Total income tax expense (recovery)	3,088	(2,043)	(251)	6,352	(7,770)	(182)

Income tax expense for the three and twelve months ended December 31, 2017 was $3.1 million and $6.4 million compared to a recovery of $2.0 million and $7.8 million in the 2016 comparative periods. The overall increase in income tax expense is due primarily to higher pre-tax income in the three and twelve months ended December 31, 2017 compared to the 2016 comparative periods. Also, on December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act ("Tax Legislation"), significantly revising the U.S. federal income tax affecting the Corporation's U.S. subsidiaries. The majority of the Tax Legislation changes are effective January 1, 2018; however, the Corporation is required to recognize the effect of certain changes to its income tax expense in the period the Tax Legislation was enacted. Accordingly, the Corporation has recorded a $4.3 million deferred tax expense with a corresponding decrease to its deferred income tax asset in the fourth quarter of 2017.

SUMMARY OF QUARTERLY RESULTS

Seasonality

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

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

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (excluding oil purchase and resale)	184,740	162,596	115,372	140,713	124,584	100,160	66,148	102,267
Oil purchase and resale	494,816	451,143	468,952	309,876	405,939	301,640	202,460	106,865
Total Revenue	679,556	613,739	584,324	450,589	530,523	401,800	268,608	209,132
(Loss) earnings for the period	(23,934)	(179)	(13,529)	3,440	(10,075)	(8,121)	(20,681)	(10,066)
(Loss) earnings per share - basic and diluted	(0.15)	0.00	(0.08)	0.02	(0.06)	(0.05)	(0.13)	(0.07)
Adjusted net (loss) earnings[1]	(2,057)	(1,218)	(13,315)	3,502	(11,430)	(7,617)	(20,467)	(8,598)
(Loss) earnings per share adjusted - basic and diluted	(0.01)	(0.01)	(0.08)	0.02	(0.07)	(0.05)	(0.13)	(0.06)
Weighted average shares - basic	163,352,572	163,128,460	162,776,950	162,049,821	160,314,786	159,618,869	158,437,296	140,015,143
Weighted average shares - diluted	163,352,572	163,128,460	162,776,950	165,944,906	160,314,786	159,618,869	158,437,296	140,015,143
Adjusted EBITDA [1]	51,177	43,820	20,044	42,170	33,046	27,431	8,540	25,083

[1] **Refer to "*Non-GAAP measures*" for further information.**

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's historical growth and acquisitions, variations in quarterly results extend beyond seasonal factors. The significant decrease in the price of crude oil and natural gas commencing in the fourth quarter of 2014 significantly reduced oil and gas industry activity from previous years. During 2016, the Corporation's customers significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas. The reductions impacted results in 2016 as explained in the commentary provided under '*Results of operations for the three and twelve months ended December 31, 2017*'.

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

The following summarizes the facilities commissioned and acquisitions completed in 2016 and 2017 that have impacted the quarterly results for the past two years:

- During the second quarter of 2016, Secure completed the acquisition of all of the operating assets of PetroLama Energy Canada Inc., including the Alida crude oil terminalling facility;
- During the third quarter of 2016, Secure acquired the outstanding 50% interest in the La Glace and Judy Creek joint ventures, and opened the Kakwa FST;
- In the second quarter of 2017, Secure completed the Production Chemicals Acquisition; and
- In the third quarter of 2017, Secure added ten facilities to the PRD network through the Ceiba Acquisition.

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

By offering the oil purchase and resale service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. Revenue from this service is typically impacted by the change in oil prices but has been trending upward with more volumes from the 2016 capital additions of pipeline connected facilities, including the Alida crude oil terminalling facility, the Kakwa FST, and the increased ownership in the La Glace and Judy Creek FSTs.

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

The amount drawn on Secure's credit facilities increased by 44% to $300.0 million at December 31, 2017 compared to $209.0 million at December 31, 2016. The increase relates to consideration paid for the Production Chemicals and Ceiba Acquisitions, and the organic growth projects previously described, partially offset by increased cash flows from operating activities. Refer to the '*Financing Activities*' section below for further information with regards to net debt.

Issued capital increased by 3% to $1.1 billion at December 31, 2017. The slight increase is a result of capital issued through the exercise of options, the Corporation's Dividend Reinvestment Program during the first three months of the year, the Corporation's Unit Incentive Plan, and shares issued as consideration in the Ceiba Acquisition.

Liquidity risk is the risk that the Corporation will not be able to meet financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions. The Corporation intends to fund its operations, working capital requirements, dividends and capital program primarily with cash flow from operations and its credit facilities. At December 31, 2017, the Corporation had $260.3 million available under its First Lien Facility, subject to covenant restrictions.

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

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

As per the Corporation's credit facilities at December 31, 2017, senior debt includes amounts drawn on the First Lien Facility and finance leases, less cash balances above $5 million. Total debt is equal to senior debt plus amounts drawn under the Second Lien Facility and any unsecured debt. EBITDA is adjusted for non-recurring losses, any non-cash impairment charges, any other non-cash charges, and acquisitions on a pro-forma trailing twelve month basis. At December 31, 2017, Secure was in compliance with all covenant requirements under the Corporation's credit facilities. The following table outlines the Corporation's financial covenant ratios as at December 31, 2017 and December 31, 2016.

	Dec 31, 2017	Dec 31, 2016	% Change
Senior debt to EBITDA	1.1	2.2	(50)
Total debt to EBITDA	1.9	2.2	(14)
Interest coverage	12.5	8.5	47

Refer to Notes 18 and 21 of the Consolidated Financial Statements for further disclosure of the Corporation's liquidity risk, including the timing of cash outflows relating to financial liabilities and contractual obligations and contingencies at December 31, 2017.

Management expects that the Corporation has sufficient liquidity and capital resources to meet the Corporation's obligations and commitments while managing within these covenants. However, oil and gas prices over the past couple of years continue to create a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's forecasts. In light of this uncertainty, Secure will continue its prudent approach to capital spending and reduce operating costs where it does not impact safety, operations and environmental performance. To meet financial obligations, the Corporation may also adjust its dividends, draw on its First Lien Facility up to the covenant restrictions, divest assets, issue subordinated debt, or obtain equity financing.

While the Corporation has had success in obtaining financing in the past, access to capital may be more difficult in the current or future economic and operating environment. Refer to the '*Access to Capital*' discussion in the '*Risk Factors'* section of the Corporation's AIF.

The following provides a summary and comparative of the Corporation's operating, investing and financing cash flows for the three and twelve months ended December 31, 2017 and 2016.

