MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Nine Months ended September 30, 2016 and 2015

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 November 3, 2016. 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 nine months ended September 30, 2016 to the three and nine months ended September 30, 2015 and should be read in conjunction with the Corporation's condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2016 and 2015 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2015 and 2014 ("Annual 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 services 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, shipping and marketing of crude oil, oilfield waste disposal and recycling. More specifically these services are clean oil terminalling and rail transloading, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service. 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 full service rail facilities ("FSR").

DRILLING AND PRODUCTION SERVICES DIVISION ("DPS")

The DPS division, formerly referred to as the Drilling Services or DS division, provides equipment and product solutions 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 wellsites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.); Environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, Naturally Occurring Radioactive Material ("NORM") management, waste container services and emergency response services; and Integrated Fluid Solutions ("IFS") which include water management, recycling, pumping and storage solutions.

For a complete description of services provided in the PRD, DPS and OS divisions, please refer to the headings '*Secure Energy Services Inc.*', '*Description of Business*' in the Corporation's annual information form for the year ended December 31, 2015 ("AIF").

OPERATIONAL AND FINANCIAL HIGHLIGHTS

For the three months ended September 30, 2016, Secure realized Adjusted EBITDA[1] of $27.4 million, demonstrating continued resilience during a period of reduced oil and gas activity levels. Unseasonably wet weather conditions and continuing weak commodity prices hampered industry activity across Western Canada during the third quarter. Compared to the prior year, during the three months ended September 30, 2016, industry rig counts were down 35% and metres drilled declined 31%, impacting both the DPS and PRD divisions. Additionally, wet weather caused project work delays within the OS division as site access was restricted. However, the impact of these factors was partially mitigated by ongoing production related volumes in the PRD division, the addition of new facilities, a continued focus on cost controls, and diversification of services offered across the Corporation.

During the quarter, Secure continued to expand its market presence with the opening of the new Kakwa FST located south of Grande Prairie. Secure also closed an acquisition resulting in an increase in Secure's ownership of the La Glace and Judy Creek FSTs to 100% (the "JV Acquisition"). Secure is continuing to seek out and evaluate opportunities to organically build or acquire assets that will provide meaningful growth for 2017 and beyond.

Throughout 2016, Secure has achieved numerous operational successes; as a result, the Corporation has continued to generate positive funds from operations during the extended downturn in oil and gas activity and relatively poor price environment, demonstrating that positive cash flows from operating activities are sustainable at the current oil and gas price and activity levels with its current midstream infrastructure. Some of these operational highlights to date in 2016 include:

- Completing construction of the Kakwa FST, a facility that was designed and constructed to meet specific customer requirements in a capacity constrained region;
- Expanding Secure's midstream facility network in Saskatchewan through the acquisition of all of the operating assets of PetroLama Energy Inc. and the expansion of the Corporation's Kindersley FST to increase storage and services, expected to be completed in late 2016;
- Increasing capacity to meet demand at various existing facilities by adding additional tanks and disposal wells, and expanding landfill cells;
- Performing various drilling, completion, production and remediation services for ten of the most active drillers in Western Canada;
- Gaining customer traction with the DPS division's new production chemicals and enhanced oil recovery service line;
- Working with customers in the Alberta Deep Basin and Duvernay Formation on water recycling, storage and logistics.

The Corporation's strong balance sheet has allowed Secure to maintain a monthly dividend, pursue accretive acquisition opportunities, and continue investing in organic capital projects in capacity constrained regions. At September 30, 2016, Secure's net debt[1] was $86.8 million, and the Corporation is operating well within its credit facility covenant restrictions. The Corporation continues its disciplined approach to maintaining a strong balance sheet to effectively manage the business through a period of lower commodity pricing and industry activity. As a result of this approach, Secure has maintained a debt to EBITDA ratio, as defined by the Corporation's credit facility, of 2.1 at September 30, 2016, well below other oilfield service providers during the extended downturn in oil and gas activity.

The financial highlights for the three and nine months ended September 30, 2016 and 2015 can be summarized as follows:

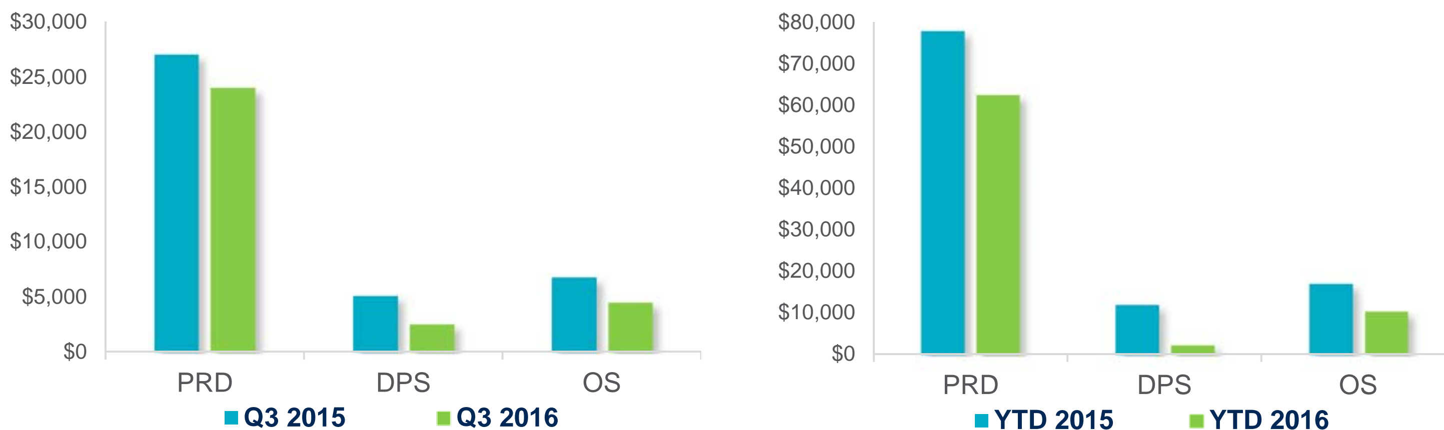
[1] Refer to the '*Non-GAAP Measures*' section herein.

($000's except share and per share data)	Three months ended Sept 30, 2016	2015	% change	Nine months ended Sept 30, 2016	2015	% change
Revenue (excludes oil purchase and resale)	**100,160**	148,943	(33)	**268,575**	431,128	(38)
Oil purchase and resale	**301,640**	184,393	64	**610,965**	625,324	(2)
Total revenue	**401,800**	333,336	21	**879,540**	1,056,452	(17)
Adjusted EBITDA [1]	**27,431**	35,362	(22)	**61,054**	94,844	(36)
Per share ($), basic	**0.17**	0.26	(35)	**0.40**	0.72	(44)
Net loss	**(8,121)**	(53,042)	(85)	**(38,868)**	(73,045)	(47)
Per share ($), basic and diluted	**(0.05)**	(0.39)	(87)	**(0.25)**	(0.55)	(55)
Adjusted net loss [1]	**(7,617)**	(1,563)	387	**(36,681)**	(15,516)	136
Per share ($), basic	**(0.05)**	(0.01)	400	**(0.24)**	(0.12)	100
Funds from operations [1]	**26,499**	29,808	(11)	**56,602**	83,055	(32)
Per share ($), basic	**0.17**	0.22	(23)	**0.37**	0.63	(41)
Dividends per common share	**0.06**	0.06	-	**0.18**	0.18	-
Capital expenditures [1]	**39,624**	27,421	45	**135,469**	88,159	54
Total assets	**1,406,641**	1,400,438	-	**1,406,641**	1,400,438	-
Net debt [1]	**86,811**	143,547	(40)	**86,811**	143,547	(40)
Common Shares - end of period	**159,930,448**	137,297,777	16	**159,930,448**	137,297,777	16
Weighted average common shares - basic and diluted	**159,618,869**	136,944,300	17	**152,715,722**	131,992,359	16

