MANAGEMENT DISCUSSION AND ANALYSIS

(all tabular amounts are expressed in thousands of CDN dollars, except per share amounts)

Three Months ended March 31, 2015 and 2014

The following management 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 May 7, 2015. The discussion and analysis is a review of the financial results of the Corporation based upon accounting principles that are generally accepted in Canada (the issuer's "GAAP"), which includes International Financial Reporting Standards ("IFRS").

The MD&A's focus is primarily a comparison of the financial performance for the three months ended March 31, 2015 and 2014 and should be read in conjunction with the Corporation's annual audited consolidated financial statements and notes thereto prepared under IFRS for the years ended December 31, 2014 and 2013 and the Corporation's condensed consolidated financial statements and notes thereto for the three month period ended March 31, 2015. The MD&A has been prepared as of May 7, 2015. Additional information regarding the Corporation is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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 services and innovative products to upstream oil and natural gas companies operating in the Western Canadian Sedimentary Basin ("WCSB") and the Rocky Mountain Region 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, shipping and marketing of crude oil, oilfield waste disposal and recycling. Specifically these services are clean oil terminalling and rail transloading, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service. 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") and rail transloading facilities.

DRILLING SERVICES DIVISION ("DS")

The DS division provides equipment and chemicals for building, maintaining, processing and recycling of drilling and completion fluids. The drilling fluids service line 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 DS division 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.

ONSITE SERVICES DIVISION ("OS")

The operations of the OS division include environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions ("IFS") which include water management, recycling, pumping and storage solutions; and 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.

For a complete description of services provided in the PRD, DS and OS divisions, please refer to the headings "Secure Energy Services Inc.", "Description of Business" in the Corporation's annual information form ("AIF") for the year ended December 31, 2014.

SECURE energy services

CORPORATE STRATEGY

Secure's goal is to achieve profitable growth while exceeding the expectations of the oil & gas industry by providing safe, innovative, efficient and environmentally responsible fluids and solids solutions. To achieve this goal, the corporate strategy is to:

- Design, construct and expand facilities in key under-serviced and capacity constrained markets;
- Complete strategic acquisitions that exploit the full value chain in the energy services market, providing full cycle 'cradle to grave' solutions;
- Reduce waste, recycle and reuse fluids at Secure facilities;
- Provide cost effective solutions and integrate services across all divisions;
- Deliver exceptional customer service;
- Conduct operations in a safe and environmentally responsible manner; and
- Enhance environmental stewardship for the Corporation's customers.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

During the first quarter of 2015, oil and gas producers continued to reduce capital spending and budgets in response to the decline in crude oil and natural gas prices. First quarter drilling activity peaked in January with the active rig count continually declining throughout the quarter. In addition, spring break-up conditions occurred in early March, significantly shortening the typical length of the winter drilling season. Overall, these factors led to meters drilled declining by 38% from the first quarter of 2014, which significantly impacted results in the DS division. Accordingly, revenue in the DS division was down 42% as the division faced reduced activity and pricing pressure. However, Secure's overall revenue was only down 17%, as both the PRD and OS division revenue increased over the 2014 comparative period, offsetting the reduced revenue in DS. In the PRD division, approximately 70% of the revenue relates to production activities and are not as directly impacted by the decline in meters drilled. In the OS division, the majority of the revenue relates to project based activities that are also not directly correlated to drilling activities.

Throughout the first quarter Secure was very proactive in working with customers in order to find more efficient ways to manage their fluids and solids through more integrated offerings, volume-based contracts and reducing costs where possible. In conjunction with this process, Secure was also able to reduce the impact on margins across divisions through proactive cost management, streamlining of internal processes and cost savings initiatives where it did not impact safety, operations and environmental performance. This included incurring severance costs associated with reducing the Corporation's workforce by approximately 11% in an effort to eliminate redundant positions or positions significantly impacted by the sharp decline in activity. Secure remains focused on controlling costs while maintaining exceptional customer service.

In March, Secure strengthened its financial position by completing a bought deal equity financing raising gross proceeds of $198.0 million. Secure has consistently applied a disciplined approach to maintaining a strong balance sheet to effectively manage the business through a period of lower commodity pricing and industry activity. The Corporation is well positioned to take advantage of opportunities that may arise as a result of the downturn in the market. Secure is continuing to seek out and evaluate opportunities that will provide meaningful growth for the remainder of 2015, into 2016 and beyond.

The operating and financial highlights for the three month period ending March 31, 2015 can be summarized as follows:

($000's except share and per share data)	Three Months Ended March 31, 2015	2014	% change
Revenue (excludes oil purchase and resale)	**169,652**	205,632	(17)
Oil purchase and resale	**196,895**	320,580	(39)
Total revenue	**366,547**	526,212	(30)
Adjusted EBITDA [(1)]	**40,161**	56,691	(29)
Per share ($), basic	**0.33**	0.48	(31)
Per share ($), diluted	**0.33**	0.47	(30)
Net (loss) earnings	**(3,223)**	22,989	(114)
Per share ($), basic	**(0.03)**	0.20	(115)
Per share ($), diluted	**(0.03)**	0.19	(116)
Adjusted net earnings [(1)]	**993**	22,989	(96)
Per share ($), basic	**0.01**	0.20	(95)
Per share ($), diluted	**0.01**	0.19	(95)
Funds from operations [(1)]	**36,225**	56,357	(36)
Per share ($), basic	**0.30**	0.48	(38)
Per share ($), diluted	**0.30**	0.47	(36)
Cash dividends per common share	**0.06**	0.04	50
Capital Expenditures [(1)]	**45,673**	66,737	(32)
Total assets	**1,465,364**	1,171,891	25
Long term borrowings	**246,461**	219,486	12
Total long term liabilities	**377,409**	304,319	24
Common Shares - end of period	**135,824,597**	118,020,638	15
Weighted average common shares			
basic	**122,689,850**	117,235,063	5
diluted	**122,689,850**	120,436,149	2

[(1)] Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

- REVENUE OF $169.7 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2015
  - PRD division revenue (excluding oil purchase/resale) increased 10% for the three months ended March 31, 2015 up $6.2 million from the 2014 comparative period. Processing and disposal volumes increased 11% and 13% respectively, over the 2014 comparative period as demand for these services continued throughout the quarter combined with the addition of four new facilities and waste expansion at three existing facilities that were completed and commissioned subsequent to the first quarter of 2014 that contributed to the increase. The above increase to revenue was offset by the decline in drilling activity and lower crude oil prices. The price of crude declined by an average of 50% over the 2014 comparative period which had a direct impact on recovery revenues;
  - OS division revenue increased 32% for the three months ended March 31, 2015 up $7.6 million from the 2014 comparative period. Increased project work from new and existing customers, four strategic acquisitions completed during 2014 which allowed OS to provide new and innovative full service solutions for fluid handling, and sustained equipment utilization throughout the three months ended March 31, 2015 drove the increase in revenue over the 2014 comparative period.

