SECURE ENERGY

# ANNUAL INFORMATION FORM

## For the year ended December 31, 2021

March 2, 2022

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## GENERAL MATTERS

### Forward-Looking Statements

*Certain statements contained in this annual information form ("**AIF**") 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 AIF, the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", "continue", "maintain", "target", "commit", "position", "remain", "priority" and similar expressions, as they relate to SECURE Energy Services Inc. ("**SECURE**", the "**Corporation**", "**we**" or "**our**"), 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 AIF. In particular, this AIF contains or implies forward-looking statements pertaining to: general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including drilling levels and demand for midstream transportation; commodity prices for oil, natural gas liquids ("**NGLs**") and natural gas; demand for SECURE's services and the factors contributing thereto; the benefits of the Transaction (as defined herein), the related business integration and the timing thereof; regulatory applications, amendments and decisions and potential divestitures in connection with the review of the Transaction under the Competition Act (Canada), and the timing, costs and materiality thereof; corporate priorities and associated business strategy, including increased cash flow stability, risk reduction, and growth and expansion strategies; the 2022 capital budget including growth, expansion and sustaining expenditures and the intended use and financing thereof; the sufficiency of the Corporation's cash flows to fund the 2022 capital program; expected reviews and possible revisions of the Corporation's capital expenditure program; debt service; the Corporation's ability to leverage its customer base to grow its business and timing thereof; the implementation and execution of corporate policies and codes of conduct, including environmental, social and governance ("**ESG**") policies; the expected timing and amount of government grants and stimulus packages relating to site rehabilitation programs, and their effect on the Corporation's business; increased abandonment, remediation and reclamation activities, and its impact on the Corporation's business; government programs to designed to encourage accelerated abandonment, reclamation and clean up and their on the Corporation's business; an increased focus on environmental considerations in the oil and gas industry; the impact of mandatory closure spending targets, and the increase thereof, on the Corporation's business; the susceptibility of the Corporation's business to seasonal cycles and reduced exposure to such cycles; committed long-term contracts and the term, reliability and stability thereof; the Corporation's competitive status; customer retention; climate-related impacts on the Corporation's business; future capital needs; access to capital and insurance; the qualities and benefits of the Corporation's products and services; acquisition and divestiture strategy and decisions to pursue certain acquisitions and divestitures; the Corporation's capital spending on midstream infrastructure; the Corporation's expectations with respect to the cost and timing of completion, operation and integration of midstream infrastructure and new facilities; the Corporation's priorities and strategies to achieve them; increasingly stable cash flow; customers' willingness to share risk and commit dedicated volumes to the Corporation's midstream infrastructure; the Corporation's ability to increase efficiency and create economies of scale and support new infrastructure while eliminating redundant assets; the reduction of the Corporation's environmental footprint; the effect of climate change related activism and legislation on the Corporation; operating the Corporation's business in a safe, ethical, legal, and environmentally and socially responsible manner; the Corporation's relationships in the communities in which it operates; environmental business opportunities, including those related to climate change; formalized reductions targets for carbons emission and other ESG targets and commitments, including transparent reporting on climate change matters; the Corporation's ability to help its customers reduce their environmental impact and achieve their ESG targets and commitments and the Corporation's dividend policy.*

*Forward-looking statements are based on certain assumptions that the Corporation has made in respect thereof as at the date of this AIF regarding, among other thigs: economic and operating conditions, including commodity prices, crude oil and natural gas storage levels, interest rates, exchange rates, and inflation; that changes in market activity and growth will be consistent with industry activity in Canada and the United States ("**U.S.**") and growth levels in similar phases of previous economic cycles, the impact of the COVID-19 pandemic (including its variants), including government responses related thereto and lower global energy pricing on oil and gas industry exploration and development activity levels and production volumes; the Corporation to realize the anticipated benefits of the*

*Transaction; the resolution of the review of the Transaction under Competition Act; SECURE's ability to successfully integrate Tervita's legacy business; anticipated sources of funding being available to SECURE on terms favorable to SECURE; the success of the Corporation's operations and growth projects; the Corporation's competitive position remaining substantially unchanged; future acquisition and sustaining costs will not significantly increase from past acquisition and sustaining costs; the Corporation's ability to attract and retain customers (including Tervita's historic customers); that counterparties comply with contracts in a timely manner; that there are no unforeseen events preventing the performance of contracts or the completion and operation of the relevant facilities; that there are no unforeseen material costs in relation to the Corporation's facilities and operations; that prevailing regulatory, tax and environmental laws and regulations apply or are introduced as expected; increases to the Corporation's share price and market capitalization over the long term; the Corporation's ability to repay debt and return capital to shareholders; the Corporation's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; the Corporation's ability to access capital and insurance; operating and borrowing costs, including costs associated with the acquisition and maintenance of equipment and property the ability of the Corporation and our subsidiaries to successfully market our services in the Western Canadian Sedimentary Basin ("**WCSB**") and the U.S.; an increased focus on environmental considerations in the oil and gas industry; the impacts of climate-change on the Corporation's business; the current business environment remaining substantially unchanged; present and anticipated programs and expansion plans of other organizations operating in the energy service industry resulting in an increased demand for the Corporation's services and our subsidiaries' services; future acquisition and maintenance costs; the Corporation's ability to achieve its ESG targets and commitments; and other risks and uncertainties described from time to time in filings made by SECURE with securities regulatory authorities.*

*Many of these factors, expectations and assumptions are based on management's knowledge and experience in the industry and on public disclosure of industry participants and analysts relating to anticipated exploration and development programs of oil and natural gas producers, the effect of changes to regulatory, taxation and royalty regimes, expected industry equipment utilization in the WCSB and certain regions of the U.S., and other matters. The Corporation believes that the material factors, expectations and assumptions reflected in the forward-looking statements and information are reasonable; however, no assurances can be given that these factors, expectations and assumptions will prove to be correct.*

*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. 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 discussed below and under the heading "Risk Factors" herein and those discussed in the Corporation's Management's Discussion & Analysis of the December 31, 2021 audited financial statements ("**MD&A**"), SECURE's most recent information circular and quarterly reports, material change reports, business acquisition reports and news releases, and other documents the Corporation files with securities regulators from time to time. The Corporation cannot assure investors that actual results will be consistent with the forward-looking statements and readers are cautioned not to place undue reliance on them.*

*The Corporation's actual results could differ materially from those anticipated in such forward-looking statements as a result of the risk factors set forth below and elsewhere in this document including, but not limited to: general global financial conditions, including general economic conditions in Canada and the U.S.; the effect of the COVID-19 pandemic (including its variants) and governmental responses thereto on economic conditions, commodity prices and the Corporation's business and operations; changes in the level of capital expenditures made by oil and natural gas producers and the resultant effect on demand for oilfield services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; a transition to alternative energy sources; the Corporation's inability to retain customers; risks inherent in the energy services industry, including physical climate-related impacts; the Corporation's ability to generate sufficient cash flow from operations to meet our current and future obligations; the seasonal nature of the oil and gas industry; increases in debt service charges including changes in the interest rates charged under the Corporation's current and future debt agreements; inflation and supply chain disruptions; the Corporation's ability to access external sources of debt and equity capital and insurance; disruptions to our operations resulting from events out of our control; the timing and amount of stimulus packages and government grants relating to site rehabilitation programs; the cost of compliance with and changes in legislation and the regulatory and taxation* *environment, including uncertainties with respect to implementing binding targets for reductions of emissions and the regulation of hydraulic fracturing services and services relating to the transportation of dangerous goods; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; competition; impairment losses on physical assets; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; supply chain disruption; the Corporation's ability to effectively complete acquisition and divestiture transactions on acceptable terms or at all; a failure to realize the benefits of the Transaction and risks related to the associated business integration; the inaccuracy of pro forma information prepared in connection with the Transaction; risks related to a new business mix and significant shareholder; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations, including those associated with the Transaction; the Corporation's ability to integrate technological advances and match advances of our competition; credit, commodity price and foreign currency risk to which the Corporation is exposed in the conduct of our business; compliance with the restrictive covenants in the Corporation's current and future debt agreements; the Corporation's or our customers' ability to perform their obligations under long-term contracts; misalignment with our partners and the operation of jointly owned assets; the Corporation's ability to source products and services on acceptable terms or at all; the Corporation's ability to retain key or qualified personnel; uncertainty relating to trade relations and associated supply disruptions; the effect of changes in government and actions taken by governments in jurisdictions in which the Corporation operates, including in the U.S.; the effect of climate change, and related activism, on our operations and ability to access capital and insurance; cyber-security breaches and other cyber-related risks; the Corporation's ability to bid on new contracts and renew existing contracts; potential closure and post-closure costs associated with landfills operated by the Corporation; the Corporation's ability to protect our proprietary technology and our intellectual property rights; legal proceedings and regulatory actions to which the Corporation may become subject, including in connection with the review of the Transaction under the Competition Act and any claims for infringement of a third parties' intellectual property rights; the Corporation's ability to meet its ESG targets or commitments and the costs associated therewith; claims by, and consultation with, Indigenous Peoples in connection with project approval; and disclosure controls and internal controls over financial reporting. Many of these factors are discussed in further detail throughout this document.*