[1] **Refer to "*Non-GAAP measures*", "*Additional subtotals*" and "*Operational definitions*" for further information.**

- REVENUE OF $401.8 MILLION AND $879.5 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016
  - Total processing, recovery and disposal volumes at PRD facilities for the three and nine months ended September 30, 2016 decreased over the 2015 comparative periods as poor weather conditions and continued low oil prices negatively impacted volumes at PRD facilities from drilling and completion related activities. The impact of the above to the PRD division's revenue was partially mitigated by ongoing production related volumes and the addition of facilities in 2015 and 2016 to date, which included the construction and commissioning of Tulliby Lake FST, Kakwa FST, Big Mountain SWD, and Wonowon SWD, the conversion of the Rycroft FSR to include water disposal services, the conversion of 13 Mile from an SWD to an FST, the acquisition of the Alida crude oil terminalling facility from PetroLama Energy Canada Inc. in June 2016, and the JV Acquisition in July 2016. Overall, this resulted in the PRD division achieving revenue (excluding oil purchase and resale) of $50.7 million and $136.8 million, down 17% and 27% from the 2015 comparative periods;
  - Oil purchase and resale revenue in the PRD division for the three and nine months ended September 30, 2016 increased by 64% and decreased by 2% from the 2015 comparative periods to $301.6 million and $611.0 million, respectively. The increase in the three months ended September 30, 2016 is primarily due to additional oil purchase and resale volumes related to the newly acquired Alida facility and the increased ownership in the Judy Creek and La Glace FSTs;
  - Activity in the DPS division is strongly correlated with oil and gas drilling activity in the Western Canadian Sedimentary Basin ("WCSB"), where the rig count in the three and nine months ended September 30, 2016 decreased by 35% and 44% from the respective 2015 comparative periods. As a result of these decreased activity levels and pricing pressures, DPS division revenue less non-recurring items (refer to "*Non-GAAP measures*") decreased by 45% and 46% to $26.8 million and $73.3 million in the three and nine months ended September 30, 2016;
  - OS division revenue decreased 37% and 38% in the three and nine months ended September 30, 2016 from the 2015 comparative periods to $22.7 million and $58.5 million, respectively. The decrease is primarily due to reduced Projects revenue resulting from two significant jobs in the nine months ended September 30, 2015 for which there was no equivalents to date in 2016, wet weather conditions in the third quarter restricting site access and delaying job starts, and lower completion activities given the poor weather conditions and low oil price. The impact to revenue was partially mitigated by new service offerings and geographic expansion.

- ADJUSTED EBITDA OF $27.4 MILLION AND $61.1 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016
  - Adjusted EBITDA of $27.4 million for the three and nine months ended September 30, 2016 was driven by certain service lines that are not as heavily impacted by drilling and completion activity. Additionally, Secure has streamlined operations which has resulted in strong operating margins (refer to "*Non-GAAP measures*") and decreased fixed costs across the Corporation's cost structure. As a result, Adjusted EBITDA decreased 22% and 36% from the same periods in 2015.
  - The following graph demonstrates the divisional contributions to Adjusted EBITDA, excluding Corporate costs, for the three and nine months ("Q3" and "YTD", respectively) ending September 30, 2016 and 2015.



  - Adjusted EBITDA for the three and nine months ended September 30, 2016 was impacted by unseasonable weather conditions causing a reduction in drilling and completion activity throughout the WCSB which most heavily impacted the DPS division as the majority of operations are currently tied to drilling operations. The decrease in the PRD division was partially offset by ongoing production related volumes, the construction of new facilities in 2015 and 2016 and expansions at certain of the Corporation's existing facilities in the past year, the PetroLama and JV Acquisitions, and cost saving initiatives implemented in 2015 and 2016 which has resulted in a strong operating margin and reduced general and administrative costs. The decrease in the OS division due to project work delays resulting from wet weather, and reduced services correlated to completions activity was somewhat mitigated by geographic expansion, new and diversified service lines and integrated service offerings.
- NET LOSS OF $8.1 MILLION AND $38.9 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016
  - For the three and nine months ended September 30, 2016, Secure's net loss of $8.1 million and $38.9 million improved 85% and 47% compared to net losses of $53.0 million and $73.0 million in the three and nine months ended September 30, 2015. The decrease in net loss is primarily a result of a $62.8 million non-cash impairment charge recorded in the third quarter of 2015 in response to the decrease in commodity prices and industry activity levels in the prior year. No impairment has been recorded in 2016 to date.
- ADJUSTED NET LOSS OF $7.6 MILLION AND $36.7 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016
  - For the three and nine months ended September 30, 2016, Secure's adjusted net loss of $7.6 million and $36.7 million increased from $1.6 million and $15.5 million in the three and nine months ended September 30, 2015 primarily as a result of the factors discussed above impacting Adjusted EBITDA, partially offset by lower general and administrative expenses and business development expenses as the Corporation is realizing the cost saving initiatives implemented in 2015 and 2016. Secure has reduced personnel levels to match current industry activity levels, as well as reduced discretionary spending and streamlined and consolidated support functions where possible.

- CAPITAL EXPENDITURES OF $39.6 MILLION AND $135.5 MILLION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016
  - Excluding business acquisitions, capital expenditures for the three and nine months ended September 30, 2016 of $12.9 million and $47.2 million relates primarily to:
    - Construction of the Kakwa FST, which opened in August 2016;
    - Disposal well additions at the Kaybob and Big Mountain SWD facilities;
    - Landfill cell expansion at the Grande Prairie landfill;
    - Sustaining capital expenditures at existing facilities required to maintain ongoing business operations.
- PETROLAMA ACQUISITION
  - On June 1, 2016, Secure closed the acquisition of all the operating assets (excluding working capital) of PetroLama Energy Canada Inc. ("PetroLama Acquisition"). The main asset acquired by the Corporation from PetroLama is a crude oil terminal in Alida, Saskatchewan which is connected to the 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.
  - The PetroLama Acquisition provides Secure with an attractive entry point into the southeast Saskatchewan midstream market. Secure has expanded its market presence and enhanced its service offering for continued midstream growth. The Alida terminal, a facility constructed in 2013, is uniquely positioned for sustainable cash flow generation in a new market area. Secure expects to leverage PetroLama's existing business into further growth opportunities and build upon PetroLama's relationships with oil producers, marketers and refiners with its breadth of oil and gas services. Secure expects its size and strong history of operational expertise in the PRD division will allow the Corporation to achieve certain operating efficiencies.
  - The purchase price was paid with $61.7 million in cash and the balance of $5.9 million through the issuance of 664,972 common shares of the Corporation ("Common Shares"), and included $13.8 million of crude oil inventory stored at Cushing, Oklahoma. The value of the oil inventory fluctuates with oil prices and the U.S. dollar. At September 30, 2016, the oil inventory was valued at $14.1 million and is hedged with futures contracts.
- JV ACQUISITION
  - On July 12, 2016, Secure completed the acquisition of the outstanding 50% interest in all of the joint venture assets of the La Glace and Judy Creek facilities, increasing Secure's interest in these facilities to 100%.
  - The purchase price of $26.6 million included working capital and was funded through existing capacity under the Corporation's credit facility. The JV Acquisition relieves Secure of the administrative requirements of operating the facilities under a joint venture structure, while adding additional cash flow from an increase in ownership in the facilities.