  The increase in revenues in the PRD and OS divisions for the three months ended March 31, 2015 were offset by the following:

- DS division revenue decreased 42% for the three months ended March 31, 2015 down $49.8 million from the 2014 comparative period. The 41% decline in rig count and 38% decline in meters drilled over the 2014 comparative period had a direct impact on revenues for the quarter. This resulted in a 46% decrease in operating rig days for the DS division which was slightly offset by a 2% increase in revenue per operating day over the 2014 comparative period. DS division market share in Canada for the first quarter of 2015 was 29% compared to 31% in the first quarter of 2014. The change in market share is driven by timing of when the Corporation's customers discontinued drilling programs in the current quarter given the commodity environment. Revenue from fluids and solids equipment decreased 21% from the 2014 comparative period as a result of decreased utilization of the available equipment fleet stemming from decreased industry activity;
- Oil purchase and resale revenue in the PRD division for the three months ended March 31, 2015 decreased by 39% from the 2014 comparative period. The price of crude declined by an average of 50% over the 2014 comparative period which directly reduces oil purchased and resold during the quarter. Oil purchase/resale service revenue and expense are a direct offset however, they are expected to decrease significantly as a result of the lower price of crude oil in 2015.

- ADJUSTED EBITDA OF $40.2 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2015
  - For the three months ended March 31, 2015, adjusted EBITDA of $40.2 million decreased by $16.5 million compared to the first quarter of 2014. The decrease is directly attributed to the reduction in meters drilled which significantly impacted the DS division results and the decline in commodity prices over the 2014 comparative period impacting oil recovery revenues in the PRD division. Offsetting these decreases are the following: increased processing and disposal volumes at PRD facilities as these services are less reliant upon rig count and meters drilled, the addition of new facilities and expansions at existing facilities since the first quarter of 2014 in PRD, and increased projects work combined with the acquisitions completed during 2014 in the OS division.
- ADJUSTED NET EARNINGS OF $1.0 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2015
  - For the three months ended March 31, 2015, the decrease of $22.0 million in adjusted net earnings resulted from the factors discussed above regarding adjusted EBITDA in conjunction with increased depreciation and amortization in all three divisions. The increased depreciation and amortization resulted from the Corporation executing the largest organic capital program in 2014 increasing the depreciable assets base, and completion of eight strategic acquisitions in 2014 increasing the intangible assets value required to be amortized. This increase is partially offset by a change in the estimated useful life of property, plant and equipment at PRD facilities effective January 1, 2015. Secure reassessed each significant component of all its property, plant and equipment based on the current condition of the assets taking into consideration the operating history of the assets.
- 2015 ORGANIC CAPITAL BUDGET
  - Secure's initial 2015 capital budget of $225.0 million has subsequently been revised to a range of $100.0 million to $150.0 million of committed capital for 2015. Total capital expenditures for the three months ended March 31, 2015 were $44.4 million including both growth and expansion capital. Major expenditures include:
    - Three facilities were completed and commissioned in the first quarter of 2015: Tulliby Lake FST, 13 Mile FST conversion, and the Rycroft FSR;
    - Pre-development for new facility locations including long lead items;
    - Various expansions at existing facilities to increase capacity;
    - Drilled two disposal wells; and
    - Rental equipment for specific OS division projects.

- STRONG FINANCIAL POSITION
  - On March 24, 2015, the Corporation completed a bought deal common share financing (the "offering"), issuing a total of 13,515,370 common shares of the Corporation at a price of $14.65 per common share for gross proceeds of $198.0 million. The proceeds of the offering will be used by the Corporation to fund capital expenditures, for strategic acquisition opportunities, and/or general working capital purposes.
  - Secure's debt to trailing twelve month EBITDA ratio was 1.4 as of March 31, 2015 compared to 2.0 as at December 31, 2014.
  - As at March 31, 2015, the Corporation had $437.9 million available under its credit facility.

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OUTLOOK

The significant decline in oil and gas prices affected drilling and completions activity in the first quarter and it is expected that it will continue to influence activity levels for the remainder of the year. Adjustments were made by the Corporation in the first quarter in order to react to the anticipated activity levels for the year, which included working with customers in order to find more efficient ways to manage their fluids and solids through more integrated offerings, volume-based contracts and reducing costs where possible. In the second quarter, Secure expects that the typical spring break up period where oil and gas activity is affected by road bans will be extended for a longer period as customers who slowed down during the winter drilling season are less likely to ramp back up with drilling and completion activities in this current commodity environment. There is a potential that some of the drilling and completion activity that typically begins in June depending on weather, gets deferred to either the third or fourth quarter. As a result, the second quarter will likely be impacted by both the uncertainty of weather conditions and the potential for producers not to ramp up drilling and completion activities.

Overall, Secure continues to estimate a reduction in annual consolidated revenues of 15-20% over the 2014 comparative period, including some operating margin impact. In the PRD division, Secure continues to anticipate revenue to be consistent with 2014, with the potential to be above 2014 levels by 5-10%. Secure expects reduced drilling and completion activities, and the decline in recovered oil sales due to lower crude oil prices, will be offset by additional revenue contribution from facilities commissioned in 2014 and early 2015. The OS division anticipates environmental services, water management, pumping and storage solutions revenue to be reduced by approximately 10-15% from 2014. Finally, revenue in the DS division is expected to decline proportionally to the reduction in meters drilled, therefore the Corporation expects revenue to be down approximately 45-50% from 2014. The long-term trend of increased meters drilled per well should help the DS division when activity ramps up again. In addition, all divisions will likely have an approximate 5% impact to operating margins based on activity levels, customer price discounts, and commodity pricing.

Following the bought deal offering completed in the first quarter, the Corporation is well positioned in the current commodity environment. Maintaining a strong balance sheet has always been a priority of Secure as this allows Secure to effectively manage the business through a period of lower commodity pricing and industry activity, and provides Secure with the ability to take advantage of opportunities that may arise as a result of the downturn in the market. Secure is continuing to seek out and evaluate opportunities that will provide accretive growth to the Corporation in 2015 and beyond. The 2015 organic capital program has been revised to a range of $100.0 million to $150.0 million committed capital for 2015. The strong balance sheet not only enables Secure to continue with its organic capital program, it also enables Secure to pursue acquisitions of producer and third party facilities that complement Secure's network. Acquisition of complementary services that help the customer with integrated solutions will be part of Secure's capital plans for 2015.

Secure's strategy remains focused on lowering the customer's costs by providing them integrated solutions that achieve cost reductions. By combining multiple services and focusing on new and innovative ways to offer solutions, Secure's customers will be able to gain capital efficiencies drilling, completing and producing their reserves.

Secure is committed to investing in research and development projects and initiatives to continually expand the value chain of services offered to customers and to provide innovative solutions to reduce waste in the drilling and production processes. Both the water recycling technology that allows producers to recycle and reuse flowback water, and the solids processing technology for the recovery of hydrocarbons are in the final stages of economic feasibility. The results to date are positive and Secure is looking forward to evaluating how these new technologies will help Secure's customers reduce costs and gain environmental benefits in the future.

NON-GAAP MEASURES AND OPERATIONAL DEFINITIONS

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, and certain operational definitions used by the Corporation, are further explained below.