*Although forward-looking statements contained in this AIF 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 made as of the date hereof and 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.*

**Non-GAAP and Other Financial Measures**

Certain specified financial measures in this AIF, including Adjusted EBITDA and discretionary free cash flow do not have a standardized meaning as prescribed under International Financial Reporting Standards ("**IFRS**"), which are also generally accepted accounting principles ("**GAAP**") for publicly accountable entities in Canada, and, therefore, are considered non-GAAP financial measures. These measures are described and presented in order to provide information regarding the Corporation's financial results, liquidity and our ability to generate funds to finance our operations. These measures should not be used as an alternative to IFRS measures because they may not be comparable to similar financial measures used by other companies. These non-GAAP financial measures, and other specified financial measures used by the Corporation, are further explained and reconciled to the equivalent IFRS measures in the Non-GAAP and Other Financial Measures section of the Corporation's MD&A for the three and twelve months ended December 31, 2021 (available on the Corporation's profile on SEDAR at sedar.com), which section is incorporated by reference herein.

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

## CORPORATE STRUCTURE

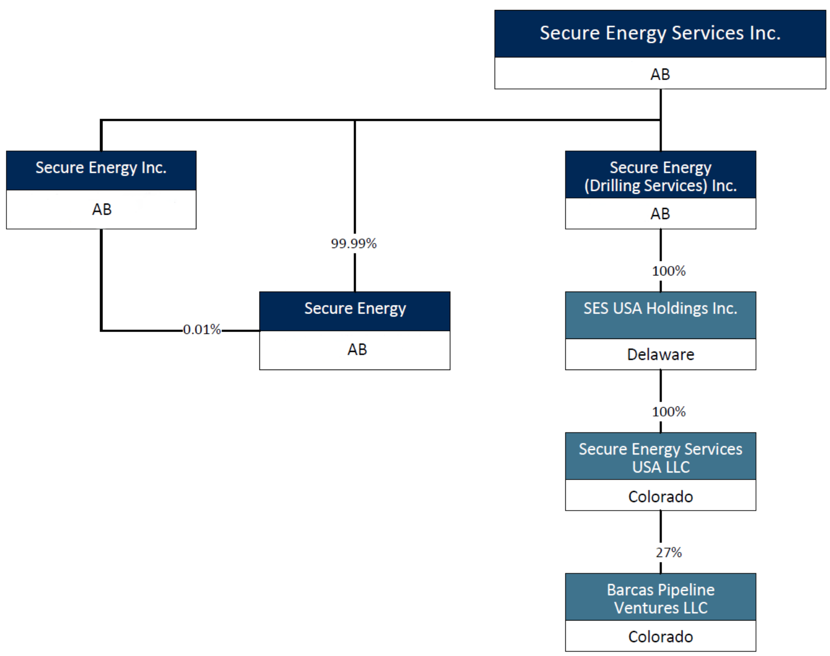
### Name, Address and Incorporation

SECURE Energy Services Inc. was amalgamated on April 24, 2007, in accordance with the *Business Corporations Act* (Alberta) ("**ABCA**"), and is the successor entity of 1232711 Alberta Ltd. On August 1, 2017, SECURE completed our acquisition of Ceiba Energy Services Inc. ("**Ceiba**") and Ceiba was amalgamated with SECURE. On July 2, 2021, SECURE completed our acquisition of Tervita Corporation ("**Tervita**") and Tervita was amalgamated with SECURE by way of a short-form vertical amalgamation under the ABCA.

The head office of the Corporation is located at 2300, 225 – 6th Avenue S.W., Calgary, Alberta, Canada, T2P 1N2. The registered office of the Corporation is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta, Canada, T2P 4K7.

### Intercorporate Relationships

SECURE is a publicly traded energy infrastructure and environmental business listed on the TSX. SECURE provides industry leading midstream infrastructure and environmental and fluid management through its two reportable segments to predominantly upstream oil and natural gas companies operating in Western Canada and certain regions in the U.S. The following chart provides an overview of our organization structure and key subsidiaries through which portions of our business are conducted.



Within the two reportable segments (Midstream Infrastructure and Environmental and Fluid Management), the Corporation has three primary subsidiaries:

- SECURE Energy
  - SECURE Energy (Onsite Services). Inc. was wound up in 2021 and its assets placed into SECURE Energy, a newly created partnership. This entity forms part of the Environmental and Fluid Management segment. It includes a network of industrial landfills and provides the following services: hazardous and non-hazardous waste management and disposal; onsite abandonment; environmental solutions for site remediation and reclamation; bio-remediation; water treatment and recycling, emergency response, rail and metal recycling.
- SECURE Energy (Drilling Services) Inc.
  - This entity provides equipment and product solutions for drilling, completion and production operations for oil and gas producers in the WCSB and forms part of the Environmental and Fluid Management segment of the Corporation.
- SECURE Energy Services USA LLC.
  - This entity includes midstream processing facilities located in North Dakota, a 27% interest in a crude oil storage facility in Cushing, Oklahoma and a 51% interest in 80 acres of undeveloped land located adjacent to the crude oil storage facility.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

The following summary provides details on how the Corporation's business has developed over the last three completed financial years.

***2021***

On March 8, 2021, SECURE entered into an arrangement agreement with Tervita to combine their respective businesses in an all-share transaction pursuant to which SECURE would acquire all the issued and outstanding common shares of Tervita on the basis of 1.2757 common shares of SECURE ("**Common Shares**") for each outstanding common share of Tervita (the "**Transaction**"). On July 2, 2021, the Transaction closed, resulting in the issuance of approximately 147.6 million Common Shares and following which Tervita amalgamated with SECURE. The common shares of Tervita were delisted by the Toronto Stock Exchange ("**TSX**") at the close of market on July 6, 2021. A *Business Acquisition Report* on Form 51-102F4 was filed in respect of the acquisition on July 26, 2021.

Prior to the Transaction, Tervita was a Canadian-based, publicly held environmentally-focused waste service provider headquartered in Calgary, Alberta and governed by the ABCA. Tervita provided a broad and integrated array of services and environmental management solutions for customers in the industrial, natural resource, and energy sectors, predominantly in Western Canada. The industry in which Tervita predominantly operated in included, integrated waste and environmental services, which is dependent upon general industrial activity levels, as well as the oil and gas exploration, production, transportation and refining industry. Energy exploration and, to a lesser extent, production is driven by oil and gas commodity prices, which in turn are impacted by resource availability and demand, costs to produce and general economic activity. Tervita's environmental services was largely dependent on a variety of macroeconomic factors including general levels of economic activity, gross domestic product growth, and government policy.

The operations of Tervita were managed through two reportable segments: Energy Services and Industrial Services.

The Energy Services reporting segment was focused primarily on the upstream and midstream segments of the oil and gas industry through two service lines: facilities and energy marketing. These service lines collectively provided many services, including: treatment, recovery and disposal of fluids at Tervita's treatment, recovery and disposal facilities and standalone well facilities; oil terminalling; purchase and resale of oil volumes associated with treatment, recovery, terminalling, and disposal services, including preparing the oil volumes for entry to the pipeline; energy marketing of crude oil recovered from treatment of waste or purchased and blended at Tervita's treatment, recovery and disposal facilities; processing and disposal of solid materials used in, and generated by, natural resource and industrial production at Tervita's landfills; disposal of oilfield-generated waste; and providing specialized onsite services using centrifugation or other processes located within the operations for heavy oil producers involved in mining and in situ production.

The Industrial Services reporting segment provided comprehensive environmental solutions through four service lines: waste services, metals recycling and rail services, water services and environmental services.