- FINANCIAL FLEXIBILITY
  - On March 22, 2016, the Corporation completed a bought deal common share financing (the "Offering"), issuing a total of 19,550,000 Common Shares at a price of $7.65 per Common Share for gross proceeds of $149.6 million. Proceeds of the Offering have been used to repay outstanding debt and fund the cash portion of the PetroLama Acquisition and JV Acquisition, with the remaining balance expected to be used to fund capital expenditures, for other strategic acquisition opportunities, and/or general working capital purposes.
  - The total amount drawn on Secure's credit facility as at September 30, 2016 decreased 23% to $202.0 million compared to $262.0 million at December 31, 2015. The Corporation strengthened its balance sheet and increased its financial flexibility to take advantage of opportunities during the current low commodity price environment.
  - Secure is in compliance with all covenants related to its credit facility at September 30, 2016. Secure's debt to trailing twelve month EBITDA ratio, 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 2.1 as at September 30, 2016 compared to 2.2 as at December 31, 2015. The Corporation is required under its credit facility to maintain a debt to EBITDA ratio of less than 3.5 to 1.0.
  - As at September 30, 2016, the Corporation had $462.4 million available under its credit facility, subject to maintaining the debt to EBITDA ratio described above.

OUTLOOK

Activity levels during the third quarter of 2016 were impacted by unseasonably wet weather conditions. This, combined with the continued weak commodity price environment, resulted in decreased drilling and completion activity compared to the prior year. However, activity levels did continue to ramp up throughout the third quarter, and Secure anticipates a further increase in activity levels during the fourth quarter as customers work to complete their 2016 capital spending targets. The fourth quarter results will also be partially impacted positively or negatively depending on the start of the typical December holiday drilling slow-down. As it appears commodity prices have bottomed earlier this year, Secure expects an increase in oil and gas producers' capital budgets for 2017 over 2016, which will drive higher activity levels and benefit all three of the Corporation's divisions. Additionally, the industry trend towards drilling longer and more challenging wells which require specialty drilling fluids is expected to continue to benefit the DPS division.

During the remainder of the year and into 2017, the Corporation will continue its prudent approach to both acquisitions and organic capital spending. The Corporation will continue to increase capacity to meet demand at current facilities by adding additional tanks, disposal wells and expansion landfill cells. Secure estimates total organic capital expenditures of approximately $65 million in 2016, up from previous estimates of $50 million. The increase relates primarily to an expansion at the Kindersley FST to increase storage and throughput capacity, an additional cell added to the Corporation's Fox Creek landfill, and various sustaining projects at existing facilities. In 2017, the Corporation anticipates that capital opportunities at existing facilities will be comparable to 2016 spending of $65 million. However, capital spend could increase above $65 million as the Corporation responds to customer demand and continued evaluation of multiple opportunities. Secure will also continue to evaluate and assess further acquisition opportunities and/or partnership opportunities that provide strategic advantages which may increase anticipated spending.

Overall, Secure has a solid balance sheet and is well positioned to respond with solutions and the right people to the market's needs today. Secure continues to work with its customers to support their requirements relating to new facilities, disposal wells, landfill expansions and specialized equipment. Secure's key priorities for success during the remainder of 2016 and throughout 2017 include:

- Working with partners to reduce the overall cost structure, gain efficiencies and provide new services;
- Maintaining financial flexibility;
- Leveraging on all three operating divisions to gain efficiencies for customers for drilling, completion, production and remediation services;
- Gaining further traction on new services and products associated with production chemicals and chemical enhanced oil recovery ("EOR");
- Working with customers on water recycling, storage and logistics. This market continues to expand as producers understand the need to access water sources and reuse fluids during completion activities; and
- Expanding Secure's midstream facility network.

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 are considered non-recurring in nature. In this MD&A, the Corporation has added back the following non-recurring items: severance payments to terminated employees, certain non-recurring inventory impairments, and Restructuring, as defined in the '*Operational Definitions*' section. Adjusted EBITDA is not a recognized measure under IFRS.

Management believes that in addition to net earnings, 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 non-recurring in nature or outside of the normal course of business. The following table reconciles the Corporation's net loss to Adjusted EBITDA.

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2016	2015	% Change	2016	2015	% Change
Net loss	(8,121)	(53,042)	(85)	(38,868)	(73,045)	(47)
Add (deduct):						
Depreciation, depletion and amortization	26,034	27,492	(5)	76,178	78,598	(3)
Current tax recovery	(448)	(542)	(17)	(11,693)	(6,344)	84
Deferred tax expense	81	(14,525)	(101)	5,966	(7,616)	(178)
Share-based compensation	6,746	3,747	80	17,599	15,875	11
Impairment	-	62,776	(100)	-	62,776	(100)
Interest, accretion and finance costs	2,448	2,665	(8)	8,876	9,634	(8)
Unrealized losses on mark to market transactions [1]	573	-	100	412	-	100
Restructuring (Drilling Services U.S.) [1]	-	4,984	(100)	-	8,224	(100)
Inventory impairment [1]	-	-	-	-	1,970	(100)
Severance and related costs [1]	118	1,807	(93)	2,584	4,772	(46)
Adjusted EBITDA	27,431	35,362	(22)	61,054	94,844	(36)

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

Operating margin

Operating margin is calculated as the difference between revenue less non-recurring items and direct expenses less non-recurring items. In this MD&A, the Corporation has added back the following non-recurring items: severance payments to terminated employees, certain non-recurring inventory impairments, and Restructuring, as defined in the '*Operational Definitions*' section. Operating margin is not a recognized measure under IFRS. Management analyzes operating margin as a percentage of revenue less non-recurring items and 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 loss per the Interim Financial Statements to operating margin.

($000's)	Three months ended Sept 30, 2016	2015	% Change	Nine months ended Sept 30, 2016	2015	% Change
Operating loss	(6,040)	(2,668)	126	(35,719)	(14,595)	145
Add:						
Depreciation, depletion and amortization	26,034	27,492	(5)	76,178	78,598	(3)
General and administrative expenses	10,855	16,207	(33)	33,181	49,272	(33)
Share-based compensation	6,746	3,747	80	17,599	15,875	11
Business development expenses	1,185	2,694	(56)	4,136	9,238	(55)
Restructuring (Drilling Services U.S.)	-	3,481	(100)	-	4,183	(100)
Inventory impairment	-	-	-	-	1,970	(100)
Severance and related costs	55	381	(86)	1,614	1,332	21
Operating margin	38,835	51,334	(24)	96,989	145,873	(34)

Revenue, direct expenses and general and administrative expenses less non-recurring items

The Corporation uses the non-GAAP measures revenue less non-recurring items and direct expenses less non-recurring items in order to calculate operating margin (see above for more information). Additionally, the Corporation uses the non-GAAP measure general and administrative ("G&A") expenses less non-recurring items in assessing divisional performance. G&A expenses less non-recurring items as a percentage of divisional revenue less non-recurring items is utilized by management in assessing cost control. In this MD&A, the Corporation has added back the following non-recurring items: severance payments to terminated employees, certain non-recurring inventory impairments, and Restructuring, as defined in the '*Operational Definitions*' section.

Please refer to the divisional discussions within '*Results of operations for the three and nine months ended September 30, 2016*' for reconciliations of these non-GAAP measures to the nearest GAAP measure. These non-GAAP measures do not have standardized meanings under IFRS.

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 charges that are non-recurring and non-cash impairments on non-current assets as these items are outside of the Corporation's normal course of business. Adjusted net loss is not a recognized measure under IFRS. The following table outlines these non-recurring items, which have been tax effected accordingly.

($000's)	Three months ended Sept 30, 2016	2015	% Change	Nine months ended Sept 30, 2016	2015	% Change
Net loss	(8,121)	(53,042)	(85)	(38,868)	(73,045)	(47)
Adjustments, net of estimated tax effect:						
Impairment	-	46,454	(100)	-	46,454	(100)
Unrealized losses on mark to market transactions	418	-	100	301	-	100
Restructuring (Drilling Services U.S.)	-	3,688	(100)	-	6,086	(100)
Inventory impairment	-	-	-	-	1,458	(100)
Severance and related costs	86	1,337	(94)	1,886	3,531	(47)
Adjusted net loss	(7,617)	(1,563)	387	(36,681)	(15,516)	136

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 finance lease liabilities, less the working capital surplus. Working capital surplus is calculated as current assets less current liabilities.