Operating Activities

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Funds flow [1]	45,075	33,978	33	157,186	97,291	62

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

Funds flow, defined as cash flows from operating activities excluding changes in non-cash working capital and asset retirement costs, increased to $45.1 million and $157.2 million for the three and twelve months ended December 31, 2017 from $34.0 million and $97.3 million in the 2016 comparative periods. Funds flow for the three and twelve months ended December 31, 2017 were positively impacted compared to the 2016 periods primarily due to higher revenues resulting from increased activity in the oil and gas sector, new facilities and expansions and improved average crude oil prices.

Investing Activities

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Capital expenditures [1]						
Growth and expansion capital expenditures	45,346	11,237	304	118,161	46,623	153
Business acquisitions	-	-	-	54,569	88,228	(38)
Sustaining capital expenditures	6,469	4,171	55	19,107	16,026	19
Total capital expenditures	51,815	15,408	236	191,837	150,877	27

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

The Corporation's growth and expansion capital expenditures increased 304% and 153% to $45.3 million and $118.2 million in the three and twelve months ended December 31, 2017. Secure employs a prudent approach to capital spending and will continue to evaluate and allocate capital to projects which will generate the highest rates of return.

Growth and expansion capital expenditures for the three and twelve months ended December 31, 2017 related primarily to the ongoing construction on the Kindersley-Kerrobert light oil feeder pipeline system and receipt terminal, commencement of construction of a new SWD facility expected to be commissioned in mid-2018, cell expansions at several of the Corporation's landfills, and facility upgrades, expansions and improvements at various existing facilities to increase disposal capacity.

The Corporation incurred $54.6 million during 2017 related to the Production Chemicals Acquisition ($30.3 million) and the Ceiba Acquisition ($24.3 million). In 2016, the Corporation completed the acquisition of all of the operating assets of PetroLama Energy Canada Inc. and the outstanding 50% interest in the La Glace and Judy Creek joint ventures for a total of $88.3 million.

During the three and twelve months ended December 31, 2017, sustaining capital was $6.5 million and $19.1 million compared to $4.2 million and $16.0 million in the 2016 comparative periods. Sustaining capital during the year related primarily to maintenance on Secure's disposal wells. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades, and disposal well maintenance. As a facility matures, the amount of sustaining capital required generally increases.

Financing Activities

($000's)	Three months ended Dec 31, 2017	2016	% Change	Twelve months ended Dec 31, 2017	2016	% Change
Shares issued, net of share issue costs	-	2,290	(100)	4,362	147,785	(97)
Draw on credit facility	37,128	7,000	430	91,000	(53,000)	(272)
Financing fees	-	-	-	(2,123)	-	100
Capital lease obligation	(1,561)	(1,974)	(21)	(8,722)	(11,076)	(21)
Dividends paid	(10,411)	(5,861)	78	(37,124)	(23,444)	58
Net cash flow from financing activities	25,156	1,455	1,629	47,393	60,265	(21)

As at December 31, 2017, the Corporation had drawn $300.0 million on its credit facilities compared to $209.0 million as at December 31, 2016. The increase relates to consideration paid for the Production Chemicals and Ceiba Acquisitions along with growth and expansion capital, partially offset by increased cash flows from operating activities. As at December 31, 2017, the Corporation had $260.3 million available under its First Lien Facility, subject to covenant restrictions. The Corporation is well positioned, based on the available amount on its First Lien Facility and expected cash flows from operating activities, to pursue further accretive acquisition opportunities and execute on the 2018 capital program. At December 31, 2017, the Corporation was in compliance with all covenants.

During the three and twelve months ended December 31, 2017 the Corporation declared dividends of $10.4 million and $40.5 million to holders of common shares. Of the dividends declared for the twelve months ended December 31, 2017, $3.4 million were reinvested in additional common shares through the Corporation's Dividend Reinvestment Plan ("DRIP"). Commencing with the April 2017 dividend declaration, the Corporation suspended the DRIP. Shareholders participating in the DRIP at that time received cash dividends starting with the April 17, 2017 dividend payment date.

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

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

Subsequent to December 31, 2017, the Corporation declared dividends to holders of common shares in the amount of $0.0225 per common share payable on January 15, February 15, and March 15, 2018, for shareholders of record on January 1, February 1, and March 1, 2018, respectively.

CONTRACTUAL OBLIGATIONS

Refer to Note 21 of the Consolidated Financial Statements for disclosure related to contractual obligations.

BUSINESS RISKS

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

OUTSTANDING SHARE CAPITAL

As at March 1, 2018, there are 164,093,407 common shares issued and outstanding. In addition, as at March 1, 2018, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at March 1, 2018	Issued	Exercisable
Share Options	6,140,666	5,479,199
Restricted Share Units	4,086,049	-
Performance Share Units	2,435,869	-

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2017 and 2016, the Corporation did not have any off-balance sheet arrangements.

ACCOUNTING POLICIES

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

FINANCIAL AND OTHER INSTRUMENTS

As at December 31, 2017, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, long-term borrowings and derivative instruments. The fair values of these financial instruments approximate their carrying amount due to the short-term maturity of these instruments except long-term borrowings and derivative instruments. Long-term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. Derivative instruments are fair valued at each period end in accordance with their classification of fair value through profit or loss. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices, foreign currency exchange rates and interest rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity price curves, foreign currency exchange rates and interest rates. The estimated fair value of all derivative financial instruments is based on observable market data. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, interest rate and market risk. A discussion of how these and other risks are managed can be found in the AIF under the heading '*Business Risks*'. Further information on how the fair value of financial instruments is determined is included in the '*Critical Accounting Estimates and Judgments*' section of this MD&A.