The key benefits of the Transaction included:

- Highly complementary midstream infrastructure asset bases and environmental service lines provide for enhanced scale, utilization, efficiencies, geographic and expanded services for SECURE's customers;
- Significant estimated annual integration cost savings impacting Adjusted EBITDA[1] of at least $75 million expected to be achieved by the end of 2022;
- Results that are Immediately accretive to funds flow from operations and discretionary free cash flow[1] per share for all SECURE shareholders;

[1] Non-GAAP financial measure. See *General Matters – Non-GAAP and Other Financial Measures*

- Significantly improved cost structure to serve a growing and consolidating customer base through the full business cycle;
- Stronger financial position with attractive discretionary free cash flow generation[2] expected to reduce debt;
- Enhanced scale anticipated to provide greater access to capital markets and the ability to partner with our customers to execute on a strong pipeline of organic growth projects;
- A combination of two strong corporate cultures driven by highly talented teams with shared commitments to environmental, social, governance, safety, performance, customer service and profitability; and
- An elevated position to advance and deliver on environmental, social and governance initiatives for the combined company and our customers.

The statutory waiting period for the completion of the Transaction under the *Competition Act* (Canada) expired on June 30, 2021. On June 29, 2021, the Commissioner of Competition filed an application under Section 92 of the Competition Act (the "**Section 92 Application**") with the Competition Tribunal, which, was amended post-closing, to seek the dissolution of the Transaction or the divestiture of unspecified assets. The Commissioner has subsequently advised SECURE and the Competition Bureau that he intends to narrow the scope of his application and relief sought, and will no longer seek a dissolution of the Transaction, with a formal amendment to the Commissioner's application forthcoming. A hearing of the Section 92 Application is scheduled to occur before the Competition Tribunal in the second quarter of 2022. SECURE believes the resolution of such proceedings will not be material to the Corporation's financial results.

In connection with the closing of the Transaction, SECURE entered into an $800 million three-year revolving credit facility (the "**Revolving Credit Facility**") with nine financial institutions (with a maturity date of July 2, 2024). The Revolving Credit Facility was used to replace and repay SECURE's First Lien Facility and Second Lien Facility, Tervita's first lien credit facility, and letters of credit outstanding against SECURE's existing $75 million letter of credit facilities. SECURE also entered into a $30 million unsecured letter of credit facility guaranteed by Export Development Canada (the "**Letter of Credit Facility**"). See "*Description of Capital Structure – Material Indebtedness*".

On June 30, 2021, SECURE completed a private offering of $200 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026 (the "**2026 unsecured notes**"), which were released from escrow on July 2, 2021. On July 16, 2021, SECURE used a portion of these proceeds to fund the redemption of US$100 million of the US$500 million aggregate principal amount of 11.00% senior second lien secured notes of Tervita due December 1, 2025 (the "**2025 senior secured notes**"), at a redemption price of 105.5%, plus accrued but unpaid interest to, but not including, the redemption date. The remaining proceeds were used to repay indebtedness, pay fees and expenses incurred in connection with the offering and for general corporate purposes.

In connection with the completion of the Transaction, Grant Billing, Jay Thornton, Susan Riddell Rose and Michael Colodner, former directors of Tervita, were appointed to the board of directors of SECURE (the "**Board**").

On October 4, 2021, SECURE closed an additional private offering of $140 million aggregate principal amount of 2026 unsecured notes at an issue price of $100.75, representing a yield of approximately 7%. The proceeds were primarily used to redeem another US$100 million in aggregate principal amount of 2025 senior secured notes at a redemption price of 105.5%, plus accrued but unpaid interest to, but not including, the redemption date.

***2020***

The East Kaybob Pipeline System was commissioned in June 2020. The Corporation entered into long-term contracts in the Bigstone and East Kaybob regions of Alberta to gather light oil and condensate from multiple producers and transport the product to the Corporation's Fox Creek midstream processing facility (the "**East Kaybob Pipeline System**"). Several producer facilities have been tied into the system by way of four-inch diameter lateral pipelines, joining together into a six-inch line stretching approximately 25 kilometres to the Fox Creek midstream processing facility. In total, the East Kaybob Pipeline System spans approximately 120 kilometres. The project is underpinned

[2] Non-GAAP financial measure. See *General Matters – Non-GAAP and Other Financial Measures*

by 15-year commitments with multiple customers, and is expected to provide SECURE with stable, long-term fee-for-service revenues from pipeline tariffs, and reliable volumes at the Fox Creek midstream processing facility.

On September 11, 2020, the Corporation extended the $130 million second lien credit facility ("**Second Lien Facility**") by one year to July 31, 2022. There were no changes to the remaining terms, conditions and covenants of the Second Lien Facility. The Corporation also entered into interest rate swaps to fix the interest rate for the Second Lien Facility at 5.5%.

At the end of 2020, SECURE expanded its crude oil storage capacity with a 10-year arrangement at Hardisty. This opportunity aligns with SECURE's midstream strategy of obtaining access to infrastructure in the major crude oil hubs across North America and expanding our commercial revenue generating opportunities.

***2019***

During the second quarter of 2019, the Corporation completed construction of two additional 130,000-barrel crude oil storage tanks at the pipeline receipt terminal in Kerrobert, Saskatchewan, expanding total crude oil storage at the Kerrobert Crude Oil Terminal to 420,000 barrels.

On April 11, 2019, the Corporation acquired a 27% interest in a crude oil storage facility located in Cushing, Oklahoma comprised of four above-ground 175,000 barrel crude oil tanks. The Corporation also acquired a 51% interest in 80 acres of undeveloped land located adjacent to the crude oil storage facility.

On April 29, 2019, the Corporation amended its $470 million first lien credit facility ("**First Lien Facility**") to extend the maturity date from June 30, 2021, to June 30, 2023, and increase the borrowing capacity by $130 million to $600 million, comprised of a $565 million revolving credit facility and a $35 million operating facility. In connection with the amendments to the First Lien Facility, the Corporation also entered into a new $75 million bilateral letter of credit facility with a syndicate of two financial institutions and chartered banks.

In June 2019, SECURE commenced construction of the Pipestone water disposal facility and produced water pipeline (the "**Pipestone Facility**") in the Montney region of Alberta. The facility has multi-year contracted volumes through facility and area dedications with an anchor tenant, providing reliable cash flows over the contract term. The facility was commissioned in October 2019.

In the fourth quarter of 2019, SECURE initiated a sales process for the divestiture of specific service lines that do not have recurring or production-related revenue streams. With the volatile market conditions experienced throughout 2020 and 2021 and the completion of the Transaction (as defined above), the Corporation subsequently determined that it would not actively pursue such divestitures.

In the fourth quarter of 2019, new produced water pipelines connecting producer facilities/gas plants to SECURE's midstream infrastructure were added to the Tony Creek and the Gold Creek water disposal facilities.

## DESCRIPTION OF THE BUSINESS AND FACILITIES

### General

SECURE is a publicly traded energy infrastructure and environmental business listed on the TSX and the S&P/TSX Composite Index. SECURE provides industry leading midstream infrastructure and environmental and fluid management to predominantly upstream oil and natural gas companies operating in Western Canada and certain regions in the U.S. The operations of SECURE are managed through two reportable segments: Midstream Infrastructure and Environmental and Fluid Management.

SECURE's Midstream Infrastructure business segment includes a network of midstream processing and storage facilities, crude oil and water pipelines, and crude by rail terminals located throughout key resource plays in Western Canada, North Dakota and Oklahoma. SECURE's midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE's Environmental and Fluid Management business segment includes a network of industrial landfills, hazardous and non-hazardous waste management and disposal, onsite abandonment, environmental solutions for site remediation and reclamation, bio-remediation, waste treatment and recycling, emergency response, rail services, metal recycling services, as well as fluid management for drilling, completion and production activities.

### Midstream Infrastructure Segment

The Midstream Infrastructure segment includes a network of midstream processing and storage facilities, crude oil and water pipelines, and crude by rail terminals located throughout key resource plays in Western Canada, North Dakota and Oklahoma. The Corporation's Midstream Infrastructure facilities are long-life assets with low maintenance capital requirements. As at the date hereof, the Corporation's Midstream Infrastructure solutions are provided at 77 locations in total, including 54 facilities operating in Alberta, 11 facilities in Saskatchewan, seven facilities in British Columbia, four facilities in North Dakota and one in Oklahoma.

For the years ended December 31, 2021, and 2020, the Midstream Infrastructure segment comprised 41% and 44%, respectively, of the total consolidated revenue (excluding oil purchase and resale) of the Corporation.