Operating margin

Operating margin is calculated as revenue less operating expenses which includes direct product costs but excludes depreciation, depletion and amortization, general and administrative, and oil purchase/resale services. Management analyzes operating margin as a key indicator of cost control and operating efficiency.

Operating days

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

Canadian market share

Canadian market share is calculated by comparing active rigs the DS division services to total active rigs in Western Canada. The CAODC publishes total active rigs in Western Canada on a semi-weekly basis.

EBITDA and adjusted EBITDA

EBITDA is a measure showing earnings before finance costs, taxes, depreciation, depletion, amortization, non-cash impairments on the Corporation's assets, and share-based compensation. EBITDA is not a recognized measure under IFRS.

Adjusted EBITDA is defined as EBITDA noted above and removes the impact of other adjustments that are considered non-recurring in nature. Adjusted EBITDA is not a recognized measure under IFRS.

Management believes that in addition to net earnings, EBITDA and adjusted EBITDA are useful supplemental measures as they provide 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, charges that are non-recurring in nature, and non-cash impairment charges as these are considered outside of the normal course of business.

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
Net (loss) earnings	**(3,223)**	22,989	(114)
Add (deduct):			
Depreciation, depletion and amortization	**26,897**	20,863	29
Current tax (recovery) expense	**(451)**	8,130	(106)
Deferred income tax expense	**1,230**	709	73
Share-based compensation	**6,118**	2,598	135
Interest, accretion and finance costs	**3,953**	1,916	106
Other income	**-**	(514)	(100)
EBITDA	**34,524**	56,691	(39)
Add:			
Inventory impairment	**1,970**	-	100
Severance	**3,667**	-	100
Adjusted EBITDA	**40,161**	56,691	(29)

Adjusted net earnings

Adjusted net earnings is a measure of profitability. Adjusted net earnings provides an indication of the results generated by the principal business activities prior to recognizing charges that are non-recurring, and non-cash impairments. It also removes the impact of other adjustments that are considered non-recurring in nature. Adjusted net earnings is not a recognized measure under IFRS.

	Three Months Ended Mar 31,		
($000's)	2015	2014	% Change
Net (loss) earnings	(3,223)	22,989	(114)
Adjustments, net of estimated tax effect:			
Inventory impairment	1,473	-	100
Severance	2,743	-	100
Adjusted net earnings	993	22,989	(96)

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 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.

ADDITIONAL GAAP MEASURES

Funds from operations

Funds from operations refer to cash flow from operations before changes in non-cash working capital. Secure's management views cash flow from operating activities before changes in non-cash working capital balances as a measure of liquidity and believes that funds from operations is a metric used by many investors to assess the financial performance of the Corporation. Any use of cash from an increase in working capital in a particular period will be financed by existing cash or by the credit facility.

	Three Months Ended March 31,		
($000's)	2015	2014	% Change
Net cash flows (used in) from operating activities	(16,161)	5,781	(380)
Add:			
Interest paid	3,559	1,835	94
Income taxes paid	8,870	8,634	3
Non-cash working capital changes	39,957	40,107	-
Funds from operations	36,225	56,357	(36)

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RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2015

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; the PRD division, the DS division and the OS division. Total general and administration expenses by division excludes share-based compensation and corporate expenses, as senior management looks at each period's earnings before corporate expenses and non-cash items such as share-based compensation, as one of the Corporation's important measures of divisional performance.

	For the three months ended March 31,		
($000's except per share data)	**2015**	**2014**	**% Change**
Revenue	**366,547**	526,212	(30)
Operating expenses:			
Direct expenses	**309,714**	449,825	(31)
Depreciation, depletion and amortization	**26,897**	20,863	29
Operating expenses	**336,611**	470,688	(28)
General and administrative expenses:			
General and administrative	**18,036**	16,605	9
Share-based compensation	**6,118**	2,598	135
Business development	**4,273**	2,577	66
General and administrative expenses	**28,427**	21,780	31
Operating earnings	**1,509**	33,744	(96)
Interest, accretion and finance costs	**3,953**	1,916	106
(Loss) earnings for the period before tax	**(2,444)**	31,828	(108)
Current tax (recovery) expense	**(451)**	8,130	(106)
Deferred tax expense	**1,230**	709	73
	779	8,839	(91)
Net (loss) earnings for the period	**(3,223)**	22,989	(114)
Other comprehensive income			
Foreign currency translation adjustment	**15,251**	4,386	248
Tax on foreign currency translation adjustment	**(1,782)**	(559)	219
Total comprehensive income for the period	**10,246**	26,816	(62)
(Loss) earnings per share			
Basic	**(0.03)**	0.20	(113)
Diluted	**(0.03)**	0.19	(114)

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PRD DIVISION OPERATIONS

For further clarity, the Corporation's PRD division's revenue has been split into two separate service lines: processing, recovery and disposal services; and oil purchase/resale services.

Processing, recovery and disposal services:

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 truck or by a 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 or transmission 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/resale service:

The purpose of providing this service 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 rail facilities offers producers an alternative solution to get their product to market through Secure's four rail terminals situated across Alberta which carry crude by rail to virtually all North American markets.

THREE MONTHS ENDED MARCH 31, 2015

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
Revenue			
PRD services (a)	**69,494**	63,302	10
Oil purchase and resale service	**196,895**	320,580	(39)
Total PRD division revenue	**266,389**	383,882	(31)
Operating Expenses			
Processing, recovery and disposal services	**33,830**	23,735	43
Deduct: non-recurring items			
Severance & other related costs	**(188)**	-	100
PRD services less non-recurring items (b)	**33,642**	23,735	42
Oil purchase and resale service	**196,895**	320,580	(39)
Total operating expenses	**230,725**	344,315	(33)
Operating Margin [1] (a-b)	**35,852**	39,567	(9)
Operating Margin [1] as a % of revenue (a)	**52%**	63%	

[1] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Revenue (PRD division)

Revenue increased 10% from processing, recovery and disposal for the three months ended March 31, 2015 to $69.5 million from $63.3 million in the comparative period of 2014.

Processing: For the three months ended March 31, 2015, processing volumes increased 11% from the comparative period in 2014. The increase in volumes and revenue is a result of an increase in overall demand for the PRD division's services and the addition of new facilities and expansions at current facilities subsequent to the first quarter of 2014 which include: completion of the Edson and Keene FSTs in April 2014, Stanley FST in July 2014, Brazeau FST in December 2014, and the Tulliby Lake and 13 Mile FSTs in March 2015.

Recovery: Recovery revenues from water and waste processing for the three months ended March 31, 2015 decreased by 18% from the 2014 comparative period. The decrease in recovery revenue for the three months ended March 31, 2015 is a primarily a result of the decline in oil prices. Accordingly, revenue from the sale of oil recovered through waste processing was impacted by the decline in oil prices. In addition, crude oil differentials were not favorable during the first quarter, which limited the Corporation's ability to fully utilize its rail transloading facilities and capitalize on crude oil marketing opportunities at its pipeline connected FSTs.

Disposal: Secure's disposal volumes for the three months ended March 31, 2015 increased by 13% from the comparative period of 2014. The increase in volumes is related to increased demand, the addition of the Tulliby Lake Landfill in November 2014, and other landfill expansions.