($000's)	Sept 30, 2016	Dec 31, 2015	% Change
Long-term borrowings (principal amount)	202,000	262,000	(23)
Long-term finance lease liabilities	4,535	7,041	(36)
Current liabilities	136,736	97,134	41
Current assets	(256,460)	(212,912)	20
Net debt	86,811	153,263	(43)

ADDITIONAL SUBTOTALS

The additional subtotals described below do not have a standardized meaning and therefore may not be comparable with the calculation of similar measures for other entities.

Funds from operations

Funds from operations refer to cash flow from operations before changes in non-cash working capital, interest and income taxes paid/recovered, and asset retirement obligations incurred. Secure's management views funds from operations as a key measure of liquidity and believes that funds from operations is a metric used by many investors to assess the financial performance of the Corporation. The following table reconciles net cash flows from operating activities to funds from operations.

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2016	2015	% Change	2016	2015	% Change
Net cash flows from operating activities	17,043	6,586	159	81,321	91,251	(11)
Add:						
Interest paid	2,164	2,215	(2)	5,789	7,533	(23)
Income taxes (recovered) paid	(14,284)	1,468	(1,073)	(12,500)	11,248	(211)
Non-cash working capital changes	21,361	19,354	10	(18,541)	(27,276)	(32)
Asset retirement obligations incurred	215	185	16	533	299	78
Funds from operations	26,499	29,808	(11)	56,602	83,055	(32)

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 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.

Restructuring

Restructuring in the comparative period includes the operating results related to drilling services operations in the U.S. as these operations were wound down in the latter part of 2015.

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.

SECURE energy services

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016

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 nine months ended September 30, 2016:

($000's)

Three months ended Sept 30, 2016	PRD division	DPS division	OS division	Corporate	Total
Revenue	352,309	26,824	22,667	-	401,800
Direct expenses	(324,962)	(21,617)	(16,441)	-	(363,020)
Gross margin	**27,347**	**5,207**	**6,226**	**-**	**38,780**
General and administrative expenses	(3,963)	(2,652)	(1,729)	(2,511)	(10,855)
Share-based compensation	-	-	-	(6,746)	(6,746)
Business development expenses	-	-	-	(1,185)	(1,185)
Depreciation, depletion and amortization	(17,596)	(5,030)	(3,132)	(276)	(26,034)
Interest, accretion and finance costs	(349)	-	-	(2,099)	(2,448)
Earnings (loss) before tax	**5,439**	**(2,475)**	**1,365**	**(12,817)**	**(8,488)**

Nine months ended Sept 30, 2016	PRD division	DPS division	OS division	Corporate	Total
Revenue	747,790	73,266	58,484	-	879,540
Direct expenses	(676,780)	(63,740)	(43,645)	-	(784,165)
Gross margin	**71,010**	**9,526**	**14,839**	**-**	**95,375**
General and administrative expenses	(9,965)	(8,355)	(4,628)	(10,233)	(33,181)
Share-based compensation	-	-	-	(17,599)	(17,599)
Business development expenses	-	-	-	(4,136)	(4,136)
Depreciation, depletion and amortization	(48,725)	(16,423)	(10,130)	(900)	(76,178)
Interest, accretion and finance costs	(1,283)	-	-	(7,593)	(8,876)
Earnings (loss) before tax	**11,037**	**(15,252)**	**81**	**(40,461)**	**(44,595)**

($000's)

Three months ended Sept 30, 2015	PRD division	DPS division	OS division	Corporate	Total
Revenue	245,274	52,020	36,042	-	333,336
Direct expenses	(213,321)	(45,354)	(27,189)	-	(285,864)
Gross margin	**31,953**	**6,666**	**8,853**	**-**	**47,472**
General and administrative expenses	(5,788)	(7,271)	(2,049)	(1,099)	(16,207)
Share-based compensation	-	-	-	(3,747)	(3,747)
Business development expenses	-	-	-	(2,694)	(2,694)
Depreciation, depletion and amortization	(18,124)	(5,757)	(3,471)	(140)	(27,492)
Interest, accretion and finance costs	(418)	-	-	(2,247)	(2,665)
Impairment	(57,262)	(5,514)	-	-	(62,776)
Earnings (loss) earnings before tax	**(49,639)**	**(11,876)**	**3,333**	**(9,927)**	**(68,109)**

Nine months ended Sept 30, 2015	PRD division	DPS division	OS division	Corporate	Total
Revenue	812,887	149,923	93,642	-	1,056,452
Direct expenses	(717,984)	(129,733)	(70,347)	-	(918,064)
Gross margin	**94,903**	**20,190**	**23,295**	**-**	**138,388**
General and administrative expenses	(18,753)	(20,270)	(6,325)	(3,924)	(49,272)
Share-based compensation	-	-	-	(15,875)	(15,875)
Business development expenses	-	-	-	(9,238)	(9,238)
Depreciation, depletion and amortization	(50,443)	(17,682)	(10,078)	(395)	(78,598)
Interest, accretion and finance costs	(1,169)	-	-	(8,465)	(9,634)
Impairment	(57,262)	(5,514)	-	-	(62,776)
Earnings (loss) earnings before tax	**(32,724)**	**(23,276)**	**6,892**	**(37,897)**	**(87,005)**

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 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 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 five 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 Sept 30,			Nine months ended Sept 30,		
($000's)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Revenue						
PRD services (a)	**50,669**	60,881	(17)	**136,825**	187,563	(27)
Oil purchase and resale service	**301,640**	184,393	64	**610,965**	625,324	(2)
Total PRD division revenue	**352,309**	245,274	44	**747,790**	812,887	(8)
Direct expenses less non-recurring items (1)						
PRD services	**23,322**	28,928	(19)	**65,815**	92,660	(29)
Deduct: non-recurring items						
Severance and related costs	**(4)**	(119)	(97)	**(583)**	(307)	90
PRD services less non-recurring items (b)	**23,318**	28,809	(19)	**65,232**	92,353	(29)
Oil purchase and resale service	**301,640**	184,393	64	**610,965**	625,324	(2)
Total PRD division direct expenses less non-recurring items (1)	**324,958**	213,202	52	**676,197**	717,677	(6)
Operating Margin (1) (a-b)	**27,351**	32,072	(15)	**71,593**	95,210	(25)
Operating Margin (1) as a % of revenue (a)	**54%**	53%		**52%**	51%	

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

Revenue (PRD division)

Processing, recovery and disposal revenue: Revenue of $50.7 million and $136.8 million for the three and nine months ended September 30, 2016 is down 17% and 27% from the 2015 comparative periods, primarily as a result of lower drilling and completion activity impacting volumes. The continued low oil price, combined with unseasonably wet weather conditions during the third quarter, has resulted in a 44% and 67% drop during the nine months ended September 30, 2016 in industry rig counts in the WCSB and North Dakota, respectively, from the 2015 comparative period, which has resulted in a significant decline in volumes associated with drilling and completion activities in the Corporation's service areas. Production related services have been impacted by a much lesser extent in the three and nine months ended September 30, 2016 compared to the same periods in 2015 due to ongoing production related volumes, the construction of new facilities in 2015 and 2016, expansions at certain of the Corporation's existing facilities in the past year, and the PetroLama and JV Acquisitions.

The addition of new facilities, both organically and through acquisitions, accounted for $6.0 million and $18.9 million of revenue in the three and nine months ended September 30, 2016, offsetting the negative revenue variance when comparing to the same periods in 2015 by 10%.

Processing volumes in the three and nine months ended September 30, 2016 declined 9% and 17% from the 2015 comparative periods and relate primarily to emulsion and waste processing. Disposal volumes declined 7% and 17% in the three and nine months ended September 30, 2016 from the 2015 comparative periods due to a decrease in flow back water from completion activities and disposal of drilling waste in Secure's landfills. Produced water volumes remained relatively stable period over period.