The Midstream Infrastructure segment generated approximately 9% of its total revenue (excluding oil purchase and resale) from operations conducted in the U.S. in 2021 compared to 21% in 2020.

*Facilities*

The Corporation's midstream processing facilities are designed to maximize the recovery of hydrocarbons and minimize the volume of waste requiring disposal.

The Corporation provides our specialized Midstream Infrastructure solutions through the following types of infrastructure:

*Midstream Processing Facility*

A facility that provides a combination of clean oil terminalling, custom treating of crude oil, crude oil marketing, crude oil purchase and resale, produced and waste water disposal and oilfield waste processing. SECURE has 25 facilities that include a connection to an oil gathering or transmission pipeline for the injection of crude oil. All midstream processing facilities but one, are connected to a Class IB Disposal Well for the disposal of produced and waste water.

In summary, a midstream processing facility operates as follows:

- Clean oil or oil that requires treatment prior to injection into the pipeline is delivered to the midstream processing facility by pipeline or tank trucks. SECURE processes the oil/water emulsion, resulting in pipeline specification oil, which is injected into the gathering or transmission pipelines, and clean produced water, which is subsequently injected into the disposal well; and

- Recovered/recycled crude oil is delivered to the midstream processing facility by vacuum truck. SECURE separates the waste into reclaimed oil, waste water and residual solids. The oil is then injected into the gathering or transmission pipeline, the water is injected via disposal wells into disposal zones between impermeable layers of rock, and the residual solids are treated and disposed of at one of SECURE’s landfills.

Below is an aerial photograph of SECURE's Tulliby midstream processing facility.

*Onsite Project Facility*

An onsite project is a facility that is located on the customer’s own operating site and performs the same or similar set of services for the customer as a midstream processing facility, further reducing the greenhouse gas impact by eliminating transportation needs and integrating waste management solutions within a producer’s operations. SECURE operates eight onsite projects at customer locations throughout Western Canada, but principally in the heavy oil corridor and oil sand production areas in east central and northern Alberta.

*Crude Oil Terminals*

Crude oil terminals are an integrated component of SECURE’s midstream processing facilities, and provide clean oil terminalling, crude oil marketing and optimization, crude oil storage, and crude oil purchase and resale solutions. The Corporation has two stand-alone operational crude oil terminals: one in Saskatchewan (Kerrobert) and one in Oklahoma (Cushing) through its 27% interest in Barcas Pipeline Ventures LLC. SECURE’s Kerrobert Crude Oil Terminal forms part of the Kerrobert Light Pipeline System and is connected to the Enbridge Inc. Mainline.

*Operations*

The primary Midstream Infrastructure services provided by the Corporation at midstream processing facilities, onsite project facilities and crude oil terminals are detailed below.

*Crude Oil Pipelines*

SECURE currently operates two crude oil pipeline systems, the Kerrobert Light Pipeline System in Saskatchewan, and the East Kaybob Pipeline System in Alberta. The Kerrobert Light Pipeline System is a feeder system that gathers crude oil from multiple oil producers and transports the product to the Corporation’s Kerrobert Crude Oil Terminal. This culminates in a connection to the Enbridge Inc. Mainline acting as a downstream carrier allowing access to Eastern

Canada and export markets. The Corporation's Kerrobert Light Pipeline System began operations in the fourth quarter of 2018. The 16.5 kilometre four to eight inch feeder pipeline system located in the Viking oil region of Saskatchewan gathers crude oil from multiple oil producers, before feeding into SECURE's existing Kindersley midstream processing facility. A larger 27 kilometre pipeline, with a diameter of 10 inches, initiating adjacent to SECURE's Kindersley midstream processing facility transports crude oil from the feeder system and processed oil from the Kindersley midstream processing facility to SECURE's Kerrobert Crude Oil Terminal, and then onto the Enbridge Inc. Mainline at Kerrobert. The entire system stretches approximately 43.5 kilometres with a total capacity of 50,000 barrels per day.

The East Kaybob Pipeline System, commissioned in 2020, gathers light oil and condensate from multiple producers and transports the product to the Corporation's Fox Creek midstream processing facility. Several producer facilities are tied into the East Kaybob Pipeline System by way of four inch diameter lateral pipelines, joining together into a six inch line stretching approximately 25 kilometres to the Fox Creek midstream processing facility. In total, the East Kaybob Pipeline System spans approximately 120 kilometres and has initial capacity of 15,000 barrels per day.

Below is an aerial photograph of SECURE's Kerrobert Crude Oil Terminal, highlighting this facility's principal components:


The addition of oil pipelines to SECURE's asset portfolio creates value for our customers operating in the region by providing a capital efficient transportation solution that enhances operating netbacks. Additionally, the use of pipelines significantly reduces or eliminates trucking logistics and constraints, reduces carbon dioxide ("**$CO_2$**") emissions, increases safety by reducing the number of trucks required to transport producers' product, and reduces repairs and maintenance expenses on municipal road infrastructure.

*Water Pipelines and Disposal (Produced Water and Waste Water)*

The Corporation also owns nine produced water pipelines in Alberta and North Dakota which transport produced water from producer facilities and gas plants to SECURE's midstream processing facilities.

Oil and gas production generates high volumes of produced water. Because the produced water has been in contact with the hydrocarbon bearing formation for centuries, it has some chemical characteristics of the formation and the hydrocarbon itself. As a result, the vast majority of this produced water contains properties that are harmful for the surface environment, and must be handled with care. Managing produced water is a significant factor for oil and gas producers. Water pipelines connect producer facilities/gas plants to SECURE's midstream processing facilities. Pipelines connecting produced water volumes for processing and disposal provides an economic, safe, and environmentally responsible transportation solution for producers managing these high volumes of water.

A water disposal facility provides disposal of produced and wastewater through a Class IB Disposal Well into a non-hydrocarbon producing zone. Disposal wells are classified as either Class IB or Class II. Class II wells are permitted to dispose of producer water that is a by-product of oil and natural gas production and originate from a producing formation. Class IB wells can accept Class II fluid plus specific common oilfield waste streams that are produced during drilling, completion and production operations. Such fluids do not typically originate from producing formations but become contaminated either by introducing them to a formation during drilling and completion of wells (for example, fracture stimulation flowback water and waste drilling fluid) or at production facility operations (for example, wash water and boiler blowdown water).

Produced water is a by-product of crude oil and natural gas production. Waste water is a by-product most typically associated with oil and natural gas well drilling and completion activities as well as production related to well work-overs. In summary, a water disposal facility operates as follows:

- Produced and waste water is delivered to the water disposal facility by tank truck;
- Produced and waste water is temporarily stored in tanks prior to being filtered to remove any suspended solids and crude oil; and
- Treated water is injected into the disposal well.

The Corporation provides produced and waste water disposal services through a network of Class IB Disposal Wells in Canada and Class II disposal wells in North Dakota. Disposal wells are approved by the Alberta Energy Regulator ("**AER**"), British Columbia Oil and Gas Commission, and the Saskatchewan Ministry of Energy and Resources in Canada and the Industrial Commission Department of Mineral Resources Oil and Gas Division in North Dakota. The wells dispose of the following fluids:

- Produced water associated with production of oil, bitumen, natural gas, NGLs or coalbed methane;
- Produced water and specific common oilfield waste fluids;
- Waste water from oilfield waste processing facilities; and
- Waste fluids from drilling and completion operations.

Below is an aerial photograph of SECURE's Gold Creek water disposal facility.

Of SECURE’s 77 midstream processing facilities 16 are water disposal facilities: 12 are located in Alberta, 2 in Saskatchewan, one in British Columbia and one in North Dakota.

*Crude Oil Terminalling, Storage and Marketing*

Of the Corporation’s midstream processing facilities, 25 provide customers with an access point or terminal to transport their produced clean oil to market by pipeline. At the majority of the Corporation’s pipeline connected facilities, this oil is delivered by customers to SECURE’s facilities by truck and is stored on site until it is shipped through feeder pipelines and/or transmission pipelines. SECURE manages both the purchase of the oil and the subsequent payment to the producer for the delivered oil based on the initial quality received. SECURE may upgrade the oil quality and enhance its value, thereby enabling SECURE to generate incremental crude oil profits. The Corporation also has crude oil storage at certain pipeline connected facilities to optimize pricing and manage pipeline transportation constraints.