Oil purchase/resale service: Revenue from oil purchase and resale services for the three months ended March 31, 2015 decreased 39% to $196.9 million from $320.6 million in the comparative period of 2014. The price of crude declined by an average of 50% over the 2014 comparative period which directly reduces oil purchased and resold during the quarter. Oil purchase/resale service revenue and expense are a direct offset however, it is expected to decrease significantly as a result of the lower price of crude oil in 2015.

Operating Expenses (PRD division)

Operating expenses from PRD services for the three months ended March 31, 2015 increased 43% to $33.8 million from $23.7 million in the comparative period of 2014. The increase in operating expenses relates to the new facilities, expansions added organically, and the increase in processing and disposal volumes at the Corporation's existing facilities. This includes upfront commissioning costs associated with the 13 Mile and Tulliby Lake FST's, and the Rycroft FSR. Overall, 28% of the increase over the 2014 comparative period relates to new facilities and associated startup costs including wages, training, and upfront commissioning costs.

Operating margin as a percentage of revenue for the three months ended March 31, 2015 was 52% compared to 63% in the comparative period of 2014. The 11% decrease for the three months ended March 31, 2015 relates to a 5% margin impact as a result of reduced recovered oil sales, upfront commissioning costs for new facilities, and price discounts provided to customers on bundled service offerings leveraging all three of Secure's operating divisions. The remaining 6% margin impact related to fixed costs associated with rail car leases as tightened differentials during the quarter were not favourable to optimize the use of the rail transloading facilities.

Depreciation, Depletion and Amortization (PRD division)

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
Depreciation and depletion	**14,320**	13,109	9
Amortization	**3,162**	630	402
Depreciation, depletion and amortization	**17,482**	13,739	27

Depreciation and depletion expense relates to the PRD division's facilities and landfills. For the three months ended March 31, 2015 depreciation and depletion expense increased 9% to $14.3 million from $13.1 million in the comparative period of 2014. The increase is due to the addition of new facilities, expansions at existing facilities, and the increase in disposal volumes at landfills. Landfill cell costs are depleted on a unit basis, therefore as disposal volumes increase there is a

corresponding increase to the amount of depletion expensed. This increase is offset by a change in the estimated useful life of property, plant and equipment at PRD facilities effective January 1, 2015. Secure reassessed the useful lives of all its property, plant and equipment based on the current condition of the assets taking into consideration the operating history of the assets. Each significant component of property plant and equipment was assessed during the exercise. As a result of the change in estimated useful life, the depreciation expense for the quarter decreased by approximately $5.9 million in the PRD division. The impact of the change in estimated useful life impacted the PRD division most significantly given the large capital investments made for PRD division facilities.

Amortization expense relates to the PRD division's intangible assets acquired through acquisitions. For the three months ended March 31, 2015, amortization expense increased 402% to $3.2 million from $0.6 million in the comparative period of 2014 as a direct result of the acquisition of a rail infrastructure business completed in August, 2014.

General and Administrative (PRD division)

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
General & Administrative [1]	**7,249**	5,561	30
Deduct: Non-recurring items			
Severance & other related costs	**(728)**	-	100
General & Administrative less non-recurring items	**6,521**	5,561	17

[1] Amounts have been reclassified in the comparative period to exclude non-cash share-based compensation.

General and administrative ("G&A") expenses for the three months ended March 31, 2015 increased 30% to $7.2 million from $5.6 million in the comparative period of 2014. The increase in G&A over the 2014 comparative period is a result of non-recurring severance costs of $0.7 million and additional employees to support the opening of new facilities and organic growth at existing facilities both in Canada and the U.S. G&A less non-recurring items was 9% of revenue, consistent with the 2014 comparative period.

DS DIVISION OPERATIONS

The DS division's main geographic area of operations is the WCSB. The DS division also has operations in the Rocky Mountain Region in the U.S., primarily in North Dakota and Colorado.

Drilling services:

The DS division has two main service lines: drilling fluids, and fluids and solids solutions. The drilling fluids service line is the core service of the DS division and operates in the WCSB as well as the U.S. (primarily in Colorado and North Dakota). 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 in the WCSB and in the U.S. 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 drilling cuttings and solids from the drilling fluid as well as providing a safe and more efficient way of storing oil based products in the "Target Tanks", the Corporation's proprietary horizontal 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.

THREE MONTHS ENDED MARCH 31, 2015

($000's)	Three Months Ended Mar 31, 2015	2014	% Change
Revenue			
Drilling services (a)	68,864	118,683	(42)
Operating Expenses			
Drilling services	57,164	88,381	(35)
Deduct: non-recurring items			
Severance & other related costs	(1,532)	-	100
Inventory impairment	(1,970)	-	100
Drilling services less non-recurring items (b)	53,662	88,381	(39)
Operating Margin [1] (a-b)	15,202	30,302	(50)
Operating Margin [1] as a % of revenue (a)	22%	26%	

[1] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Revenue (DS division)

Revenue from the DS division for the three months ended March 31, 2015 decreased 42% to $68.9 million from $118.7 million in the comparative period of 2014. The decrease in revenue for the three months ended March 31, 2015 is the result of a 46% decrease in the drilling fluids service line and a 21% decrease in the fluids and solids control equipment service line from the 2014 comparative period. The decrease in both service lines is directly attributed to the 41% decline in rig count and a 38% decline in meters drilled from the 2014 comparative period as well as providing customer price discounts. In addition, a significant portion of DS customers drill using oil based drilling fluids. The cost of the drilling fluid is correlated with the price of oil, therefore a portion of the decline in revenue is associated with the drop in the value of the oil based drilling fluid sold to the customer. Finally, drilling activity peaked in January with spring break-up occurring in early March which shortened the winter drilling season therefore, significantly reducing customer activity in the first quarter.

The DS division market share in Canada for the three months ended March 31, 2015 was 29%, down from 31% in the 2014 comparative period. The change in market share is driven by timing of when the Corporation's customers discontinued drilling programs in the current quarter given the commodity environment. Revenue per operating day increased 2% to $7,362 for the three months ended March 31, 2015 from $7,253 in the 2014 comparative period as wells that were drilled in the period were horizontal and directionally drilled therefore more technically challenging requiring more costly drilling fluids, resulting in higher product usages, increased probability of lost circulation events and a higher usage of specialty chemicals. Offsetting the increase in revenue per operating day was a 46% decrease in operating rig days to 7,408 days versus 13,838 days in the 2014 comparative period.

The fluids and solids equipment revenue is driven by the size of the available equipment fleet, utilization, and rental rates in any given period. The decrease in the fluids and solids equipment revenue for the three months ended March 31, 2015 over the 2014 comparative period, is due to a decrease in the utilization of the equipment fleet resulting from a slowdown in industry activity combined with pricing pressure on rental rates.