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

FUTURE ACCOUNTING PRONOUNCEMENTS

For the year ended December 31, 2017, there were no revised standards or amendments to IFRS issued that significantly impacted the Consolidated Financial Statements. Refer to Note 4 of the Corporation's Consolidated Financial Statements for a description of IFRS standards issued but not yet effective that are expected to have an impact on the Corporation's Consolidated Financial Statements in the years adopted. A qualified team of Secure employees evaluated the effects of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, both effective on January 1, 2018, on the Corporation's consolidated financial statements and related disclosures and determined that the impact is insignificant. The impact of IFRS 16 Leases, effective January 1, 2019, is still being assessed at this time.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

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

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

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at December 31, 2017. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at December 31, 2017. Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected. There was no change to the Corporation's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

RELATED PARTIES

Refer to Note 20 of the Corporation's Consolidated Financial Statements for disclosure related to related parties.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as forward-looking statements). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Secure, or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Secure with respect to future events and operating performance and speak only as of the date of this document. In particular, this document contains or implies forward-looking statements pertaining to: key priorities for the Corporation's success; the oil and natural gas industry, including drilling and production trends; activity levels in the oil and gas sector, drilling levels, commodity prices for oil, natural gas liquids and natural gas; industry fundamentals for 2018; capital forecasts and spending by producers; demand for the Corporation's services and products; expansion strategy; the impact of oil and gas activity on 2018 activity levels; the Corporation's proposed 2018 capital expenditure program including expansion, growth and sustaining capital expenditures, and the timing of completion for projects, in particular the Kindersley-Kerrobert light oil feeder pipeline system, Gold Creek SWD and Big Mountain facility upgrades and third well; debt service; acquisition strategy and timing of potential acquisitions; the impact of new facilities, potential acquisitions, and the Production Chemicals Acquisition and Ceiba Acquisition on the Corporation's financial and operational performance and growth opportunities; future capital needs and how the Corporation intends to fund its operations, working capital requirements, dividends and capital program; access to capital; and the Corporation's ability to meet obligations and commitments and operate within any credit facility restrictions.

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

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to those factors referred to under the heading "*Risk Factors*" in the AIF for the year ended December 31, 2017 and also includes the risks associated with the possible failure to realize the anticipated synergies in integrating the assets acquired in the Production Chemicals Acquisition and Ceiba Acquisition with the operations of Secure. Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by law, Secure does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

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

Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(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 Services Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, 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, 2017 and December 31, 2016, 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, 2018
Calgary, Canada

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

($000's)	Notes	2017	2016
Assets			
Current assets			
Cash		9,730	3,432
Accounts receivable and accrued receivables	18	308,690	206,154
Current tax assets		5,925	14,768
Prepaid expenses and deposits		8,838	8,380
Inventories	6	72,225	68,463
		405,408	301,197
Property, plant and equipment	7	1,088,151	1,011,990
Intangible assets	8	51,212	68,038
Goodwill	9	11,127	30,643
Deferred tax assets	16	6,848	13,382
Total Assets		1,562,746	1,425,250
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		257,837	156,107
Asset retirement obligations	12	3,055	102
Finance lease liabilities		5,111	5,164
		266,003	161,373
Long-term borrowings	11	298,408	208,042
Asset retirement obligations	12	74,262	80,012
Finance lease liabilities		6,052	4,000
Onerous lease liabilities		1,761	1,930
Deferred tax liabilities	16	41,768	42,846
Total Liabilities		688,254	498,203
Shareholders' Equity			
Issued capital	13	1,057,505	1,030,033
Share-based compensation reserve	14	56,524	51,441
Foreign currency translation reserve		21,618	32,049
Deficit		(261,155)	(186,476)
Total Shareholders' Equity		874,492	927,047
Total Liabilities and Shareholders' Equity		1,562,746	1,425,250

Approved by the Board of Directors:

"SIGNED" *"SIGNED"*

Rene Amirault *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	2017	2016
Revenue		**2,328,208**	1,410,063
Operating expenses:			
Direct expenses	**17**	**2,104,492**	1,267,220
Depreciation, depletion and amortization		**118,611**	113,012
		2,223,103	1,380,232
General and administrative expenses		**59,950**	44,482
Share-based compensation	**14**	**23,257**	25,158
Business development expenses		**6,800**	5,401
		90,007	75,041
Operating income (loss)		**15,098**	(45,210)
Interest, accretion and finance costs		**12,425**	11,503
Impairment	**10**	**29,237**	-
Other expense		**1,286**	-
Loss before tax		**(27,850)**	(56,713)
Current tax recovery	**16**	**(4,816)**	(13,169)
Deferred tax expense	**16**	**11,168**	5,399
		6,352	(7,770)
Net loss		**(34,202)**	(48,943)
Other comprehensive loss			
Foreign currency translation adjustment		**(10,431)**	(4,354)
Total comprehensive loss		**(44,633)**	(53,297)
Basic and diluted loss per common share	**15**	**(0.21)**	(0.32)
Weighted average shares outstanding - basic and diluted	**15**	**162,827,541**	154,625,869

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	Total Shareholders' Equity
Balance at January 1, 2017		**1,030,033**	**51,441**	**32,049**	**(186,476)**	**927,047**
Net loss		-	-	-	(34,202)	**(34,202)**
Dividends declared	**13**	-	-	-	(40,477)	**(40,477)**
Shares issued through dividend reinvestment plan ("DRIP")	**13**	3,353	-	-	-	**3,353**
Foreign currency translation adjustment		-	-	(10,431)	-	**(10,431)**
Issue of share capital for business acquisition	**13**	1,789	-	-	-	**1,789**
Exercise of options and share units	**13**	22,330	(17,968)	-	-	**4,362**
Share-based compensation		-	23,051	-	-	**23,051**
Balance at December 31, 2017		**1,057,505**	**56,524**	**21,618**	**(261,155)**	**874,492**
Balance at January 1, 2016		**851,490**	**37,194**	**36,403**	**(100,575)**	**824,512**
Net loss		-	-	-	(48,943)	(48,943)
Dividends declared		-	-	-	(36,958)	(36,958)
Shares issued through DRIP		13,514	-	-	-	13,514
Foreign currency translation adjustment		-	-	(4,354)	-	(4,354)
Bought deal equity financing		149,513	-	-	-	149,513
Share issue costs, net of tax		(4,906)	-	-	-	(4,906)
Issue of share capital for business acquisition		5,932	-	-	-	5,932
Exercise of options and restricted share units ("RSUs")		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**