Recovery revenues decreased 20% and 30% in the three and nine months ended September 30, 2016 from the comparative 2015 periods due to lower recovered oil sales as a result of the factors described above, compounded by a 4% and 15% decrease in average crude oil prices from approximately $61 to $59 in the quarter and from $64 to $55 in the year to date. The impact on recovery revenues from recovered oil sales was partially mitigated by the Corporation's ability to capitalize on crude oil marketing opportunities at its pipeline connected FSTs and the Alida crude oil terminalling facility, resulting in relatively stable crude oil marketing revenues in the three and nine months ended September 30, 2016 and 2015.

Oil purchase and resale revenue in the PRD division for the three and nine months ended September 30, 2016 increased by 64% and decreased by 2% from the 2015 comparative periods to $301.6 million and $611.0 million. The increase in the three months ended September 30, 2016 is primarily due to additional oil and purchase resale volumes related to the newly acquired Alida facility and the increased ownership in the Judy Creek and La Glace FSTs, which in total accounted for approximately half of oil purchase and resale revenue in the three months ended September 30, 2016

Direct expenses less non-recurring items (PRD division)

Direct expenses less non-recurring items from PRD services for the three and nine months ended September 30, 2016 decreased 19% and 29% to $23.3 million and $65.2 million from $28.8 million and $92.4 million in the comparative periods of 2015. The decrease in direct expenses less non-recurring items relates primarily to fewer variable costs resulting from lower volumes in the periods, fewer fixed costs associated with Secure's rail operations as the Corporation has reduced the cost structure associated with the rail transloading facilities to best match current activity levels, upfront commissioning costs incurred in 2015 associated with the 13 Mile and Tulliby Lake FSTs, the Wonowon and Big Mountain SWDs, and the Rycroft FSR (only the Kakwa FST has been commissioned to date in 2016), and a decrease in employment and other costs resulting from cost saving initiatives implemented by the Corporation in 2015 and 2016.

Operating margin as a percentage of PRD services revenue for the three and nine months ended September 30, 2016 was up slightly to 54% and 52% compared to 53% and 51% in the comparative periods of 2015. The increase in operating margin as a percentage of revenue during the three and nine months ended September 30, 2016 and 2015 is due to cost saving initiatives implemented in 2015 and 2016, including reducing employment costs, reduced costs associated with the Corporation's rail transloading facilities, and the elimination of start-up costs associated with new facilities commissioned, offset by lower drilling and completion volumes, and reduced recovered oil sales.

Depreciation, Depletion and Amortization (PRD division)

($000's)	Three months ended Sept 30, 2016	2015	% Change	Nine months ended Sept 30, 2016	2015	% Change
Depreciation, depletion and amortization	**17,596**	18,124	(3)	**48,725**	50,443	(3)

Depreciation, depletion and amortization expense relates primarily to the PRD division's facilities and landfills and includes any gains or losses on sale or disposal of equipment. For the three and nine months ended September 30, 2016, depreciation, depletion and amortization expense was relatively consistent with the comparative periods in the prior year as a result of a reduction in the intangible asset balance and the resultant reduction in amortization due to impairments recorded in the second half of 2015, partially offset by new facilities commissioned or acquired, and other equipment put into use since the start of 2015.

General and Administrative Expenses (PRD division)

($000's)	Three months ended Sept 30, 2016	2015	% Change	Nine months ended Sept 30, 2016	2015	% Change
General and administrative expenses	**3,963**	5,788	(32)	**9,965**	18,753	(47)
Deduct: Non-recurring items						
Severance and related costs	**(63)**	(758)	(92)	**(458)**	(1,486)	(69)
G&A expenses less non-recurring items [(1)]	**3,900**	5,030	(22)	**9,507**	17,267	(45)
% of PRD services revenue	**8%**	**8%**		**7%**	**9%**	

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

G&A expenses less non-recurring items for the three and nine months ended September 30, 2016 decreased 22% and 45% from the 2015 comparative periods to $3.9 million and $9.5 million as cost saving initiatives undertaken during 2015 and 2016 are being realized. The Corporation continues to minimize future costs by streamlining operations in the current oil and gas price environment. As part of these initiatives, certain costs in the current year have been moved to the Corporate division. Non-recurring items relate to employee severance payments.

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. The focus on testing, research and new product development conducted at the laboratory allows Secure to provide unique and tailored products to customers.

($000's)	Three months ended Sept 30, 2016	2015	% Change	Nine months ended Sept 30, 2016	2015	% Change
Revenue						
Drilling and production services	26,824	52,020	(48)	73,266	149,923	(51)
Deduct: non-recurring items						
Restucturing (Drilling Services U.S.)	-	(3,332)	(100)	-	(14,955)	(100)
DPS division revenue less non-recurring items [(1)] (a)	26,824	48,688	(45)	73,266	134,968	(46)
Direct expenses less non-recurring items [(1)]						
Drilling and production services	21,617	45,354	(52)	63,740	129,733	(51)
Deduct: non-recurring items						
Inventory impairment	-	-	-	-	(1,970)	(100)
Restucturing (Drilling Services U.S.)	-	(6,813)	(100)	-	(19,138)	(100)
Severance and related costs	-	(262)	(100)	(803)	(909)	(12)
DPS division direct expenses less non-recurring items [(1)] (b)	21,617	38,279	(44)	62,937	107,716	(42)
Operating Margin [(1)] (a-b)	5,207	10,409	(50)	10,329	27,252	(62)
Operating Margin [(1)] as a % of revenue (a)	19%	21%		14%	20%	

[(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. The weakness in commodity pricing, wet weather conditions during the second and third quarters and the resulting drop off in activity levels from oil and gas producers had a significant impact on the DPS division. For the three and nine months ended September 30, 2016, industry rig counts in the WCSB declined 35% and 44%, while metres drilled decreased 31% and 38% from the 2015 comparative periods. When combined with pricing pressures on services and rental rates, revenue less non-recurring items from the DPS division for the three and nine months ended September 30, 2016 decreased 45% and 46% to $26.8 million and $73.3 million from $48.7 million and $135.0 million in the comparative periods of 2015.

Revenue per operating day decreased slightly to $6,838 and $7,501 during the three and nine months ended September 30, 2016 compared to the same periods in 2015 which generated revenue of $7,504 and $7,575 per operating day. The variance is a result of the proportion of type of rigs serviced, which typically fluctuates quarter over quarter.

The DPS division's market share decreased slightly to 30% and 29% in the three and nine months ended September 30, 2016 from the comparative periods in 2015 (32% and 30%, respectively). During periods when the total rig count is low, the timing of one customer's drilling activities can have a significant impact on market share.

Secure continues diversification efforts in the DPS division through expansion of the production chemicals service line and ancillary offerings which should benefit the Corporation in the medium to long-term. Strategic relationships with key suppliers has resulted in a significant expansion to Secure's production chemicals product offerings in 2016 to date.

Direct expenses less non-recurring items (DPS division)

The DPS division's direct expenses less non-recurring items for the three and nine months ended September 30, 2016 decreased by 44% and 42% to $21.6 million and $62.9 million, from $38.3 million and $107.7 million in the 2015 comparative periods. Overall, the decrease in direct expenses less non-recurring items over the 2015 comparative periods was primarily due to decreased activity levels, the realization of cost saving initiatives implemented in 2015 and 2016, and a reduction in cost of goods sold for oil based drilling fluids.

The DPS division's operating margin for the three and nine months ended September 30, 2016 decreased 50% and 62% from the 2015 comparative periods to $5.2 million and $10.3 million. The DPS division's operating margin decreased as a result of the factors discussed above, combined with price discounts given to customers to reflect the depressed price of commodities, and a higher proportion of lower margin products sold when compared to the same periods in 2015. As a result, operating margin as a percentage of revenue less non-recurring items declined from 21% and 20% in the three and nine months ended September 30, 2015 to 19% and 14% in the three and nine months ended September 30, 2016.