Operating Expenses (DS division)

Operating expenses for the DS Division for the three months ended March 31, 2015 decreased 35% to $57.2 million from $88.4 million in the comparative period of 2014. Overall, the decrease in operating expenses over the 2014 comparative

period is a direct result of a decrease in revenues. As discussed above, the cost of the oil based drilling fluids is correlated with the price of oil, therefore the decline in expenses also relates to a reduction in cost of goods sold for oil based drilling fluids. Prior to the first quarter, the Corporation purchased additional oil based drilling fluids to prepare for the winter drilling season. Given the sharp decline in oil based fluids and the reduction in activity, the average cost of oil based inventory was adjusted accordingly throughout the quarter. At the end of March, a $2.0 million inventory impairment was taken to bring the average cost of inventory held to net realizable value. In addition, $1.5 million of severance costs were incurred to adjust for the decline in industry activity.

Operating margin for the three months ended March 31, 2015 was 22%, down from 26% in the 2014 comparative period. The 4% decrease in margin is due to price discounts given to customers to reflect the depressed price of crude oil, losses realized on oil based drilling fluids and the higher cost of specialty chemical purchased from the U.S. The margin above for the three months ended March 31, 2015 excludes the impact of $3.5 million of non-recurring operating costs for severance and the non-cash inventory impairment.

Depreciation and Amortization (DS division)

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
Depreciation	**2,965**	2,803	6
Amortization	**3,083**	2,193	41
Depreciation and amortization	**6,048**	4,996	21

Depreciation expense for the three months ended March 31, 2015 increased 6% to $3.0 million from $2.8 million in the 2014 comparative period. Depreciation expense increased compared to the 2014 period as a result of a larger fixed asset base driven by capital additions to the fluids and solids control equipment fleet during 2014.

Amortization expense for the three months ended March 31, 2015 increased 41% to $3.1 million from $2.2 million in the 2014 comparative period. The increase in amortization expense over the 2014 comparative period is a direct result of the three acquisitions completed in the DS division subsequent to March 31, 2014.

General and Administrative (DS division)

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
General & Administrative [1]	**7,103**	7,057	1
Deduct: Non-recurring items			
Severance & other related costs	**(480)**	-	100
General & Administrative less non-recurring items	**6,623**	7,057	(6)

[1] **Amounts have been reclassified in the comparative period to exclude non-cash share-based compensation.**

G&A expense for the three months ended March 31, 2015 increased 1% from the comparative period of 2014. The increase is due to non-recurring severance costs. G&A less non-recurring items as a percentage of revenue was 10%, up 4% from the 2014 comparative period. The DS division continues to evaluate and re-align processes to create efficiencies, and as a result have laid off a number of employees and consultants.

OS DIVISION OPERATIONS

The OS division has three main service lines: environmental services, integrated fluids solutions, and projects. Environmental services provides pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and projects which provide pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and remediation and reclamation of former wellsites, facilities, commercial and industrial properties.

THREE MONTHS ENDED MARCH 31, 2015

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
Revenue			
Onsite services (a)	**31,294**	23,647	32
Operating Expenses			
Onsite services	**21,825**	17,129	27
Deduct: non-recurring items			
Severance & other related costs	**(116)**	-	100
Onsite services less non-recurring items (b)	**21,709**	17,129	27
Operating Margin [1] (a-b)	**9,585**	6,518	47
Operating Margin [1] as a % of revenue (a)	**31%**	28%	

[1] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Revenue (OS division)

Revenue for the three months ended March 31, 2015 increased 32% to $31.3 million from $23.6 million in the comparative period of 2014.

The overall increase for the three months ended March 31, 2015 is a direct result of increased project work, the two acquisitions completed in February 2014, and the two acquisitions completed after the first quarter of 2014.

Projects revenue for the three months ended March 31, 2015 increased due to the acquisition completed in April 2014 which added a new geographic area and increased customer base. In addition, there was an increase in demolition projects completed that contributed to increased revenues over the 2014 comparative period.

IFS revenue increased for the three months ended March 31, 2015 as a direct result of the acquisition completed in February 2014 combined with an additional acquisition completed in August 2014 which added a new geographic area, and an increased customer base. Sustained equipment utilization during a period of slower industry activity and the increased offering of complementary services, has positively impacted IFS revenues.

Environmental services revenue decreased for the three months ended March 31, 2015 as the revenue from this service line has a higher correlation to oil and gas drilling activity which was impacted by the decline in rig count of 41% from the 2014 comparative period.

Operating Expenses (OS division)

Operating expenses for the three months ended March 31, 2015 increased 27% to $21.8 million from $17.1 million for the 2014 comparative period. The increase is a direct result of the two acquisitions completed in February 2014, the two

acquisitions completed subsequent to the first quarter of 2014, and an overall increase in activity and revenues from the 2014 comparative period.

For the three months ended March 31, 2015, operating margins increased to 31% from 28% in the 2014 comparative period. The operating margin for the OS division is expected to fluctuate depending on the volume and type of projects undertaken and the blend of business between remediation and reclamation projects, demolition projects, pipeline integrity projects, site clean-up, and other services in any given period. The increase in margin over the 2014 comparative period is a result of an increase in demolition projects which contribute higher margins combined with the acquisition of the two rentals based businesses in February and August 2014, which typically achieve higher margins.

Depreciation and Amortization (OS division)

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
Depreciation	**1,901**	1,005	89
Amortization	**1,340**	880	52
Depreciation and amortization	**3,241**	1,885	72

Depreciation expense for the three months ended March 31, 2015 increased 89% to $1.9 million from $1.0 million in the comparative period of 2014. The increase in depreciation expense over the 2014 comparative period is due to the four acquisitions completed during 2014, and organic capital additions of various types of equipment.

Amortization expense for the three months ended March 31, 2015 increased 52% to $1.3 million from $0.9 million in the comparative period of 2014. The increase in amortization expense over the 2014 comparative period is a direct result of the four acquisitions completed in the OS division during 2014.

General and Administrative (OS division)

	Three Months Ended Mar 31,		
($000's)	**2015**	**2014**	**% Change**
General & Administrative (1)	**2,197**	1,632	35

[(1)] **Amounts have been reclassified in the comparative period to exclude non-cash share-based compensation.**

G&A expenses for the three months ended March 31, 2015 increased 35% to $2.2 million from $1.6 million in the comparative period of 2014. G&A expenses increased due to the four acquisitions completed in 2014, an increase in activity and operations in the division, and costs associated with moving to a new OS division office. G&A is expected to fluctuate based on the growth and activity of the division. G&A as a percentage of revenue was 7%, consistent with the 2014 comparative period.

SECURE energy services

OTHER INCOME AND EXPENSES

Corporate expenses

($000's)	Three Months Ended March 31, 2015	2014	% Change
Corporate general and administrative	1,487	2,355	(37)
Share-based compensation	6,118	2,598	135
Total general and administrative	7,605	4,953	54

Corporate G&A expenses for the three months ended March 31, 2015 decreased to $1.5 million from $2.4 million in the comparative period of 2014. Included in corporate expenses are all public company costs, salaries, and office costs relating to corporate employees and officers. The decrease for the three months ended March 31, 2015 is attributed to cost reduction measures taken in the first quarter of 2015 as a response to the reduction in oil and gas activity levels that included a 10% salary reduction taken by executives and fees paid to the Board of Directors.