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	2017	2016
Cash flows from (used in) operating activities			
Net loss		**(34,202)**	(48,943)
Adjustments for non-cash items:			
Depreciation, depletion and amortization		**118,611**	113,012
Interest, accretion and finance costs	**12**	**12,425**	11,503
Current and deferred tax expense (recovery)		**6,352**	(7,770)
Other non-cash income		**(990)**	(1,479)
Impairment	**10**	**29,237**	-
Share-based compensation	**14**	**23,257**	25,158
Interest paid		**(11,161)**	(7,884)
Income taxes recovered		**13,657**	13,694
Change in non-cash working capital		**(47,332)**	(11)
Asset retirement costs incurred	**12**	**(982)**	(598)
Net cash flows from operating activities		**108,872**	96,682
Cash flows (used in) from investing activities			
Purchase of property, plant and equipment		**(137,268)**	(62,649)
Business acquisitions	**5**	**(54,569)**	(88,228)
Change in non-cash working capital		**41,944**	(7,744)
Net cash flows used in investing activities		**(149,893)**	(158,621)
Cash flows from (used in) financing activities			
Shares issued, net of share issue costs	**13**	**4,362**	147,785
Draw (repayment) on credit facility		**91,000**	(53,000)
Financing fees	**11**	**(2,123)**	-
Capital lease obligation		**(8,722)**	(11,076)
Dividends paid	**13**	**(37,124)**	(23,444)
Net cash flows from financing activities		**47,393**	60,265
Effect of foreign exchange on cash		**(74)**	243
Increase (decrease) in cash		**6,298**	(1,431)
Cash, beginning of year		**3,432**	4,863
Cash, end of year		**9,730**	3,432

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 solutions 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, pipelines, shipping and marketing of crude oil, oilfield waste disposal and recycling. The PRD division services include clean oil terminalling, rail transloading, pipelines, crude oil marketing, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service. The drilling and production services division ("DPS") provides equipment, product solutions and chemicals for drilling, completion and production operations for oil and gas producers in western Canada. The OnSite division ("OS") includes Projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and reclamation and remediation of former wellsites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.); Integrated Fluid Solutions ("IFS") which include water management, recycling, pumping and storage solutions; and 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.

The following entities have been consolidated within Secure's consolidated financial statements for the year ended December 31, 2017:

Subsidiaries	Country	Functional Currency	Segment	% Interest Dec 31, 2017 and 2016
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, 2017.

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, 2018. 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. All inter-company balances and transactions are eliminated on consolidation.

b) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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.

d) 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.

e) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

f) 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.

g) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

h) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Any 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.

i) 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.

j) 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, foreign exchange rates and interest 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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.

l) 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.

m) 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.

n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 vested in January of the following calendar year from which they were issued and were equity settled. The Corporation contributed 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 was equal to the Corporation's five day weighted average share price on the grant date. The fair value was expensed over the vesting term. If an employee ceased to be employed by the Corporation prior to the CSU vesting date, the employee's earned portion of the contribution automatically vested and the Corporation's additional contribution was 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.

o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) 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.

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.

q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) 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.

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.

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

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.

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. RECENT ACCOUNTING PRONOUNCEMENTS

Standards issued and in effect

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing IFRS standards have been published and are in effect for periods beginning on or after January 1, 2018. Information on new standards, amendments and interpretations that are relevant to the Corporation's consolidated financial statements beginning in 2018 are 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 Corporation has assessed the impact of the adoption of IFRS 9 at January 1, 2018 on the Corporation's consolidated financial statements and has determined that the impact is insignificant.

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. The Corporation has assessed the impact of the adoption of IFRS 15 at January 1, 2018 on the Corporation's consolidated financial statements and has determined that the impact on a retrospective basis is insignificant.

Standards issued but not effective

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 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) 2017 Acquisitions

On April 13, 2017, the Corporation acquired the Canadian division of a production chemicals business from a U.S. based multi-national company for an aggregate purchase price of $30.3 million with consideration paid in cash (the "Production Chemicals Acquisition"). The acquired assets have been integrated into the DPS division's Production Chemicals service line.

On August 1, 2017, the Corporation acquired all of the issued and outstanding common shares of Ceiba Energy Services Inc. (the "Ceiba Acquisition") and added ten facilities that fit within, and add capacity to, Secure's existing PRD facility network. The acquired facilities will provide customers with additional options to reduce their overall transportation for custom treating of crude oil, crude oil marketing, produced and waste water disposal and oilfield waste processing.

Pursuant to the Ceiba Acquisition, the Corporation paid approximately $24.3 million in cash and issued 189,965 common shares for total purchase consideration of approximately $26.1 million.

From the date of acquisitions to December 31, 2017, the assets of the acquisitions contributed an estimated $44.3 million of revenue and $1.2 million of loss before tax for the Corporation. If the business combinations had been completed on January 1, 2017, Secure's estimated revenue and loss before tax for the year ended December 31, 2017 would have been $2.4 billion and $33.4 million, respectively.

The Corporation incurred costs related to the acquisitions of $0.5 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.

The following summarizes the purchase price equations for the 2017 acquisitions:

Balance at acquisition date	**Amount ($000's)**
Cash paid	54,569
Shares issued	1,789
	56,358

Balance at acquisition date	**Amount ($000's)**
Inventory	8,909
Prepaid expenses and deposits	2,851
Property, plant and equipment	47,701
Intangible assets (1)	13,074
Net working capital	(804)
Debt assumed	(12,601)
Asset retirement obligations	(6,531)
Finance lease liabilities	(2,688)
Deferred tax assets	6,447
	56,358

(1) Consists of customer relationships of $7.5 million and intellectual property of $5.6 million.

b) 2016 Acquisitions

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.

5. BUSINESS ACQUISITIONS (continued)

The main asset acquired by the Corporation from PetroLama was 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 expanded its market presence and enhanced 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 had been owned and operated in accordance with their respective joint operating agreements since construction. This acquisition relieved 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 for the 2016 acquisitions:

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.

The goodwill arose 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.

6. INVENTORIES

($000's)	Dec 31, 2017	Dec 31, 2016
Drilling fluids	**35,266**	23,056
Minerals	**12,414**	19,295
Crude oil and natural gas liquids	**12,346**	21,740
Production chemicals	**10,579**	2,612
Spare parts and supplies	**1,620**	1,760
Total inventories	**72,225**	68,463

Drilling fluids, minerals and production chemicals inventories recognized as operating expenses in the consolidated statements of comprehensive loss for the year ended December 31, 2017 were $128.6 million (2016: $70.9 million).

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

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, 2017, $5.9 million (2016: $6.4 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, 2017 was $0.2 million (2016: $0.2 million) based on a capitalized borrowing rate of 2.9% (2016: 2.8%) incurred only on facilities and projects that have a longer construction period.

During the year ended December 31, 2017, $76.5 million (2016: $93.2 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 $15.3 million at December 31, 2017 (2016: $14.4 million).