*Oil Purchase and Resale*

SECURE’s oil purchase and resale services enhance SECURE’s produced water disposal, crude oil emulsion treating, terminalling, rail transloading and marketing operations. By offering this service, SECURE’s customers gain efficiencies in transportation and handling of their crude oil to the pipeline. At SECURE's midstream processing facilities and crude oil terminalling facilities, SECURE meters the crude oil volumes and purchase the crude oil directly from our customers. The Corporation then processes, transports to a pipeline-connected midstream processing facility if necessary, and handles the shipment of crude oil to a saleable point downstream.

*Custom Treating of Crude Oil*

Crude oil production or emulsion contains by-products such as water, suspended solids and water-soluble salts. These contaminants must be removed before crude oil can be shipped through a pipeline to a refinery. SECURE’s emulsion treating service separates oil from other by-products to create pipeline specification crude oil.

*Oilfield Waste Processing*

Waste is generated from drilling, completions and production related activities. SECURE’s oilfield waste processing separates waste into three components: recoverable oil, waste water and residual solids. Recovered oil is treated and sold as detailed above. Residual wastewater is deep well injected into Class IB Disposal Wells and separated solids are processed and transported to one of the Corporation’s Class II or Class I oilfield landfills.

*Cavern Disposal*

Caverns are purchased from salt producers or are created by injecting non-saturated water into underground salt deposits to develop new cavern space. The water dissolves the salt and creates a large, completely sealed cavern. Generally, a cavern has one well where waste is injected down the tubing and displaced fluid is returned through the inner casing. Surface facilities are constructed with an elaborate pumping system to enable a fast and reliable waste injection process.

SECURE operates three multi-product cavern disposal facilities in Lindbergh and Hughenden, Alberta, and Unity, Saskatchewan, all of which are in the WCSB. SECURE utilizes salt formations deep below the surface to allow for the disposal of most solid or liquid wastes, including those that are difficult to process or not appropriate for placement in water disposal facilities or landfills, such as high pH fluids, chemicals, naturally occurring radioactive materials ("**NORMs**"), processed sludges and other contaminants.

Once received, waste is slurried and injected into the cavern disposal facility. As waste slurry is pumped into the cavern, it displaces brine, which is brought to the surface and injected into a disposal well. Inside the cavern, solids, oils and other liquids separate into distinct layers due to: (i) the different densities of solids, oils and other liquids in the cavern; (ii) temperature; and (iii) time. Crude oil generally rises to the top and is extracted and then sold. SECURE believes its cavern disposal technology is highly effective because of its high capacity injection system, safe and reliable methodology, utilization of geothermal heat to expedite the oil recovery process and the possibility of expansion by washing new caverns. To promote reliability, each cavern is constructed with critical backup processing and disposal systems. Multiple caverns at each location and duplicative injection pumps reduce downtime and allow preventative maintenance without disrupting customer service.

**Environmental and Fluid Management Segment**

The Environmental and Fluid Management segment includes a network of owned, operated and marketed industrial landfills, hazardous and non-hazardous waste management and disposal, onsite abandonment, environmental solutions for site remediation and reclamation, bio-remediation, water treatment and recycling, emergency response, rail services, metal recycling services, as well as fluid management for drilling, completion and production activities and distribution facilities, shops and offices located throughout Western Canada to ensure quick and efficient service to customers. Customer service is achieved through a network of facilities owned and/or operated by the Corporation and stock points that are owned and managed by major third-party oilfield transportation companies.

For the years ended December 31, 2021 and 2020, the Environmental and Fluid Management segment comprised 59% and 56%, respectively, of the total consolidated revenue (excluding oil purchase and resale) of the Corporation.

The primary Environmental and Fluid Management services provided by the Corporation are detailed below.

*Industrial Landfills (Class I and II Disposal)*

The Corporation’s landfills provide solid waste management services to the oil and gas and industrial sectors. The Corporation’s landfills in Alberta are approved as Class II Oilfield Landfills by the Alberta Environment and Parks (“**AEP**”); in British Columbia as secure landfills by the B.C. Environment and Sustainability Ministry and Climate Change; in Saskatchewan as engineered landfills by the Saskatchewan Ministry of Environment and in North Dakota as a special volume and industrial waste landfill by the North Dakota Department of Environmental Quality. These landfills are approved to receive oilfield and industrial waste that meet specified criteria for non-hazardous waste associated with activities including but not limited to:

- Reclamation – contaminated soil associated with the cleanup of past operating facilities;
- Production – disposal of soil contaminated as a result of spills or pipeline breaks; and
- Drilling – cuttings removed from the wellbore are contaminated based on the type of drilling mud used.

A Class II Oilfield Landfill provides disposal of contaminated soil and drill cuttings associated with oil and natural gas drilling, production and reclamation activities. Class II Oilfield Landfills also dispose of waste solids that have been separated from liquid waste delivered to SECURE's midstream processing facilities. The Corporation's Class II Oilfield Landfills do not accept municipal, hazardous, dangerous or construction waste. Prior to delivery to the landfill, the waste must receive pre-approval by way of third-party analytical testing to ensure that the material meets acceptance criteria stipulated in the facility license. Random samples are tested at the facility and compared against prior analytical testing to ensure compliance.

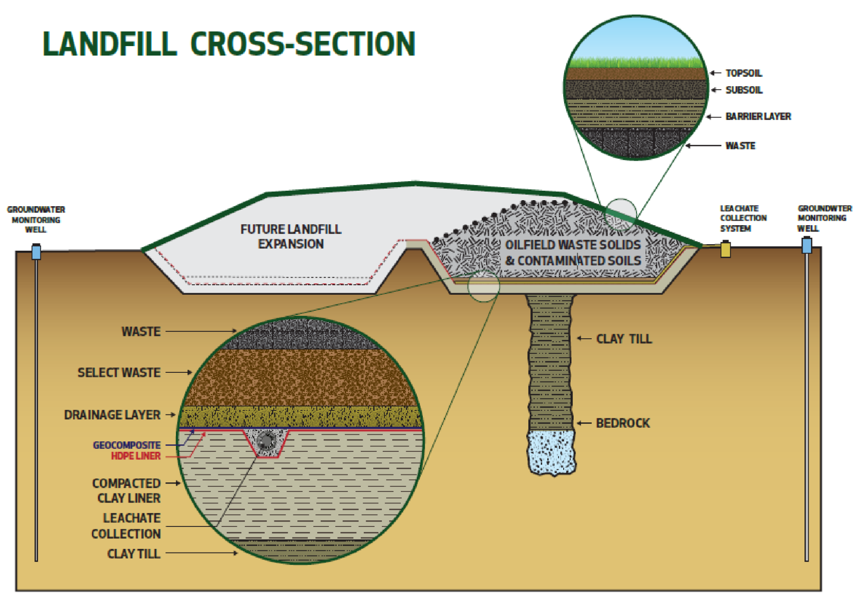
Landfills are located on land that meets stringent geological standards and are constructed with two separate liner systems. Liquids are removed from the landfill cells and treated and disposed of at one of SECURE's midstream processing facilities or water disposal facilities. The Pembina Area Landfill also has a separate Class I Landfill cell and is approved for NORM disposal. Class I Landfills are constructed with three liners and have additional monitoring requirements. The Class I Landfill cell is regulated to dispose of hazardous industrial solids and dangerous oilfield waste.

SECURE also owns and operates the Pembina Area Landfill, which is a Class I, hazardous waste landfill permitted by AEP. The Class I cell allows for the disposal of industrial hazardous solids and dangerous oilfield wastes, including filters, tank bottoms, soils, pipeline pigging waste, demolition waste, and non-usable/non-recyclable equipment. The Pembina Area Landfill is also approved for NORM disposal, allowing SECURE to provide customers with a safe, economical and environmentally responsible disposal option for NORM impacted solids. SECURE's landfill portfolio consists of nineteen owned sites, two sites operated under contracts and three sites that it markets under contract for other landfill operators.

At some of its landfills, SECURE provides sulphur by-product solutions to its clients, including sulphur forming/ blocking, re-melting, logistics services and disposal.

SECURE's landfill portfolio consists of 21 owned sites (13 are located in Alberta, five in Saskatchewan, two in British Columbia, and one in North Dakota); three sites operated under contract (one in each of Alberta, Saskatchewan and Manitoba); and three sites that it markets under contract for other landfill operators (all located in Alberta).

Below is cross-section of an industrial landfill, highlighting the principal components.