Share-based compensation increased to $6.1 million from $2.6 million in the 2014 comparative period. Share-based compensation fluctuates based on timing of the grant of options, restricted share units (RSUs), performance share units (PSUs), and deferred share units (DSUs), the effects of vesting, and changes in share price. The annual grant of share-based awards was completed in January 2015 versus May 2014 therefore driving the increase in the expense for the three months ended March 31, 2015.

Business Development Expenses

($000's)	Three Months Ended March 31, 2015	2014	% Change
Business development	4,273	2,577	66
Deduct: Non-recurring items			
Severance & other related costs	(623)	-	100
Business Development less non-recurring items	3,650	2,577	42

Business development expenses for the three months ended March 31, 2015 increased to $4.3 million from $2.6 million in the comparative period of 2014. Business development expenses include prospect costs associated with organic and acquisition opportunities in Canada and the U.S., and research and development costs. Business development expenses increased for the three months ended March 31, 2015 due to non-recurring severance costs, prospect costs for potential new facility locations, and continued investment in research and development activities including trials of innovative tanks and drilling fluid systems in the DS division. In addition, Secure's business development team continued to advance certain organic projects and regulatory approvals to ensure they are project ready for the second half of 2015 or early 2016 to position Secure for continued market share growth, and expanded geographical presence.

Interest and Financing costs

($000's)	Three Months Ended March 31, 2015	2014	% Change
Interest and finance costs	3,570	1,638	118

Interest and financing costs for the three months ended March 31, 2015 increased to $3.6 million from $1.6 million in the 2014 comparative period.

The increase in interest and financing costs is a direct result of the increased average balance drawn on the credit facility for the three months March 31, 2015 that was $321.9 million compared to $189.7 million for the three months ended March 31, 2014.

Foreign Currency Translation Adjustment

	Three Months Ended March 31,		
($000's)	2015	2014	% Change
Foreign currency translation adjustment, net of tax	13,469	3,827	252

Included in Other Comprehensive Income ("OCI") is $13.5 million for the three months ended March 31, 2015 of foreign currency translation adjustments relating to the conversion of the financial results of the U.S. operations as at March 31, 2015. The U.S. dollar increased 9% in value relative to the Canadian dollar during the three months ended March 31, 2015. The foreign currency translation adjustment included in the consolidated statements of comprehensive income does not impact net earnings (loss) for the period.

Income Taxes

	Three Months Ended March 31,		
($000's)	2015	2014	% Change
Income taxes			
Current tax (recovery) expense	(451)	8,130	(106)
Deferred tax expense	1,230	709	73
	779	8,839	(91)

Income tax expense for the three months ended March 31, 2015 decreased to $0.8 million from $8.8 million in the 2014 comparative period. The decrease in the current income tax expense for the three months ended March 31, 2015 is due to the decrease in the Corporation's net earnings before income taxes from the 2014 comparative period. The increase in deferred income tax expense relates to a combination of changes in the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes compared to the amounts used for taxation purposes.

SIGNIFICANT PROJECTS

Secure's 2015 capital expenditure program included a number of significant projects. For a discussion of the Corporation's 2015 capital expenditure program, see "***Liquidity and Capital Resources***" in this MD&A.

GEOGRAPHICAL FINANCIAL INFORMATION

	Canada		USA		Total	
($000's)	2015	2014	2015	2014	2015	2014
Three Months Ended March 31						
Revenue	342,851	510,453	23,696	15,759	366,547	526,212
As March 31, 2015 and Dec 31, 2014						
Total non-current assets	1,029,983	1,006,518	190,353	177,480	1,220,336	1,183,998

Revenue from assets in the U.S. for the three months ended March 31, 2015 increased 50% from the comparative period of 2014. For the three months ended March 31, 2015, the increase in revenue relates to an increase in overall demand for the PRD division's services in the U.S. and the addition of new facilities and expansions at current facilities subsequent to the first quarter of 2014 which include: completion and commissioning of the Keene FST in the second quarter of 2014, Stanley FST in the third quarter of 2014, and 13 Mile FST in the first quarter of 2015. This increase was offset by a decline in industry activity in the U.S. market during the three months ended March 31, 2015.

U.S. based non-current assets as at March 31, 2015 of $190.4 million have increased 7% from $177.5 million as at December 31, 2014. The increase is a direct result of the conversion of the 13 Mile SWD into an FST which was commissioned during the quarter.

The Corporation now operates two SWDs in North Dakota, one landfill, three FSTs, offers fluids and solids equipment, and onsite services throughout the U.S. Rocky Mountain region. The Corporation opened its first FST in the U.S. in the first quarter of 2014, its second FST in the third quarter of 2014, and the 13 Mile FST conversion was commissioned in the first quarter of 2015. Commissioning of the FSTs in the U.S. provides a more diverse service offering, and has positively impacted Secure's presence in the U.S. market.

SUMMARY OF QUARTERLY RESULTS

Seasonality

Seasonality impacts the Corporation's operations. 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 and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. As a result, the movement of the heavy equipment required for drilling and well servicing activities may be restricted, and the level of activity of the Corporation's customers may be consequently reduced. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up. Historically, the Corporation's first, third and fourth quarters represent higher activity levels and operations. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter over quarter analysis of performance.

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

($000s except share and per share data)	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue (excluding oil purchase and resale)	169,652	224,523	208,743	155,690	205,632	155,427	153,868	85,530
Oil purchase and resale	196,895	353,561	390,671	412,249	320,580	232,522	289,892	252,323
Total Revenue	366,547	578,084	599,414	567,939	526,212	387,949	443,760	337,853
Net earnings (loss) for the period	(3,223)	(13,659)	14,756	6,564	22,989	11,545	12,036	(2,375)
Earnings (loss) per share - basic	(0.03)	(0.11)	0.12	0.06	0.20	0.10	0.11	(0.02)
Earnings (loss) per share - diluted	(0.03)	(0.11)	0.12	0.05	0.19	0.10	0.11	(0.02)
Adjusted net earnings (loss) [(1)]	993	14,553	16,867	6,564	22,989	11,701	12,487	(3,628)
Earnings (loss) per share adjusted - basic	0.01	0.12	0.14	0.06	0.20	0.11	0.11	(0.03)
Earnings (loss) per share adjusted - diluted	0.01	0.12	0.14	0.05	0.19	0.10	0.11	(0.03)
Weighted average shares - basic	122,689,850	121,266,210	120,048,665	118,489,217	117,235,063	110,706,772	108,648,873	106,824,753
Weighted average shares - diluted	122,689,850	123,479,368	123,736,572	121,757,066	120,436,149	113,700,987	111,500,617	106,824,753
Adjusted EBITDA [(1)]	40,161	55,980	58,229	40,393	56,691	42,108	41,541	14,158

[(1)] **Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information**

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with Secure's significant growth and acquisitions completed in the twelve months ended March 31, 2015 and 2014, variations in quarterly results extend beyond seasonal factors. While Secure has experienced increased demand for its services over the last eight quarters, the most significant impact relates to new facilities, expansions of existing facilities and acquisitions. However, the significant decrease in the price of crude oil and natural gas over the past few months and the continued volatility in pricing has significantly reduced the outlook for oil and gas industry activity. For 2015, the Corporation's customers have significantly reduced capital budgets in response to uncertainty in the price of crude oil and natural gas. The reductions have impacted the results for the first quarter of 2015 which are explained in the commentary provided under "Results of operations for the three months ended March 31, 2015".