Included in depreciation, depletion and amortization expense in the consolidated statements of comprehensive loss for the year ended December 31, 2017 is $1.5 million relating to impairment of property, plant and equipment (2016: $8.0 million). 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, 2015	60,257	103,884	974,061	131,338	32,591	**1,302,131**
Additions from business acquisitions (Note 5b)	-	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**
Additions from business acquisition (Note 5a)	-	5,142	39,090	2,786	683	**47,701**
Additions (1)	144,597	2,010	62,381	10,368	5,723	**225,079**
Change in asset retirement cost	-	-	(9,107)	-	-	**(9,107)**
Disposals	-	(1,059)	(4,525)	(6,478)	(27)	**(12,089)**
Transfers (1)	(76,524)	-	-	-	-	**(76,524)**
Foreign exchange effect	(16)	(1,379)	(9,588)	(982)	(75)	**(12,040)**
December 31, 2017	**104,895**	**113,401**	**1,158,724**	**135,246**	**43,066**	**1,555,332**
Accumulated depreciation and depletion:						
December 31, 2015	-	(20,301)	(223,003)	(37,550)	(13,651)	**(294,505)**
Depreciation and depletion	-	(3,427)	(69,172)	(15,129)	(5,380)	**(93,108)**
.	-	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)**
Depreciation and depletion	-	(4,255)	(73,039)	(13,898)	(5,543)	**(96,735)**
Disposals	-	131	1,609	5,154	26	**6,920**
Foreign exchange effect	-	194	2,318	395	49	**2,956**
December 31, 2017	**-**	**(27,513)**	**(359,122)**	**(56,110)**	**(24,436)**	**(467,181)**
Net book value:						
December 31, 2017	**104,895**	**85,888**	**799,602**	**79,136**	**18,630**	**1,088,151**
December 31, 2016	**36,838**	**85,104**	**790,463**	**81,791**	**17,794**	**1,011,990**

(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.

8. INTANGIBLE ASSETS

($000's)	Non-competition agreements	Customer relationships	Licenses & Patents	Total
Cost:				
December 31, 2015	**66,576**	**98,837**	**17,219**	**182,632**
Additions through business acquisitions (Note 5b)	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**
Additions through business acquisitions (Note 5a)	-	7,480	5,594	**13,074**
Additions	-	-	403	**403**
Foreign exchange effect	(384)	(277)	(75)	**(736)**
December 31, 2017	**70,749**	**117,202**	**24,040**	**211,991**
Accumulated amortization:				
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)**
Amortization	(4,981)	(12,987)	(2,401)	**(20,369)**
Impairment (Note 10)	(986)	(8,735)	-	**(9,721)**
Foreign exchange effect	384	137	2	**523**
December 31, 2017	**(68,729)**	**(81,011)**	**(11,039)**	**(160,779)**
Net book value:				
December 31, 2017	**2,020**	**36,191**	**13,001**	**51,212**
December 31, 2016	**7,987**	**50,573**	**9,478**	**68,038**

9. GOODWILL

($000's)	Dec 31, 2017	Dec 31, 2016
Balance - beginning of year	**30,643**	11,127
Additions through business acquisitions (Note 5b)	**-**	19,516
Impairment of goodwill (Note 10)	**(19,516)**	-
Foreign exchange effect	**-**	-
Balance - end of year	**11,127**	**30,643**

The remaining carrying amount of goodwill at December 31, 2017 is allocated to the OS division (2016: $19.5 million to the PRD Division and $11.1 million to the OS Division).

10. IMPAIRMENT

The Corporation’s non-current assets are tested for impairment in accordance with the accounting policy stated in note 2(h). The Corporation assesses at each reporting date whether there is an indication that an asset or CGU may be impaired. As a result of achieving lower than forecast results in 2017, the Corporation completed an impairment test at year end on the assets acquired from PetroLama in 2016 (refer to note 5(b)).

10. IMPAIRMENT (continued)

The Corporation used the value in use method to determine the recoverable amount of the assets acquired from PetroLama, including the crude oil terminal in Alida, Saskatchewan, and associated intangibles assets and goodwill. The cash flow projections included specific estimates for five years and a terminal valuation. The estimated cash flows were based on the 2017 run rate with revenue and margins increasing in correlation with anticipated oil and gas industry activity and oil price differentials over the following five years, and a terminal value thereafter was applied. The terminal valuation is 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, consistent with the assumption that a market participant would make. The Corporation used a terminal growth rate of 3%. The discount rate used to calculate the net present value of cash flows is 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 16.8%.

As a result of the impairment test performed, the Corporation is recognizing impairment of $29.2 million (2016: $nil) against the PRD division's goodwill ($19.5 million) and intangible assets ($9.7 million). The recoverable amount of the assets tested were assessed at $17.3 million, supporting the carrying value of the Alida facility's property, plant and equipment. The impairment charge has been recorded in the impairment line on the consolidated statements of comprehensive loss.

Assumptions that are valid at the time of preparing the cash flow projections may change significantly when new information becomes available. The estimated value in use for the assets tested are particularly sensitive to the following estimates:

- 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 $1.0 million and $0.7 million, respectively.

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 indefinite-life intangible assets or an allocation of goodwill. Secure completed this review as at December 31, 2017, which included impairment tests for the Corporation's OnSite division Projects and IFS CGUs. No impairment was recorded as a result of these impairment tests.

11. LONG-TERM BORROWINGS

($000's)	Dec 31, 2017	Dec 31, 2016
Amount drawn on credit facilities	300,000	209,000
Unamortized transaction costs	(1,592)	(958)
Total long-term borrowings	**298,408**	**208,042**
Credit facilities	600,000	700,000
Amount drawn on credit facilities	(300,000)	(209,000)
Letters of credit	(39,713)	(35,654)
Available amount	**260,287**	**455,346**

On June 30, 2017, Secure entered into a new $470 million first lien credit facility ("First Lien Facility") with a syndicate of ten financial institutions and Canadian Chartered banks. In addition, the Corporation entered into a new $130 million second lien credit facility ("Second Lien Facility") with a syndicate of three financial institutions and Canadian Chartered banks. The combined facilities total $600 million, replacing the

11. LONG-TERM BORROWINGS (continued)

Corporation's previous $700 million syndicated facility. The reduction in the total facilities allow the Corporation to optimize its debt structure to reduce costs associated with standby fees on undrawn amounts while maintaining target levels of liquidity.

The First Lien Facility consists of a four year $445 million revolving credit facility and a $25 million revolving operating facility with a maturity date of June 30, 2021. The First Lien Facility is secured by a $1 billion floating charge debenture and negative pledge from the Corporation creating a security interest over all of the Corporation's present and after acquired personal property and floating charge over all of its present and after acquired real property.