Depreciation and Amortization (DPS division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2016	2015	% Change	2016	2015	% Change
Depreciation and amortization	5,030	5,757	(13)	16,423	17,682	(7)

Depreciation and amortization expense relates primarily to intangible assets resulting from acquisitions, and rental equipment, and includes any gains or losses on sale or disposal of such equipment. For the three and nine months ended September 30, 2016, depreciation and amortization expense decreased 13% and 7% from the 2015 comparative periods primarily as a result of asset disposals from the U.S. operations in 2015 which has reduced the asset carrying balance and the resultant depreciation expense, partially offset by increased amortization expense resulting from an acquisition completed in the third quarter of 2015, and a reduction to the useful life of certain customer relationship intangible assets (and the resultant increase in depreciation expense) at January 1, 2016 in light of the current economic environment. Refer to Note 2 of the Interim Financial Statements.

General and Administrative Expenses (DPS division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2016	2015	% Change	2016	2015	% Change
General and administrative expenses	2,652	7,271	(64)	8,355	20,270	(59)
Deduct: Non-recurring items						
Restucturing (Drilling Services U.S.)	-	(1,503)	(100)	-	(4,041)	(100)
Severance and related costs	-	(488)	(100)	(235)	(1,001)	(77)
G&A expenses less non-recurring items [(1)]	2,652	5,280	(50)	8,120	15,228	(47)
% of DPS division revenue less non-recurring items	10%	11%		11%	11%	

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

G&A expenses less non-recurring items for the three and nine months ended September 30, 2016 decreased 50% and 47% from the comparative periods of 2015 as a result of cost saving initiatives undertaken during 2015 and 2016, and reduced shared service allocations from the Corporate division. Non-recurring items relate to severance costs incurred as the Corporation eliminated positions in order to properly align staff with activity levels.

OS DIVISION OPERATIONS

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

Projects:

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

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.

Integrated fluid solutions:

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

($000's)	Three months ended Sept 30, 2016	2015	% Change	Nine months ended Sept 30, 2016	2015	% Change
Revenue						
OnSite services (a)	**22,667**	36,042	(37)	**58,484**	93,642	(38)
Direct expenses less non-recurring items [1]						
OnSite services	**16,441**	27,189	(40)	**43,645**	70,347	(38)
Deduct: non-recurring items						
Severance and related costs	**(51)**	-	100	**(228)**	(116)	97
OS division direct expenses less non-recurring items [1] (b)	**16,390**	27,189	(40)	**43,417**	70,231	(38)
Operating Margin [1] (a-b)	**6,277**	8,853	(29)	**15,067**	23,411	(36)
Operating Margin [1] as a % of revenue (a)	**28%**	25%		**26%**	25%	

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

Revenue (OS division)

Diversified service lines, integrated service offerings and organic growth partially mitigated reduced activity driven by wet weather conditions and low commodity prices, resulting in a 37% and 38% decrease in revenue from $36.0 million and $93.6 million in the three and nine months September 30, 2015 to $22.7 million and $58.5 million in the three and nine months ended September 30, 2016.

Projects revenue during the three and nine months ended September 30, 2016 decreased approximately 40% from the 2015 comparative periods. Projects revenue is dependent on the type and size of jobs which can vary quarter to quarter. Projects completed significant demolition and remediation jobs during 2015; similar jobs have not been repeated to date in 2016. Excluding these two jobs, revenue would have decreased 17% for the nine months ended September 30, 2016 from the comparative period in 2015 due primarily to poor weather conditions in the third quarter which delayed work. In general, revenue has decreased as customers react to the low commodity price environment by reducing spending leading to lower activity levels. Partially offsetting the decrease was revenue generated from new services and geographic expansion.

Environmental services revenue for the three and nine months ended September 30, 2016 decreased 49% and 33% from the 2015 comparative periods primarily due to reduced reclamation and remediation revenue resulting from deferred customer spending created by low commodity prices. Drilling waste revenue has also decreased due to lower drilling activity. This lack of activity has produced a competitive pricing environment for drill waste services. These decreases were partially offset by revenue generated from an emergency response job managed by the drill waste group, and by increased bin revenue in the nine months ended September 30, 2016 compared to the same period in 2015 resulting from geographic expansion and growth in NORM related solution services.

Integrated fluids solutions revenue for the three and nine months ended September 30, 2016 decreased approximately 25% from the 2015 comparative periods. Revenue decreased primarily due to lower customer field activity from continued depressed commodity prices. Wet weather conditions limiting field access in the third quarter and lower than anticipated activity during spring break-up decreased rental equipment utilization. As well, revenue has suffered from competitive pricing pressure as a result of lower industry activity.

Direct expenses less non-recurring items (OS division)

Direct expenses less non-recurring items for the three and nine months ended September 30, 2016 decreased 40% and 38% to $16.4 million and $43.4 million from $27.2 and $70.2 million in the 2015 comparative periods. Overall, the variance in direct expenses was a direct result of the change in activity levels from the 2015 comparative periods. Additionally, operating overhead expenses have been reduced in order to match activity levels. These reductions were partially offset by operating expenses associated with new service lines offered by the OS division this year.

The three and nine months ended September 30, 2016 operating margin in the OS division of $6.3 million and $15.1 million was lower than the prior year comparative periods due primarily to decreased revenues. The operating margin as a percentage of revenue for the OS division in the three and nine months ended September 30, 2016 was 28% and 26%, up from 25% in the comparative 2015 periods. The OS division's operating margin as a percentage of revenue fluctuates 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. As a percentage of revenue, the increased operating margin in the three months ended September 30, 2016 resulted from a higher proportion of pipeline related jobs which typically generate higher margins, as well as lower overhead expenses compared to 2015. During the nine months ended September 30, 2016, increased bin rental and NORM service revenue from the Environmental service line and higher margin equipment rentals related to pumping in the IFS service line more than offset the lower margins resulting from the lack of large scale work in the Projects service line. The first nine months of 2016 had a higher proportion of smaller projects which typically have lower associated operating margins when compared to the same period in 2015.

Depreciation and Amortization (OS division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Depreciation and amortization	**3,132**	3,471	(10)	**10,130**	10,078	1

Depreciation and amortization expense relates primarily to heavy duty field and rental equipment required to execute the OS division's services, and intangible assets arising from acquisitions. Depreciation and amortization expense for the three and nine months ended September 30, 2016 was relatively consistent with the 2015 comparative periods.

General and Administrative Expenses (OS division)

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
General and administrative expenses	**1,729**	2,049	(16)	**4,628**	6,325	(27)
Deduct: Non-recurring items						
Severance and related costs	**-**	-	-	**(6)**	-	100
G&A expenses less non-recurring items [(1)]	**1,729**	2,049	(16)	**4,622**	6,325	(27)
% of OnSite services revenue	**8%**	**6%**		**8%**	**7%**	

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

G&A expenses less non-recurring items for the three months and nine ended September 30, 2016 decreased 16% and 27% from the 2015 comparative periods to $1.7 million and $4.6 million due to reduced shared service allocations from the Corporate division's service departments, and cost saving initiatives taken across the organization.

CORPORATE INCOME AND EXPENSES

Corporate General and Administrative Expenses

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2016	2015	% Change	2016	2015	% Change
General and administrative expenses	2,511	1,099	128	10,233	3,924	161
Deduct: Non-recurring items						
Severance and related costs	-	-	-	(80)	-	100
G&A expenses less non-recurring items [(1)]	2,511	1,099	128	10,153	3,924	159

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

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 2015, corporate G&A expenses less non-recurring items increased $1.4 million and $6.2 million in the three and nine months ended September 30, 2016 as a result of consolidating certain support functions from the divisions to the Corporate division following restructuring efforts in response to the reduction in oil and gas activity levels to reduce costs across the organization. During 2015, these costs were allocated to the three operating segments, but have been aggregated under the Corporate division for 2016. On a consolidated basis, the Corporation's G&A expenses less non-recurring items has been reduced by 20% and 24% in the three and nine months ended September 30, 2016 compared to the same periods in 2015 as a result of reducing the head count, reductions in employment costs, including employee's discretionary reductions in salary in lieu of Compensation Share Units ("CSUs"), and reduced spending on non-essential expenses.