With the exception of the above impact to the first quarter of 2015, each previous quarter was 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, DS, and OS division business assets and operations, please refer to the headings "Secure Energy Services Inc.", and "Description of Business" in the Corporation's AIF for the year ended December 31, 2014 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 since March 31, 2014 that have impacted the 2015 quarterly results: In the second quarter of 2014, the Corporation commissioned the Edson and Keene FSTs and completed three acquisitions including a mineral products plant, a drilling fluids business and an environmental contracting business. In the third quarter of 2014, the Corporation commissioned the Stanley FST, completed the acquisition of the assets of a rail transloading infrastructure business, and a rentals based business in the OS division. In the fourth quarter of 2014, the Corporation opened the Tulliby Lake Landfill and completed the acquisition of an oilfield service company that has proprietary technology products that provide high impact solutions for production, drilling and completion fluids. In the first quarter of 2015, the Corporation commissioned the Tulliby Lake FST, the 13 Mile FST conversion and the Rycroft FSR.

In addition to when the facility commenced operating activities or was acquired, the quarters were also impacted by the length of time required for several oil and natural gas producers to conduct their own individual audits of the facilities to ensure Secure meets all required internal specifications for disposal of oilfield waste. This process is conducted at all landfills, FSTs and SWDs before the producer will begin sending waste. Depending on the producer, this process can take several months.

By offering the oil purchase and resale service, Secure's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. The increases realized in the last eight quarters is a result of Secure becoming a single shipper at the Judy Creek FST in the third quarter of 2013. See the "Business Risks" section in this MD&A for further discussion on this service.

LIQUIDITY AND CAPITAL RESOURCES

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 has historically funded its operations, dividends and capital program primarily with equity financing, cash flow from operations and its credit facility. 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 increased cash flow so as to sustain future development of the business.

Cash Provided by Operations

	Three Months Ended March 31,		
($000's)	**2015**	**2014**	**% Change**
Funds from operations (1)	**36,225**	56,357	(36)

(1) Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

Funds from operations for the three months ended March 31, 2015 decreased to $36.2 million from $56.4 million in the 2014 comparative period. Funds from operations for the three month period ended March 31, 2015 was directly impacted by the significant slowdown in activity in the DS division mitigated by increased demand in the PRD division from new facility additions and expansions; and increased projects work in the OS division combined with the four strategic acquisitions completed during 2014.

Investing Activities

	Three months ended March 31,		
($000's)	**2015**	**2014**	**% Change**
Capital expenditures (1)			
Expansion and growth capital expenditures	**44,359**	49,834	(11)
Acquisitions	**-**	16,421	(100)
Sustaining capital expenditures	**1,314**	482	173
Total capital expenditures	**45,673**	66,737	(32)

(1) Refer to "Non GAAP measures and operational definitions" and "Additional GAAP measures" for further information

The Corporation's growth and expansion capital expenditures for the three months ended March 31, 2015 decreased to $44.4 million from $49.8 million in the comparative period of 2014. Capital expenditures for the three months ended March 31, 2015 are allocated as follows:

- $39.4 million in PRD growth and expansion capital:
    - 2014 carry over projects which were completed and commissioned in the first quarter of 2015: Tulliby Lake FST, 13 Mile FST conversion, and the Rycroft FSR;
    - Pre-development for new facility locations;
    - Various expansions at existing facilities to increase capacity; and
    - Drilled two disposal wells; and
- $0.4 million for long lead equipment and pre-spend for engineering and design for 2015 and 2016 capital projects; and
- $4.6 million for rental equipment for specific OS division projects and other miscellaneous capital expenditures.

For the three months ended March 31, 2015 acquisitions were $nil compared to $16.4 million in the 2014 comparative period. In the first quarter of 2014, the Corporation completed two acquisitions in the OS division for $16.4 million in cash consideration, with assets that contributed to the Corporation's IFS service line and established an OS market presence in the U.S.

Sustaining capital or maintenance capital refers to capital expenditures in respect of capital asset additions, or replacements required to maintain ongoing business operations. The determination of what constitutes sustaining capital expenditures versus expansion and growth capital involves judgment by management. During the three month period ended March 31, 2015, sustaining capital was $1.3 million compared to $0.5 million for the 2014 comparative period. Sustaining capital is typically minimal in the first two years of operation of a facility because each facility is constructed with new equipment or refurbished equipment. Sustaining capital typically relates to pump and riser replacements or upgrades. As a facility matures, the amount of sustaining capital required will increase.

Financing Activities

	Three Months Ended March 31,		
($000's)	2015	2014	% Change
Issue of common shares, net of share issue costs	194,730	3,786	5,043
Net (repayment) draw on revolving credit facility	(151,000)	59,500	(354)
Dividends paid	(7,291)	(4,392)	66
Net cash flow from financing activities	36,439	58,894	(38)

On March 24, 2015, the Corporation closed a bought deal financing with a syndicate of underwriters for the purchase of 13,515,370 common shares (including overallotment) of the Corporation at a price of $14.65 per common share for gross proceeds of $198.0 million. In connection with the offering, the Corporation incurred approximately $8.2 million in transaction costs and agent fees. These costs, net of tax, were applied against the proceeds in share capital during the three months ended March 31, 2015.

In addition, the increase of common shares relates to the exercising of options in accordance with the Corporation's share-based compensation plan (the "Plan"). Under the Plan, the Corporation may grant share options to its employees and directors for up to 10% of the issued and outstanding common shares of the Corporation calculated on a non-diluted basis at the time of grant. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant. Lastly, the increase relates to the vesting of RSUs in accordance with the Corporation's RSU plan in which common shares were issued. RSUs issued vest in three equal portions on the first, second and third anniversary of the grant date and are settled in common shares of the Corporation.

As at March 31, 2015, the Corporation had drawn $247.5 million on its credit facility compared to $220.0 million as at March 31, 2014. The amount drawn on the credit facility relates to capital expenditures and working capital requirements. Working capital in the DS division, specifically inventory, requires certain minimum levels to be held in order to meet the needs of customers for the active winter drilling season. The Corporation had $437.9 million available under its credit facility as at March 31, 2015. The Corporation is well positioned, based on the available amount of its credit facility and expected funds from operations, to execute on the 2015 capital program. At March 31, 2015, the Corporation was in compliance with all covenants.

At March 31, 2015, the Corporation had issued approximately $14.6 million in letters of credit and approximately $12.6 million of performance bonds to various environmental regulatory authorities in Alberta and British Columbia and letters of credit related to certain crude oil marketing contracts.

During the three months ended March 31, 2015, the Corporation paid dividends of $7.3 million to holders of common shares. Of the dividends declared for the three months ended March 31, 2015, $1.0 million was reinvested in additional common shares through the Corporation's Dividend Reinvestment Plan ("DRIP").

Subsequent to March 31, 2015, the Corporation declared dividends to holders of common shares in the amount of $0.02 per common share payable on April 15, 2015 and May 15, 2015, for shareholders of record on April 1, 2015 and May 1, 2015, respectively.