The First Lien Facility is subject to customary terms, conditions and covenants, including the following financial covenants:

- the senior debt to EBITDA ratio where EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions is not to exceed 3.5 to 1.0,
- the total debt to EBITDA ratio is not to exceed 5.0 to 1.0, and
- the EBITDA to financing charges ratio is not less than 2.5 to 1.0.

Senior debt includes amounts drawn under the First Lien Facility and financial leases entered into by the Corporation, less cash balances in excess of $5 million. Total debt includes senior debt plus amounts drawn under the Second Lien Facility, and should the Corporation issue any unsecured notes in the future total debt would also include the principal amount of the notes. Financing charges are defined to include interest expense on total debt.

The Corporation also covenants the following:

- the aggregate principal amount of unsecured notes, if any, will not exceed $500 million, and
- the aggregate principal amount of any unsecured notes, principal amount outstanding under the First Lien Facility and the principal amount outstanding under Second Lien Facility will not exceed $800 million.

Amounts borrowed under the First Lien Facility will bear interest at the Corporation's option of either the Canadian prime rate plus 0.45% to 2.00% or the banker acceptance rate plus 1.45% to 3.00%, depending, in each case, on the ratio of senior funded debt to EBITDA.

The Second Lien Facility is a four year plus one month $130 million term credit facility with a maturity date of July 31, 2021. The Second Lien Facility is subject to customary terms, conditions and covenants, including financial covenants consistent with the First Lien Facility.

The security provided by the Corporation under the Second Lien Facility is the same as the First Lien Facility but is subordinate to the First Lien Facility lenders. As at December 31, 2017, the full amount of the $130 million Second Lien Facility was drawn.

The Corporation has entered into interest rate swaps to fix the interest rate at 5% for the first three years and 5.5% thereafter under the Second Lien Facility.

The two credit facilities are to be used for working capital, refinance pre-existing debt, for capital expenditures including permitted acquisitions, and for general corporate purposes.

In connection with obtaining the two credit facilities, the Corporation incurred transaction costs in the amount of $2.1 million, of which the unamortized amount is offset against the outstanding principal balance of the long-term borrowings.

12. ASSET RETIREMENT OBLIGATIONS

($000's)	Dec 31, 2017	Dec 31, 2016
Balance - beginning of year	**80,114**	85,987
Arising during the year through acquisitions and development activities	**10,052**	5,064
Revisions during the year	**(11,077)**	(9,612)
Accretion	**1,513**	1,508
Change in discount rate	**(1,552)**	(1,415)
Asset retirement obligations incurred	**(982)**	(598)
Foreign exchange effect	**(751)**	(820)
Balance - end of year	**77,317**	**80,114**

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, 2017 to be $77.3 million (December 31, 2016: $80.1 million) based on a total future liability of $117.1 million as at December 31, 2017 (December 31, 2016: $125.8 million). The Corporation used its risk-free interest rates of 1.7% to 2.7% (December 31, 2016: 0.7% to 2.9%) and an inflation rate of 2.0% to calculate the net present value of its asset retirement obligations at December 31, 2017 (December 31, 2016: 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 capping of a number of the Corporation's landfill cells and retirement of wells.

The Corporation has issued $30.7 million (December 31, 2016: $21.7 million) of performance bonds and $9.2 million (December 31, 2016: $10.9 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, 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
Options exercised	547,524	4,362
RSUs, PSUs and CSUs exercised	1,635,864	-
Transfer from reserves in equity	-	17,968
Shares issued through DRIP	326,998	3,353
Shares issued as consideration for business acquisition	189,965	1,789
Balance at December 31, 2017	**163,352,572**	**1,057,505**

13. SHAREHOLDERS' EQUITY (continued)

As at December 31, 2017, there were 1,508,564 common shares of the Corporation held in escrow in conjunction with the Corporation's business combinations (2016: 3,062,827).

Commencing with the June 2017 dividend, the Corporation increased the monthly dividend from $0.02 to $0.02125 per common share. Commencing with the January 2018 dividend, the Corporation further increased the monthly dividend from $0.02125 to $0.0225 per common share.

The Corporation declared dividends to holders of common shares for the year ended December 31, 2017 of $40.5 million (2016: $37.0 million). Of the dividends declared, $3.4 million were reinvested in additional common shares through the DRIP for the year ended December 31, 2017 (2016: $13.5 million). Commencing with the April 2017 dividend declaration, the Corporation suspended its Dividend Reinvestment Plan ("DRIP"). Shareholders participating in the DRIP at that time received cash dividends starting with the April 17, 2017 dividend payment date.

Subsequent to December 31, 2017, the Corporation declared dividends to holders of common shares in the amount of $0.0225 per common share payable on January 15, February 15, and March 15, 2018, for shareholders of record on January 1, February 1, and March 1, 2018, respectively.

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, 2017, a total of 16.3 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 Share Option 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 Share Option 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, 2017		Dec 31, 2016	
	Outstanding options	Weighted average exercise price ($)	Outstanding options	Weighted average exercise price ($)
Balance - beginning of year	7,209,139	13.17	8,608,870	12.88
Granted	50,000	11.48	20,000	8.23
Exercised	(547,524)	7.97	(597,119)	8.30
Expired	(337,778)	9.49	(196,802)	9.15
Forfeited	(219,912)	16.11	(625,810)	14.93
Balance - end of year	**6,153,925**	**13.71**	**7,209,139**	**13.17**
Exercisable - end of year	**4,534,175**	**15.07**	**4,057,215**	**14.18**

14. SHARE-BASED COMPENSATION PLANS (continued)

The following table summarizes information about share options outstanding as at December 31, 2017:

	Options outstanding			Options exercisable	
Exercise price ($)	Outstanding options	Weighted average exercise price ($)	Weighted average remaining term (years)	Outstanding options	Weighted average exercise price ($)
7.82 - 7.85	1,605,333	7.82	3.01	494,002	7.82
7.86 - 14.19	1,509,321	12.65	0.64	1,410,316	12.80
14.20 - 16.16	1,416,119	15.43	1.95	1,006,705	15.40
16.17 - 19.40	730,022	18.07	1.22	730,022	18.07
19.41 - 25.51	893,130	19.82	1.39	893,130	19.82
	6,153,925	**13.71**	**1.74**	**4,534,175**	**15.07**

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 vested in January of the following calendar year from which they were issued. Secure contributed an additional 20% to 35% of the CSU award in recognition of the time value of money of the delayed compensation. There were no CSU's granted in 2017.

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.