Share-based Compensation

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2016	2015	% Change	2016	2015	% Change
Share-based compensation	6,746	3,747	80	17,599	15,875	11

Share-based compensation for the three and nine months ended September 30, 2016 was $6.7 million and $17.6 million compared to $3.7 and $15.9 million in the comparative periods of 2015. 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.

The increase in share-based compensation for the three and nine months ended September 30, 2016 is due primarily to a number of forfeitures in the prior year which reduced overall expense and the addition of CSU awards in 2016. The Corporation received shareholder approval in the second quarter of 2016 to grant CSUs to employees who have elected to forego a portion of their cash compensation in exchange for CSUs. Refer to Note 7 of the Interim Financial Statements for more information related to these awards. The increase to share-based compensation was partially offset by a lower expense associated with share options as there have been an insignificant number granted during the year.

Business Development Expenses

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2016	2015	% Change	2016	2015	% Change
Business development	1,185	2,694	(56)	4,136	9,238	(55)

Business development expenses for the three and nine months ended September 30, 2016 decreased 56% and 55% to $1.2 million and $4.1 million from the comparative periods of 2015. Business development expenses include prospect costs associated with organic growth and acquisition opportunities in Canada and the U.S. and research and development costs. Business development expenses decreased for the three and nine months ended September 30, 2016 due to the realization of cost reduction measures taken in 2015 as a response to the reduction in oil and gas activity levels, partially offset by costs associated with the PetroLama and JV Acquisitions. In addition, the three and nine months ended September 30, 2015 had severance and related costs of $0.2 million and $1.0 million, respectively, compared to $nil and $0.2 million in the three and nine months ended September 30, 2016.

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 geographical presence. As discussed in the '*Operational and Financial Highlights*', Secure continues to actively pursue various acquisition opportunities as the current economic environment has enabled Secure to identify prospects 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

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Interest and finance costs	**2,099**	2,247	(7)	**7,593**	8,465	(10)

Interest and finance costs includes interest expense, amortization of financing fees, accretion expense realized with the passage of time on onerous lease contracts, and all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive loss. Excluding the foreign exchange impact included in interest and finance costs, the variance in the balance in the three and nine months ended September 30, 2016 compared to the same periods in 2015 is a direct result of the fluctuation in the average balance drawn on the credit facility. The average long-term borrowings balance decreased 23% and 29% in the three and nine months ended September 30, 2016 from the 2015 comparative periods.

Foreign Currency Translation Adjustment

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Foreign currency translation gain (loss), net of tax	**2,493**	11,302	(78)	**(8,367)**	22,611	(137)

Included in other comprehensive (loss) income is income of $2.5 million and a loss of $8.4 million for the three and nine months ended September 30, 2016 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 as at September 30, 2016. The foreign currency translation adjustment included in the consolidated statements of comprehensive loss does not impact net loss for the period. All foreign currency translation gains or losses related to the DPS U.S. operations were included in the net loss in the three and nine months ended September 30, 2016 as these operations were substantively liquidated in 2015. In the prior year, these are included in other comprehensive income.

Income Taxes

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Income taxes						
Current tax recovery	**(448)**	(542)	(17)	**(11,693)**	(6,344)	84
Deferred tax expense (recovery)	**81**	(14,525)	(101)	**5,966**	(7,616)	(178)
Total income tax recovery	**(367)**	(15,067)	(98)	**(5,727)**	(13,960)	(59)

Income taxes for the three and nine months ended September 30, 2016 were an overall recovery of $0.4 million and $5.7 million compared to $15.1 million and $14.0 million in the 2015 comparative periods. The change in overall income taxes is due primarily to a lower net loss before tax in the three and nine months ended September 30, 2016 compared to the 2015 comparative periods, partially offset by a 2% increase in the provincial tax rate effective July 1, 2015.

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 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:

	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue (excluding oil purchase and resale)	100,160	66,148	102,267	129,770	148,943	112,533	169,652	224,523
Oil purchase and resale	301,640	202,460	106,865	160,203	184,393	244,036	196,895	353,561
Total Revenue	401,800	268,608	209,132	289,973	333,336	356,569	366,547	578,084
Net loss for the period	(8,121)	(20,681)	(10,066)	(86,825)	(53,042)	(16,780)	(3,223)	(13,659)
Loss per share - basic and diluted	(0.05)	(0.13)	(0.07)	(0.63)	(0.39)	(0.12)	(0.03)	(0.11)
Adjusted net (loss) earnings [(1)]	(7,617)	(20,467)	(8,598)	(14,650)	(1,563)	(14,809)	856	14,266
Earnings (loss) per share adjusted - basic	(0.05)	(0.13)	(0.06)	(0.11)	(0.01)	(0.11)	0.01	0.12
Weighted average shares - basic	159,618,869	158,437,296	140,015,143	137,500,242	136,944,300	136,186,284	122,689,850	121,266,210
Weighted average shares - diluted	159,618,869	158,437,296	140,015,143	137,500,242	136,944,300	136,186,284	122,689,850	123,479,368
Adjusted EBITDA [(1)]	27,431	8,540	25,083	31,808	35,362	19,446	40,036	55,597

[(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 and the continued volatility in pricing has significantly reduced oil and gas industry activity. During 2015 and 2016, 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 in 2015 and 2016 to date which are further explained in the commentary provided under '*Results of operations for the three and nine months ended September 30, 2016*'.

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 headings '*Secure Energy Services Inc.*', and '*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 since the third quarter of 2014 that have impacted the quarterly results for the past two years: 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 the second quarter of 2015, the Corporation commissioned the Big Mountain and Wonowon SWDs, and expanded the Rycroft FSR to include water disposal services. During the third quarter of 2015, the Corporation acquired the assets of a private drilling fluids company. During the second quarter of 2016, Secure completed the acquisition of all the operating assets of PetroLama, including the Alida terminal. During the third quarter of 2016, Secure acquired the outstanding 50% interest in the Judy Creek and La Glace joint ventures, and opened the Kakwa FST.

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 a 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. Revenue from this service has been directly impacted by the decrease in oil prices and resulting decrease in volumes purchased and sold.

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 return on investment.

The amount drawn on Secure's credit facility decreased 23% to $202.0 million at September 30, 2016 compared to $262.0 million at December 31, 2015. The decrease is primarily related to the bought deal offering completed during the first quarter of 2016 for gross proceeds of $149.6 million, offset by the cash consideration related to the PetroLama and JV Acquisitions. Refer to the '*Financing Activities*' section below for further information with regards to net debt.

Issued capital increased 20% to $1.0 billion at September 30, 2016 compared to $851.5 million at December 31, 2015, primarily as a result of the bought deal offering discussed above.

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 facility. At September 30, 2016, the Corporation had $462.4 million available under its credit facility, subject to covenant restrictions.

The Corporation's credit facility requires 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 facility, Senior Debt includes amount drawn on the credit facility and finance leases. Total Debt is equal to Senior Debt plus any unsecured debt, excluding any convertible debentures. EBITDA is adjusted for non-recurring losses, any non-cash impairment charges, any other non-cash charges, and acquisitions on a pro-forma trailing twelve month basis. The Corporation currently does not have any unsecured debt and as a result, Total Debt is equal to Senior Debt. At September 30, 2016, Secure was in compliance with all covenant requirements under the Corporation's credit facility. The following table outlines the Corporation's coverage ratios as at September 30, 2016 and December 31, 2015.