Contractual Obligations

The Corporation has a total of $300.7 million in commitments, excluding the above commitment relating to the credit facility. The $300.7 million includes commitments for operating and finance lease agreements primarily for heavy equipment, vehicles, land leases and office space and rail car operating leases as a result of the acquisition of rail transloading infrastructure in August 2014; committed crude oil volumes for pipeline throughput at certain of the Corporation's pipeline connected FSTs reflecting the total payment required should the corporation not fulfill the committed pipeline volumes; capital commitments relating to purchases for use in the Corporation's current and future capital projects, and inventory purchase commitments for use in the normal course of operations. Overall, the Corporation has sufficient funds from operations and availability through the credit facility to meet upcoming commitments.

	Payments due by period			
($000's)	1 year or less	1-5 years	5 years and thereafter	Total
Finance leases	10,940	10,923	-	21,863
Operating leases	9,035	24,970	7,576	41,581
Crude oil transportation	24,763	94,216	70,255	189,234
Inventory purchases	8,775	35,100	-	43,875
Capital commitments	2,905	-	-	2,905
Earn out payments	1,274	-	-	1,274
Total commitments	57,692	165,209	77,831	300,732

In the normal course of operations, the Corporation is committed to the purchase and sale of volumes of commodities for use in the Corporation's operations and crude oil marketing activities. In addition, the Corporation is committed over the next 12 months to purchasing oil and non-oil commodities for use in the normal course of operations of the DS and PRD divisions.

OUTSTANDING SHARE CAPITAL

As at May 7, 2015, there were 136,115,482 Common Shares issued and outstanding. In addition as at May 7, 2015, there were 7,892,974 share options outstanding, of which 2,921,161 were exercisable, 1,545,347 RSUs outstanding, of which nil were redeemable, and 152,228 PSUs outstanding, of which nil were redeemable.

OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2015 and 2014, the Corporation did not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the three months ended March 31, 2015, the Corporation earned $4.8 million of revenue and incurred $0.5 million of expenses with related parties. Related parties include companies that have common directors, officers, employees and shareholders. The nature of the expenses relate to operating and general and administrative expenses for use in the Corporation's PRD, DS and OS divisions. Amounts are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the three months ended March 31, 2015, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2014 - $nil). This assessment is undertaken each financial reporting period through examining the financial position of the related party and the market in which the related party operates.

ACCOUNTING POLICIES

Secure's significant accounting policies are set out in Note 2 of the Corporation's annual audited financial statements for the year ended December 31, 2014.

FINANCIAL AND OTHER INSTRUMENTS

As at March 31, 2015, the Corporation's financial instrument assets include cash, accounts receivables and accrued receivables. The Corporation's financial instrument liabilities include accounts payable and accrued liabilities, and long term borrowings. The fair values of these financial instruments approximate their carrying amount due to the short term maturity of these instruments except long term borrowings. Long term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to foreign currency exchange rates or crude oil differentials. Fair values of derivative contracts fluctuate depending on the underlying estimates of future foreign currency exchange rates or the underlying estimates of crude oil differentials. The estimated fair value of all derivative financial instruments are based on observable market data. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, and market risk. A discussion of how these and other risks are managed can be found in the "Business Risk" section of this MD&A. 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.

There are no off-balance sheet arrangements. Of the Corporation's financial instruments, only accounts receivable represent credit risk. 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. Management views the credit risk related to accounts receivable as low. Funds drawn under the credit facility bear interest at a floating interest rate. Therefore, to the extent that the Corporation borrows under this facility, the Corporation is at risk to rising interest rates. The Corporation is also exposed to credit risk with respect to its cash. However, the risk is minimized as all cash is held at a major Canadian financial institution.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the preparation of the Corporation's condensed 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 condensed consolidated financial statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Corporation's condensed consolidated financial statements have been set out in the Corporation's MD&A for the year ended December 31, 2014 and the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2014. Effective January 1, 2015, Secure reassessed the useful lives of property, plant and equipment based on the current condition of the assets taking into consideration the operating history of the assets. As a result of this change, Secure anticipates a decrease in depreciation and depletion expense for the quarter of $6.8 million and approximately $27.2 million for the year ended December 31, 2015, notwithstanding additions during the year. Secure could not determine the effect of the change in estimate for future periods beyond 2015 as the information will not be meaningful as capital expenditures for future periods and timing of new facilities being commissioned are subject to a high level of uncertainty.

FUTURE ACCOUNTING PRONOUNCEMENTS

For the three months ended March 31, 2015, there were no revised standards or amendments to IFRS issued.

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

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

DC&P are designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO by others, particularly in the period in which the annual filings are being prepared, and that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified in securities legislation, and includes controls and procedures designed to ensure

that such information is accumulated and communicated to the Corporation's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Corporation follows the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework.

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On December 21, 2007, Tervita Corporation (formerly known as CCS Inc.) ("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 $37.9 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the Competition Act (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. As a result of the Corporation's application to the Chief Justice of the Alberta Queen's Bench, the Corporation has received permission of the Court to increase the Counterclaim to $97.8 million. The amended counterclaim will now include damages related to Tervita's acquisition of Complete Environmental Inc., the previous owner of the Babkirk landfill in northeast British Columbia. The Corporation contends that Tervita purchased the landfill with the intention of maintaining its geographic monopoly and conspiring to cause injury to the Corporation. A decision to that effect by the Competition Tribunal of Canada was reviewed by the Supreme Court of Canada. On January 22, 2015 the Supreme Court of Canada overturned the Federal Court of Appeal and decided in Tervita's favour. The conclusion of the action taken by the Competition Bureau does not bar Secure from pursuing the civil remedies available to it on its counterclaim as filed in the Queen's Bench of Alberta.

The Corporation is a defendant and plaintiff in 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.

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: corporate strategy; goals; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector,

including market fundamentals and the impact to each division on revenue and operating margins, drilling levels, commodity prices for oil, natural gas liquids ("NGLs") and natural gas; industry fundamentals for the second, third and fourth quarters of 2015; capital forecasts and spending by producers; demand for the Corporation's services; expansion strategy; the impact of the reduction in oil and gas activity on 2015 activity levels; revenue and operating margin for the PRD, DS and OS divisions; the amount of the revised 2015 capital program; the amounts of the PRD, DS and OS divisions' proposed 2015 capital budgets and the intended use thereof; debt service; capital expenditures; completion of facilities; the impact of new facilities on the Corporation's financial and operational performance; future capital needs; access to capital; acquisition strategy; anticipated commissioning of the water recycling at South Grande Prairie FST, and the recovery of hydrocarbons technology.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as the assumption that increases in market activity and growth will be consistent with industry activity in Canada, and the U.S. and growth levels in 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 favourable 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 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 service industry will result in increased demand for the Corporation's services and its subsidiary's 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 and under the heading "Business Risks" and under the heading "Risk Factors" in the Corporation's AIF for the year ended December 31, 2014. 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 Secure's AIF, is available on SEDAR at www.sedar.com and on the Corporation's website at www.secure-energy.com.