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

For the year ended December 31, 2017:	RSUs	PSUs	CSUs	DSUs
Balance - beginning of year	2,408,844	853,590	607,963	175,666
Granted	1,961,950	835,082	-	75,990
Reinvested dividends	86,637	41,536	1,144	6,649
Redeemed for common shares	(999,986)	(27,231)	(608,647)	-
Forfeited	(331,650)	(8,761)	(460)	-
Balance - end of year	3,125,795	1,694,216	-	258,305

For the year ended December 31, 2016:	RSUs	PSUs	CSUs	DSUs
Balance - beginning of year	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

14. SHARE-BASED COMPENSATION PLANS (continued)

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, 2017, $2.3 million (2016: $2.1 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 $0.2 million for the year ended December 31, 2017 (2016: expense of $1.4 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 will match contributions, subject to certain limitations. Shares purchased for both the employee contributions and Corporation's matching contributions are purchased on the open market. The Corporation's matching expense for the year ended December 31, 2017 was $1.2 million (2016: $nil) and is recognized in either operating expenses or general and administrative expenses on the consolidated statements of comprehensive loss.

15. PER SHARE AMOUNTS

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

	For the years ended	
	Dec 31, 2017	**Dec 31, 2016**
Weighted average number of shares for basic loss per share	**162,827,541**	154,625,869
Effect of dilution:		
Options, RSUs, PSUs and CSUs	**-**	-
Weighted average number of shares for diluted loss per share	**162,827,541**	**154,625,869**

The above calculation excludes the effect of all options, RSUs, PSUs and CSUs for the years ended December 31, 2017 and December 31, 2016 as they are considered to be anti-dilutive.

16. INCOME TAXES

($000's)	**Dec 31, 2017**	**Dec 31, 2016**
Current tax expense (recovery)		
Current year	**(4,878)**	(13,145)
Adjustments related to prior years	**62**	(24)
	(4,816)	(13,169)
Deferred tax expense (recovery)		
Current year	**11,104**	5,572
Adjustments related to prior years	**64**	(173)
	11,168	5,399
Total tax expense (recovery)	**6,352**	**(7,770)**

The income tax expense (recovery) differs from that expected by applying the combined federal and provincial income tax rates of 27% (2016: 27.0%) to loss before tax for the following reasons:

16. INCOME TAXES (continued)

($000's)	Dec 31, 2017	Dec 31, 2016
Loss before tax	(27,850)	(56,713)
Combined federal and provincial income tax rate	27.0%	27.0%
Expected combined federal and provincial income tax recovery	(7,520)	(15,313)
Foreign and other statutory rate differences	5,115	640
Non-deductible impairments	1,536	-
Share-based compensation	6,254	6,793
Non-deductible expenses	841	307
Adjustments related to prior years	126	(197)
Total tax expense (recovery)	**6,352**	**(7,770)**

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act significantly revising the U.S. federal income tax law affecting the Corporation's U.S. subsidiary resulting in a $4.3 million decrease to the Corporation's deferred tax asset at December 31, 2017, and is included in foreign and other statutory rate differences. This is primarily due to the reduction of the U.S. federal statutory tax rate from 35% to 21%.

The components of the net deferred tax asset related to the U.S. and the net liability related to Canada as at December 31, 2017 and 2016 are as follows:

($000's)	Dec 31, 2017	Dec 31, 2016
Deferred tax assets:		
Non-capital loss carry forwards	16,619	33,869
Property, plant and equipment	(18,082)	(35,444)
Goodwill and intangible assets	4,785	8,512
Asset retirement obligations	2,875	5,285
Other	651	1,160
	6,848	13,382
Deferred tax liabilities:		
Property, plant and equipment	(77,208)	(64,045)
Goodwill and intangible assets	14,512	5,297
Non-capital loss carry forwards	12,706	6,918
Asset retirement obligations	5,777	4,593
Share issue costs	2,132	3,123
Other	313	1,268
	(41,768)	(42,846)
Net deferred tax liabilities	(34,920)	(29,464)

Included above in the deferred tax assets are $114.0 million (2016: $113.6 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 $66.9 million (2016: $87.9 million) and expire between 2032 and 2036. The gross non-capital losses in Canada are $47.1 million (2016: $25.6 million) and expire between 2030 and 2037. 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:

16. INCOME TAXES (continued)

($000's)	Dec 31, 2017	Dec 31, 2016
Movement in deferred tax balances during the year		
Net deferred tax liabilities at beginning of year	**(29,464)**	(24,463)
Recognized in profit or loss	**(11,168)**	(5,399)
Deferred tax liabilities from acquisitions	**6,447**	(1,082)
Foreign exchange adjustments and other	**(735)**	1,480
Net deferred tax liabilities	**(34,920)**	(29,464)

17. DIRECT EXPENSES

Included in direct expenses for the year ended December 31, 2017 is employee compensation and benefits of $95.9 million (2016: $74.2 million).

18. 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. The carrying value of long-term borrowings (excluding transaction costs) at December 31, 2017 and 2016 of $300.0 million and $209.0 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 and interest rate risk. These risk management derivatives are a component of the Corporation's overall risk management program.

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

18. FINANCIAL INSTRUMENTS (continued)

	December 31, 2017		December 31, 2016	
($000's)	Assets	Liabilities	Assets	Liabilities
Commodity futures	2,019	1,309	1,110	689
Commodity swaps	-	-	477	144
Commodity options	32	-	4	19
Foreign currency forwards	604	-	-	169
Interest rate swaps	1,845	-	-	-
	4,500	1,309	1,591	1,021

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

($000's)	Commodity Contracts	Foreign Currency Contracts	Interest Rate Swaps	Total
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
Fair value of contracts realized during the year	(3,032)	-	-	(3,032)
Changes in fair value during the year	3,085	773	1,845	5,703
Foreign exchange effect	(50)	-	-	(50)
Fair value of contracts outstanding at December 31, 2017	742	604	1,845	3,191

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

Fair value hierarchy

The table below analyses financial instruments by fair value hierarchy:

	December 31, 2017			
($000's)	Level 1	Level 2	Level 3	Total
Financial assets:				
Commodity futures	-	2,019	-	2,019
Commodity options	-	32	-	32
Foreign currency forwards	-	604	-	604
Interest rate swaps	-	1,845	-	1,845
	-	4,500	-	4,500
Financial liabilities:				
Long-term borrowings	-	300,000	-	300,000
Commodity futures	-	1,309	-	1,309
	-	301,309	-	301,309

18. FINANCIAL INSTRUMENTS (continued)

		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

There were no transfers between levels in the hierarchy in the year ended December 31, 2017 (2016: nil).

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.