	Sept 30, 2016	Dec 31, 2015	% Change
Senior debt to EBITDA	2.1	2.2	(5)
Total debt to EBITDA	2.1	2.2	(5)
Interest coverage	8.8	10.2	(14)

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, current oil and gas prices and low industry activity have created 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 existing credit 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 economic and operating environment. Refer to the '*Access to Capital*' discussion in the '*Business Risks'* section of the AIF.

The following provides a summary and comparative of the Corporation's operating, investing and financing cash flows for the three and nine months ended September 30, 2016 and 2015.

Funds Provided by Operations

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Funds from operations [1]	**26,499**	29,808	(11)	**56,602**	83,055	(32)

[1] **Refer to "*Additional subtotals*" for further information.**

Funds from operations for the three and nine months ended September 30, 2016 decreased to $26.5 million and $56.6 million from $29.8 million and $83.1 million in the 2015 comparative periods. Funds from operations for the three and nine months ended September 30, 2016 were negatively impacted by lower revenues resulting from decreased activity in the oil and gas sector resulting from wet weather conditions and the current commodity price environment.

Investing Activities

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Capital expenditures [1]						
Growth and expansion capital expenditures	**8,304**	19,635	(58)	**35,386**	78,095	(55)
Business acquisitions	**26,735**	3,272	717	**88,228**	3,272	2,596
Sustaining capital expenditures	**4,585**	4,514	2	**11,855**	6,792	75
Total capital expenditures	**39,624**	27,421	45	**135,469**	88,159	54

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

The Corporation's growth and expansion capital expenditures for the three and nine months ended September 30, 2016 decreased 58% and 55% to $8.3 million and $35.4 million from $19.6 million and $78.1 million in the comparative periods of 2015. 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. The decrease in growth and expansion capital expenditures compared to the previous period is a result of Secure's careful management of capital expenditures and maintenance of prudent debt levels in response to the current oil and gas price environment.

Growth and expansion capital expenditures for the nine months ended September 30, 2016 related primarily to the construction of the Kakwa FST and expansions at existing PRD facilities to increase capacity, which included adding disposal wells at the Kaybob and Big Mountain SWDs, and cell capacity at the South Grande Prairie landfill. In the comparative periods, the Corporation completed and commissioned the Tulliby Lake FST, 13 Mile FST conversion, Wonowon and Big Mountain SWDs, and the Rycroft FSR, progressed pre-development for new facilities, expanded certain existing facilities, drilled two disposal wells, and acquired rental equipment for specific OS division projects.

During the nine months ended September 30, 2016, the Corporation completed the PetroLama and JV Acquisitions for total cash consideration of $88.2 million. During the comparative period, the Corporation completed one small acquisition in the DPS division for total cash consideration of $3.3 million.

During the three and nine months ended September 30, 2016, sustaining capital was $4.6 million and $11.9 million compared to $4.5 million and $6.8 million for the 2015 comparative periods. Sustaining capital in the period 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 increases.

Financing Activities

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000's)	2016	2015	% Change	2016	2015	% Change
Shares issued, net of share issue costs	194	1,793	(89)	145,495	197,884	(26)
Draw (repayment) on credit facility	26,000	22,062	18	(60,000)	(140,500)	(57)
Financing costs	-	(525)	(100)	-	(525)	(100)
Capital lease obligation	(2,565)	(2,037)	26	(9,102)	(8,933)	2
Dividends paid	(5,561)	(6,092)	(9)	(17,583)	(18,905)	(7)
Net cash flow from financing activities	18,068	15,201	19	58,810	29,021	103

On March 22, 2016, the Corporation closed a bought deal financing with a syndicate of underwriters for the purchase of 19,550,000 Common Shares (including overallotment) at a price of $7.65 per Common Share for gross proceeds of $149.6 million. In connection with the Offering, the Corporation incurred approximately $6.6 million in underwriter fees and transaction costs.

In addition, the Corporation has issued Common Shares related to the PetroLama Acquisition, the exercise of stock options, and vesting of Restricted Share Units and CSUs issued by the Corporation. Refer to Note 7 in the Interim Financial Statements for more information on the Corporation's share-based awards.

As at September 30, 2016, the Corporation had drawn $202.0 million on its credit facility compared to $262.0 million as at December 31, 2015. The decrease in the amount drawn primarily relates to the bought deal offering completed in the first quarter and funds generated from operations over funds required for acquisitions, capital expenditures, working capital requirements, and dividends. As at September 30, 2016, the Corporation had $462.4 million available under its credit facility, subject to covenant restrictions. The Corporation is well positioned, based on the available amount of its credit facility and expected funds from operations, to pursue further accretive acquisition opportunities and execute on the 2016 capital program. At September 30, 2016, the Corporation was in compliance with all covenants.

During the three and nine months ended September 30, 2016, the Corporation declared dividends of $9.6 million and $27.3 million to holders of Common Shares. Of the dividends declared for the three and nine months ended September 30, 2016, $4.0 million and $9.8 million were reinvested in additional Common Shares through the Corporation's Dividend Reinvestment Plan. 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 September 30, 2016, the Corporation declared dividends to holders of Common Shares in the amount of $0.02 per Common Share payable on October 15 and November 15 for shareholders of record on October 1 and November 1, 2016.

CONTRACTUAL OBLIGATIONS

Refer to Note 8 of the Interim Financial Statements for disclosure related to contractual obligations.

BUSINESS RISKS

A comprehensive listing of the Corporation's business risks are set out in the Corporation's AIF under the heading '*Business Risks*'. 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 occurs, 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 November 3, 2016, there were 160,216,028 Common Shares issued and outstanding. In addition, as at November 3, 2016, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at November 3, 2016	Issued	Exercisable
Options	7,410,648	4,079,058
Restricted Share Units	2,416,825	-
Performance Share Units	849,983	-
Compensation Share Units	610,502	-

OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2016 and December 31, 2015, 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 Annual Financial Statements other than as described in Note 2 of the Interim Financial Statements. Refer to Note 2 of the Interim Financial Statements for details relating to the change in amortization rate related to certain of the Corporation's intangible assets at January 1, 2016.

FINANCIAL AND OTHER INSTRUMENTS

As at September 30, 2016, 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 and foreign currency exchange rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity price curves and foreign currency exchange rates. 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 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 a major Canadian financial institution. 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 trades are all done with a large commodity futures exchange, and the receivable balance at any given time is insignificant. 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

FUTURE ACCOUNTING PRONOUNCEMENTS

For the three and nine months ended September 30, 2016, there were no revised standards or amendments to IFRS issued. Refer to Note 4 of the Corporation's Annual 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.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Refer to Note 22 of the Corporation's Annual Financial Statements for disclosure related to legal proceedings and regulatory actions.

RELATED PARTIES

Refer to Note 21 of the Corporation's Annual Financial Statements for disclosure related to related parties.

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 and interim 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.

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; activity levels in the oil and gas sector, drilling levels, commodity prices for oil, natural gas liquids and natural gas; industry fundamentals for the fourth quarter of 2016 and 2017; capital forecasts and spending by producers; demand for the Corporation's services and products; expansion strategy; the impact of the reduction in oil and gas activity on 2016 and 2017 activity levels; the Corporation's proposed 2016 and 2017 capital expenditure programs; debt service; acquisition strategy and timing of potential acquisitions; the impact of new facilities, potential acquisitions, the PetroLama Acquisition, and JV 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 the credit facility restrictions.

Forward-looking statements concerning expected operating and economic conditions, including the PetroLama Acquisition and JV 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 and under the heading "*Business Risks*" and under the heading "*Risk Factors*" in the AIF for the year ended December 31, 2015 and also includes the risks associated with the possible failure to realize the anticipated synergies in integrating the assets acquired in the 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.