*Environmental Remediation and Reclamation*

The Corporation provides remediation and reclamation solutions to assist in the removal and clean-up of contaminants from soil, groundwater, and sediment for the protection and betterment of the public and the environment. SECURE has extensive experience in all aspects of excavation, transportation, treatment and disposal of contaminated soils. The Corporation also has the capability of handling all remedial aspects of pond projects from sludge removal and remediation, to re-shaping and re-lining ponds.

*Metals Recycling (ferrous and non-ferrous)*

SECURE is a full service ferrous and non-ferrous recycler that provides both onsite collection and offsite clean-up service to a wide range of oil and gas, mining, industrial and manufacturing customers throughout Alberta, Manitoba, Saskatchewan and southeastern British Columbia. This geographical footprint is intended to allow SECURE to respond quickly to its customers' metal recycling needs. SECURE purchases both ferrous and non-ferrous scrap metals collected from demolition projects, rail services, onsite scrap clean-up services and bins placed at industrial customers' sites. SECURE has a wide selection of scrap metal collection bins in a range of sizes, which, when combined with the Corporation's fleet of scrap hauling trucks and trailers, provide an opportunity to recover large volumes of material more efficiently.

SECURE uses a fleet of 12 modern mobile shears and one large stationary shear in Western Canada, which allows the Corporation to offer processing capabilities in the region, in a responsive manner, that SECURE believes are superior to those offered by its competitors. SECURE's metals management software allows customers to access detailed summaries of their shipments on a day-to-day basis, if required. All five of SECURE's metals yards, two in British Columbia and three in Alberta, are rail connected. This provides market access within Canada and the U.S. and allows SECURE to offer its customers competitive pricing. SECURE employs an automated and GPS-controlled dispatch and bin tracking system that facilitates effective and efficient asset tracking and bin pick-up and delivery. SECURE sorts, processes and sells the recovered scrap metal products to customers (primarily direct to steel mills or designated steel mill brokers) across North America and overseas.

SECURE has long-term agreements with two major oil sands producers to manage and operate their scrap metal recycling programs in the Fort McMurray region of Alberta. These agreements provide an opportunity for SECURE to combine volumes of material to maximize economies of scale in processing and selling recovered metals and other materials on these sites.

*Waste Services (hazardous and non-hazardous materials that are recycled and/or safely disposed)*

SECURE provides a suite of solutions spanning the waste and by-product management life cycle of industrial and energy customers. Through this service line, SECURE offers solutions to help its customers operate in an environmentally compliant manner. The waste services division operates a network of three hazardous waste transfer stations within Western Canada. This network of facilities includes a fleet of over 35 specialized trucks and over 10,000 containment bins. SECURE collects and processes waste bins that contain hazardous and non-hazardous materials and recycles or disposes of the collected waste products. Some of SECURE's additional waste management services at the field level include waste characterization, packaging, and tracking. SECURE also operates two sludge pads in Western Canada, which are engineered containments that are capable of, and permitted to, receive hazardous and non-hazardous waste sludges and fluids for dewatering, solidification, and disposal. In addition, SECURE offers onsite management of waste projects, through its field services team, which provides customers with onsite supervision, site clean-up, transportation, and disposal of various waste streams. The field services team also offers emergency response, spill containment and impact assessment services.

SECURE also has a network of bioremediation pads that are used to biologically reduce hydrocarbon contaminants from soil enabling it to be used for industrial fill or landfill cover.

*Water Services (water recycling & treatment and/or fluid recovery solutions)*

SECURE's water services business provides applied technologies and solutions for fluid and slurry management, which range from one-time projects, to scheduled and planned maintenance intervals, and ongoing daily processes which are integrated into the customer’s operations. SECURE also provides a full suite of water treatment and management services for major infrastructure upgrade projects, including liquefied natural gas early works, facility expansions, dam construction and upgrades, and large tunneling projects.

With a large and extensive array of modular water treatment equipment, the business is capable of providing waste minimization and water treatment or fluid recovery solutions across all major industries that generate slurries, waste water or reusable fluids which must be maintained to specification. These water services processes enable reduction of waste and inherent waste logistics, through reuse or treatment of fluids, or reducing moisture balance percentages within slurries which are solidified to meet the criteria of disposal or alternate uses.

SECURE's technicians have the expertise to provide the following services: storm water management/treatment, hydrocarbon contaminated water treatment, concrete cure water pH adjustment, chemical supply, reverse osmosis treatment, mobile plug and play solutions, metals contamination treatment, construction water treatment, lab analysis and bench testing, and residual management from tunneling. These services are primarily offered within Western Canada, while capable to service large projects across Canada due to the mobility of the fleet.

*Emergency Rail Response Services*

The Corporation provides emergency response services in connection with lease site releases, pipeline breaks and motor vehicle transportation accidents. This service is offered in conjunction with the Corporation’s existing facilities and network to provide services from the initial response through to disposal and final regulatory cleanup requirements. The Corporation has specialized heavy equipment and personnel for immediate response and emergency containment across Western Canada. The Corporation assists rail customers by clearing derailments, which allows for rail line repairs, and carrying out the subsequent clean-up operations to remove damaged rail cars, recover lading and remediate the site to return it to its original condition.

*Environmental Construction*

The Corporation has the capability to complete all aspects of environmental construction including the highest level of landfill construction certification such as Alberta Class I landfills, leachate collection system installation, pond construction, liner installation, road, lease and pad construction, coffer dam construction, aggregate replacement, funnel and gate technology construction, cut-off and groundwater recovery trench construction, sheet piling, slope stability, waste storage facilities, bioremediation cells, and bentonite slurry wall construction.

*Demolition and Decommissioning*

When a company’s assets reach the end of their useful life, a safe, cost-effective method to remove these assets is required. SECURE provides the specialized equipment necessary for these projects to be completed safely. The Corporation provides complete decommissioning solutions from hazardous materials removal, through to facility demolition, asset recovery and recycling.

*NORM Management*

In many geographic areas, the oil and gas industry requires service providers capable of managing and disposing of NORMs, which may include production waste, impacted equipment and materials, water treatment, residuals and waste, and spills. The Corporation provides a full line of services for managing NORMs, including site assessments, remediation, waste collection and disposal, and NORM safety training and consulting. In addition, SECURE operates a specialized NORMs management facility at Standard, Alberta.

*Drilling Services*

Oil and gas drilling requires technologically advanced fluids to improve the integrity of the borehole, remove cuttings, control wellbore pressure and maximize efficiency of the process. SECURE’s drilling services maximize the useful life of drilling fluids and provide safeguards for environmental compliance.

Drilling services provided by the Environmental and Fluid Management segment include the design and implementation of drilling fluid systems for producers drilling for oil, bitumen, natural gas and NGLs. This business has a large focus on servicing the major natural resource plays such as, but not limited to, Clearwater formation, Cardium of central Alberta, the Montney and Duvernay in the Deep Basin of Alberta and British Columbia, the oil sands of Alberta and the Bakken of Saskatchewan.

All wells drilled, whether gas, oil, bitumen, $CO_2$ injection or disposal wells, require the use of drilling fluids to drill the well. Drilling fluids encompass the functions of cleaning debris out of the hole, stabilizing and sometimes strengthening the formation drilled, controlling subsurface pressures, preventing accretion, enhancing drilling rates and protecting potential production zones while conserving the environment in the surrounding surface and subsurface area. The Corporation's drilling fluid systems are designed to be adaptable to a wide range of complex and varied drilling and completion scenarios, to help clients eliminate inefficiencies in the drilling and completion process and to assist clients in meeting operational objectives while maintaining environmental compliance.

The drilling services business markets our proprietary and patented products, technical expertise and fluid engineering services to all entities that drill oil, gas or energy related wells. The Environmental and Fluid Management segment markets our services by emphasizing the historical success of our products and systems, as well as the experience and technical competency of our management and employees.

The drilling services business provides fluids and solids equipment rentals for drilling operations in the WCSB. The majority of the activity for the fluids and solids equipment rentals is in central Alberta and the oil sands. The Corporation's current fleet of high-speed centrifuges, bead recovery units, Target Tanks™, dewatering systems, tanks, shale bins, hydraulic centrifuge stands, polymer injection tanks, lubricant injection trailers, bulk barite units, and ancillary equipment is offered as a standalone package or part of an integrated package with drilling fluids services.