18. FINANCIAL INSTRUMENTS (continued)

($000's)	Dec 31, 2017	Dec 31, 2016
Favourable 10% change	43	4
Unfavourable 10% change	(43)	(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.

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 crude oil buy contracts, offset against the physical deliveries of all crude oil sales 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, 2017, 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, 2017	Dec 31, 2016
Favourable 10% change	44	(12)
Unfavourable 10% change	(44)	12

18. FINANCIAL INSTRUMENTS (continued)

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 First Lien 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 $1.8 million lower/higher for the year ended December 31, 2017 (2016: $1.5 million).

The Corporation has entered into interest rate swaps to mitigate the Corporation's exposure to interest rate fluctuations. The swaps fix the interest rate at 5% for the first three years and 5.5% thereafter on the Second Lien credit facility. These derivative financial instruments are not used for speculative purposes and are not designated as a hedges.

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, 2017	Dec 31, 2016
Less than 30 days	167,656	122,503
31 to 60 days	40,081	19,573
61 to 90 days	12,608	5,469
Greater than 90 days	7,762	2,093
	228,107	149,638
Allowance for doubtful accounts	1,357	1,253

The balance of $167.7 million under 30 days includes $112.3 million of crude oil contracts settled as part of the trading activities for December 2017. The entire amount of $112.3 million is due from numerous 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 Energy Marketing Risk Policy relating to crude oil payments. The

18. FINANCIAL INSTRUMENTS (continued)

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 93% are due from counterparties with a credit rating of B or higher.

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

($000's)	Dec 31, 2017	Dec 31, 2016
Balance - beginning of year	1,253	1,673
Additional allowance	728	429
Amounts used	(336)	(801)
Foreign exchange effect	(288)	(48)
Balance - end of year	1,357	1,253

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, 2017, $7.8 million (2016: $2.1 million) of accounts receivable are past due and a provision of $1.4 million (2016: $1.3 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, 2017, the Corporation has $9.7 million in cash and $260.3 million in capacity on its revolving credit facilities (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	256,528	-	-
Derivative liability	1,309	-	-
Finance lease obligations	5,598	6,101	-
Long-term borrowings [(1)]	11,465	327,991	-
	274,900	**334,092**	**-**

[(1)] Interest on First Lien Facility is estimated using Secure's average bankers acceptance rate for 2017. Interest on Second Lien Facility is estimated using rates consistent with the interest rate swaps as outlined in Note 11.

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.

19. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of the following:

($000's)	Dec 31, 2017	Dec 31, 2016
Current assets	405,408	301,197
Current liabilities	(266,003)	(161,373)
Amount drawn on credit facilities	300,000	209,000
Shareholders' equity	874,492	927,047
	1,313,897	1,275,871

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.

The Corporation's overall capital management strategy remains unchanged in 2017. Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures. This includes the Board of Directors, reviewing the Corporation's results on a monthly basis, and capital costs to budget and approved authorizations for expenditures on a quarterly basis. The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized budgets, adjusted EBITDA and senior and total debt to adjusted EBITDA. 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).

20. 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, 2017	Dec 31, 2016
Salaries and short-term employee benefits	6,476	2,213
Share-based compensation	7,718	7,384
	14,194	9,597

21. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

As at December 31, 2017

	Payments due by period			
($000's)	1 year or less	1-5 years	5 years and thereafter	Total
Finance leases	5,598	6,101	-	11,699
Operating leases	14,184	30,045	8,787	53,016
Crude oil transportation (1)	37,214	129,078	111,990	278,282
Inventory purchases	40,824	9,122	-	49,946
Capital commitments	40,981	-	-	40,981
Total contractual obligations	**138,801**	**174,346**	**120,777**	**433,924**

(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 (2016: 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.

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.

21. 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.

22. 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.

Year ended December 31, 2017	**PRD division**	**DPS division**	**OS division**	**Corporate**	**Total**
Revenue	1,999,159	205,833	123,216	-	2,328,208
Direct expenses	(1,842,442)	(166,568)	(95,482)	-	(2,104,492)
Operating margin	**156,717**	**39,265**	**27,734**	**-**	**223,716**
General and administrative expenses	(17,360)	(17,459)	(8,332)	(16,799)	(59,950)
Share-based compensation	-	-	-	(23,257)	(23,257)
Business development expenses	-	-	-	(6,800)	(6,800)
Depreciation, depletion and amortization	(83,980)	(22,037)	(11,478)	(1,116)	(118,611)
Interest, accretion and finance costs	(1,503)	-	-	(10,922)	(12,425)
Impairment	(29,237)	-	-	-	(29,237)
Other (expense) income	-	-	-	(1,286)	(1,286)
Earnings (loss) before tax	**24,637**	**(231)**	**7,924**	**(60,180)**	**(27,850)**

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)**

As at December 31, 2017	**PRD division**	**DPS division**	**OS division**	**Corporate**	**Total**
Current assets	239,253	121,147	45,008	-	405,408
Property, plant and equipment	934,896	109,311	37,488	6,456	1,088,151
Intangible assets	6,422	41,367	3,423	-	51,212
Goodwill	-	-	11,127	-	11,127
Total assets	1,180,570	278,674	97,046	6,456	1,562,746
Current liabilities	214,144	29,536	22,323	-	266,003
Total liabilities	319,674	46,410	23,762	298,408	688,254

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

22. OPERATING SEGMENTS (continued)

Geographical Financial Information

($000's)	Canada		US		Total	
Year ended December 31,	**2017**	2016	**2017**	2016	**2017**	2016
Revenue	**2,272,677**	1,371,513	**55,531**	38,550	**2,328,208**	1,410,063
As at December 31,						
Total non-current assets	**1,027,962**	963,321	**129,376**	160,732	**1,157,338**	1,124,053

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)

[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

LEAD BANKERS

ATB Financial
National Bank of Canada

TRANSFER AGENT AND REGISTRAR

Computershare
Calgary, Alberta

OFFICERS

Rene Amirault
President & Chief Executive Officer

Chad Magus
Executive Vice President & Chief Financial Officer

Corey Higham
Executive Vice President, Processing, Recovery & Disposal

George Wadsworth
Executive Vice President, Drilling & Production Services

David Mattinson
Executive Vice President, OnSite Services

Allen Gransch
Executive Vice President, Corporate Development

Daniel Steinke
Executive Vice President, New Ventures & Government Affairs

Brian McGurk
Executive Vice President, Human Resources & Strategy

Mike Mikuska
Executive Vice President, Commercial & Transportation

David Engel
Executive Vice President, Technical Services