The centrifuge and hydraulic stand package is a state-of-the-art system designed for high end drilling fluids to reduce fluid and moving costs between wells while providing a safe working platform. SECURE provides a unique cost-saving advantage for fluid storage with the Corporation's Target Tank™, a dual containment fluid storage tank. The Target Tank™ can be used for various applications where dual containment is required, such as to store oil-based drilling fluids on well sites during drilling operations, for hydraulic fracturing jobs, and production workovers. The Target Tank™ meets environmental regulatory standards in Alberta for on-site oil-based fluid storage without a berm, or without the need for a dike when drilling or operating within 100 metres of a waterbody.

The Corporation has drilling fluids distribution points across the WCSB where the majority of its facilities are located.

The Corporation owns and operates a 30,000 $ft^2$ central drilling fluid distribution warehouse in Nisku, Alberta. The Nisku facility is a product stock point for Alberta operations, and outlying stock point for operations in British Columbia, and functions as the SAGD product distribution center for SECURE's drilling fluids business. Attached to the distribution warehouse is a laboratory that is used to ensure that only quality products are shipped to the field for our customers' use.

The Corporation also owns land and a building in Arcola, Saskatchewan which is a drilling fluids distribution center. The Arcola facility is strategically located in southeast Saskatchewan to specifically address the Saskatchewan and Manitoba markets. The facility is a 20,000 $ft^2$ cold storage and distribution facility. Adjacent to the large warehouse is 7,000 $ft^2$ of heated office and storage space.

The Corporation also has invert (oil-based drilling mud) blending and mixing facilities in Grande Prairie, Drayton Valley and Fox Creek, all in Alberta. The Drayton Valley and Fox Creek facilities are located adjacent to one of the Corporation's midstream processing facilities. These facilities are capable of manufacturing and reconditioning invert fluid. The Grande Prairie facility has a large warehouse space for storing liquid and dry products including bulk storage products used for completions. The facility hosts an oil-based mud testing laboratory that is used for quality control and quality assurance testing. The Corporation's silicate production, storage and supply facility is also located in Grande Prairie. The key purpose of the blending and mixing facilities was to reduce transportation costs, leverage off facility infrastructure and enhance customer service in the field.

The Corporation also owns a minerals product plant located in Lethbridge, Alberta. The mineral products plant mainly processes barite to be used in drilling fluids systems and has capacity to process between 100,000 and 120,000 metric tons of raw material annually. The mineral products plant allows the drilling fluids business to vertically integrate its operations to improve supply logistics and quality. The Corporation has also diversified operations at the plant, including bagging of purchased materials and milling of other drilling fluids products.

*Production Chemicals*

The Corporation's production chemicals business focuses on providing equipment and chemical solutions that optimize production, provide flow assurance and maintain the integrity of production assets. SECURE's production chemical solutions help solve customer production issues by providing tailored solutions at both the field level and at the Corporation's research laboratory in Edmonton, Alberta. The Corporation's 6,700 $ft^2$ laboratory in Calgary, Alberta is capable of handling hydrogen sulfide samples. This facility is run by an experienced team of PhD chemists with the objective of assisting customers with technical challenges through simulations and testing, research and development of new products and education sessions. The focus on testing, research and new product development conducted at the laboratory allows SECURE to provide unique and tailored products to customers. Production services is comprised of two service lines: completion fluids and production chemicals.

- The completion fluids service line provides clients with customized fluid systems that are used during well completion activities. These fluid systems contribute to the successful running of complex completion strings, optimize production and improve the performance of fracing operations.
- The production chemicals service line focuses on providing equipment and chemical solutions that optimize well production by treating problematic oil conditions including viscous oils, paraffin and asphaltenes. In addition, SECURE provides customized formulations that effectively separate oil and water emulsions prior to additional downstream treatment at refineries. A comprehensive line of corrosion and scale inhibitor products are offered that maintain the integrity of pipelines and other production assets. An acquisition completed in April 2017 added over 100 fully formulated proprietary products including flow assurance, asset integrity, product optimization, and a variety of fracturing and stimulation products. SECURE also acquired key infrastructure related to the product offering, including a blending facility in Red Deer, Alberta and a research lab facility in Edmonton, Alberta, which are capable of full-service product support and ongoing research and development, and a network of multiple new distribution points throughout the WCSB.

*Fluid Management, Water Recycling, Pumping and Storage Completion Services (Integrated Fluid Solutions)*

The Corporation has a fleet of water pumping equipment (including automated units), temporary pipelines, filtration and heating equipment to meet SECURE's customers' fluid transfer needs. The introduction of automated pumps has resulted in cost efficiencies for the Corporation's customers as labour requirements are less intensive. The Corporation employs an experienced team of professionals to review the customer's specific job requirements and design an engineered pumping solution to meet the individual project needs.

The Corporation has frac tanks available for rental to SECURE's customers. The frac tanks are necessary to support the increasing requirement to have more above ground fluid storage available for large multi-stage fracs completed on horizontal oil and natural gas wells. The primary purpose of this service is to complement and integrate existing service offerings by establishing integrated fluid services with the Corporation's customers allowing SECURE to manage and handle their fluid requirements during the entire drilling process.

*Fluids and Solids Equipment*

In Leduc, Alberta, the Corporation has an operations centre for the repair, service, and rental management of the fluids and solids equipment for Western Canada. The Leduc facility occupies two acres, with more than 8,000 $ft^2$ of indoor working space.

The Corporation's South Grande Prairie midstream processing facility is also utilized as a hub for fluids and solids equipment field technicians who service northern Alberta and British Columbia.

## BUSINESS STRATEGY

### Disciplined Midstream Infrastructure Growth

The Corporation's business strategy over the past several years was focused on increasing the stability of the Corporation's cash flows from recurring revenue sources and long term contracts. The business strategy allowed the Corporation to maintain financial resiliency and balance sheet strength while maximizing free cash flows and rate of return from the assets of the business. Following the Transaction, these key strategic priorities for SECURE remain as we strive to reduce the risk of our capital investments and maximize the return and value from our existing assets, promoting profitable growth for our shareholders, and positioning the Corporation for sustained success. The Corporation will continue to achieve these priorities by:

- Reducing the overall debt of the Corporation to increase financial resiliency;
- Optimizing the assets following the Transaction, including realizing synergies to maximize free cash flow;
- Creating long-term contracts and partnership with customers;
- Continuing to focus on re-occurring revenue streams;
- Constructing and connecting oil and/or produced water pipelines to existing infrastructure to reduce customers' transportation costs and reduce their greenhouse gas emissions; and
- Evaluating potential Carbon Sequestration projects to aid in reducing our own emissions and to provide services that support our customers in transitioning to a lower carbon economy.

Further details on the Corporation's strategy are as follows:

*Create Long-Term Contracts and Partnerships with Customers*

Creating long-term contracts and partnerships with customers to share in the risk and upside associated with constructing and operating new midstream infrastructure is critical to SECURE's priority of increasing the stability of our cash flows to reduce the risk of our investments and provide stable returns to our shareholders. SECURE works transparently with customers to identify opportunities where we can provide innovative solutions that help our customers reduce costs and emissions, and invest their capital where it generates the highest returns. As a result, customers are willing to share in the risk and commit dedicated volumes to our midstream infrastructure that provides predictable, recurring cash flows for the Corporation. By bringing multiple customers together, SECURE can create economies of scale to support new infrastructure, including pipelines to transport production volumes, while eliminating redundant assets and reducing the overall carbon intensity of the industry.

In addition to the production-related infrastructure described above, the Corporation continues to expand service offerings that provide more stable cash flows, such as environmental solutions work in Fort McMurray, and expanded the production chemicals service line in the Environmental and Fluid Management segment. This allows the Corporation to be less susceptible to drilling and completion cycles, providing a more certain base level of cash flow.

### Enhanced Environmental, Social and Governance Practices

SECURE is committed to operating in a safe, ethical, legal, environmentally and socially responsible manner. Integrating sustainability considerations into our overall business strategy, risk management and business development are critical to the long-term success of the Corporation. We are continually assessing our operations and pursuing new processes to further enhance the sustainability of our operations, and to deliver solutions that help our customers achieve their own sustainability goals.

Sound corporate governance is important to guide sustainable operations and achieve long-term success through corporate policies that provide clear direction for all business activities. SECURE has formalized social, health and safety, and environmental policies and procedures to govern the way in which the Corporation conducts business in order to achieve the following commitments:

*Serving our Customers and Conducting Ourselves Ethically at All Times*

SECURE has established a formal human rights policy (titled Workplace Non-Discrimination, Violence, Harassment and Bullying Policy) and a Code of Business Conduct that governs the way in which the Corporation and our employees, directors and consultants conduct business.

SECURE is committed to providing a healthy, harassment-free work environment for all employees where diversity is embraced, differences are appreciated, and everyone can expect to be treated with dignity and respect. The Corporation's Workplace Non-Discrimination, Violence, Harassment and Bullying Policy outlines that the Corporation will not condone or tolerate any form of discrimination, violence, harassment or bullying by anyone associated with the organization. The policy specifically covers the protected groups identified in the *Canadian Human Rights Act* and outlines procedures for complaints under the policy, all of which the Corporation is required to thoroughly investigate.

SECURE's Code of Business Conduct addresses the identification and management of ethical situations and provides guidance in making ethical business decisions. The Code of Business Conduct requires that all directors, officers, employees and consultants comply with all laws, regulations and requirements that are applicable in jurisdictions where the Corporation operates. SECURE provides training to all staff on the Code of Business Conduct. The following additional policies are incorporated by reference into the Code of Business Conduct:

- Workplace Non-Discrimination, Violence, Harassment and Bullying Policy (*see above*);
- Diversity & Inclusion Policy;
- Alcohol and Drug Use Policy;
- IT Acceptable Use Policy;
- Privacy Policy;
- Policy on Trading in Securities; and
- Corporate Disclosure Policy.

SECURE has various other standard policies, including a standalone policy on whistleblowing, as well as documentation that addresses topics such as corruption, fraud and discrimination.

Each director, officer, employee and consultant of the Corporation is required to regularly review the Code of Business Conduct and to confirm they understand their individual responsibilities and that they conform to the requirements of the policy. Individuals subject to the policy are accountable for applying them to their own conduct and work. All directors, officers, employees and consultants are encouraged to report violations of these policies in accordance with the procedures described in the Corporation's Whistleblower Policy. Violations of these policies will result in the Corporation taking effective remedial action commensurate with the severity of the violation. In 2021, there were six Code of Business Conduct complaints reported, all of which were thoroughly investigated and reported to the Board. Investigation confirmed that only one of the complaints was a policy violation and appropriate action was taken to resolve the violation.

In 2020, SECURE introduced a Supplier Code of Conduct to establish standards and principles with respect to labour and human rights, business ethics, health and safety, environmental sustainability, and stakeholder engagement for our vendors, contractors and consultants. The Corporation expects all suppliers to adhere to this Supplier Code of Conduct.

*Putting the Health and Safety of our People and the Public Above All Else*

SECURE is committed to creating a strong safety culture that sets the habits, thoughts and beliefs that drive the behavior of all employees, contractors and consultants to achieve our goal that everyone goes home safe every day.

The Corporation's Health and Safety Policy sets out SECURE's philosophy and commitment regarding care, competency, compliance and continuous improvement. This policy establishes SECURE's commitment to providing proper training, development and resources so that employees and contractors can safely carry out their work. The Corporation strives to achieve and exceed compliance with all applicable laws, regulations and policies, and supports practical and applicable industry recommended guidelines, programs and practices. Continuous improvement is driven through increasingly proactive initiatives as the Corporation continues to progress its health and safety programs with the goal of working towards a values driven, self-sustaining safety culture. The following are some of the actions taken by SECURE over the past few years as we mature our safety culture:

- Developed the 8 Life Saving Rules specific to the highest risk activities associated with our business. The 8 Life Saving Rules have been integrated into all aspects of SECURE's safety management systems.
- Introduced the concept of reviewing incidents for potential significant injuries and fatalities ("**SIF-P**"). All SIF-P near misses and incidents are shared widely across the organization and reviewed by SECURE's executive management team and the Board.
- Increased safety focused senior management engagement with frontline employees and contractors.

The Board is committed to the health, safety of SECURE's personnel and the public. Specifically, the Board is responsible for monitoring compliance with SECURE's significant policies, including the Health and Safety Policy. Further, the Board is also responsible, in consultation with SECURE's Environment, Social and Governance Committee, for overseeing the identification, assessment and management of ESG risks, including health and safety.

SECURE's Environment, Social and Governance Committee has specific oversight of personnel and public health, safety and security, operational risk management programs, and emergency response plans and programs and monitors management systems and internal controls addressing key risks in the areas of health, safety, sustainability. SECURE's Environment, Social and Governance Committee also receives results and updates from management with respect to ESG performance and provides oversight of the Corporation's formalized safety targets.

In 2021, the Corporation continued to operate with previously implemented enhanced health and safety measures including physical distancing, working from home measures and limiting non-essential travel to protect our employees, contractors, customers, and communities in response to the continuing COVID-19 pandemic.

The Corporation monitors and trends safety statistics, which provides a benchmark for setting targets, helps to analyze current results, and provides information to identify potential opportunities for improvement. We continue to work towards developing leading types of safety metrics to be more proactive in incident prevention.

*Mitigating and minimizing the environmental impacts of our operations*

*Climate Change*

As a result of the Paris Agreement, within the United Nations Framework Convention on Climate Change, the Canadian government has put forth commitments to reduce GHG emissions; the U.S. government has also recently renewed its commitment to the Paris Agreement. Canada also participated in the 26th United Nations Climate Change Conference of the Parties ("COP26") to support successful and ambitious outcomes in line with the Paris Agreement. Over the course of COP26, Prime Minister Trudeau made several pledges aimed at reducing Canada's GHG emissions and environmental impact, including a commitment to cap Canada's oil and gas emissions at the pace and scale needed to achieve net zero emissions by 2050. SECURE acknowledges that addressing climate change requires collective action from industry, government and society in order to reduce climate impact. SECURE is committed to undertaking actions within its operations that will mitigate climate change and recognizes that there may be potential opportunities to assist its customers in meeting their own emission reduction mandates in order to be able to deliver resources and products in an environmentally responsible manner.

To fulfill our climate change commitment, SECURE has formalized a Climate Policy to direct our efforts on energy efficiency and emissions reduction. The Corporation commits to addressing climate considerations in our overall business strategy, corporate development, risk management and business models. Our climate strategy includes short-and long-term emission reduction targets to achieve a goal to achieve a 50% reduction in its carbon intensity by 2030 and net-zero GHG emissions by 2050 net zero emissions by 2050. The Corporation is committed to providing clear, transparent reporting on material climate change issues.

All levels of the organization are engaged to improve the energy efficiency of our current operations and to consider energy efficiency in our future capital investments. SECURE is focused on developing and implementing best practices and applying new and existing technologies to achieve our objectives.

SECURE's operations generate GHGs through the use of electricity, fleet fuel consumption, the use of natural gas in our processes, and from hydrocarbons processed through our midstream facilities. The largest use of natural gas is to heat our midstream processing facilities and blanket our storage tanks to prevent an explosive atmosphere in the unfilled space of the tanks. When trucks deliver products to our facilities, the natural gas is displaced by the fluids received; SECURE diverts the natural gas to our tank vapour gathering system where it is combusted, generating $CO_2$.

SECURE is considering multiple options to improve energy efficiency and reduce our GHG footprint as we strive towards achieving our reduction targets and assisting our customers with meeting theirs. This includes pursuing process efficiencies, investment in technology, formalizing fleet management systems, the use of GHG offsets, increased GHG monitoring and more robust emission tracking. As part of the Transaction integration, SECURE implemented an updated Fugitive Emissions Management plan across its processing facility operations to detect and manage fugitive emissions. In addition, SECURE has completed the development of short and mid-term energy usage and emissions targets as we map out milestones towards achieving a 5% reduction in water usage in 2022, lower greenhouse gas emission intensity by 15% by 2024 and our long-term objectives of 50% reduction of our carbon intensity by 2030 and achieving net zero emissions by 2050.

*Water Usage*

Many of the Corporation's midstream processing facilities operate water source wells to supply fresh or brackish groundwater to support facility operational needs such as process makeup, flushing, washing and office sanitation, as well as customer service offerings including access to fluid heating and blending services. A number of these facilities also utilize trucked-in water from municipal sources as well as surface water diverted from on-site storage ponds in accordance with applicable water use regulations.

In 2019, SECURE commenced monitoring water usage from these various sources in order to establish a baseline for water usage at our midstream processing facilities. This data is used to analyze results on a per facility basis, share best practices across the organization to create process improvements, identify other opportunities to reduce water consumption, and to begin to understand our water use intensity so that meaningful water usage reduction targets can be set in the future.

*Waste Generation*

SECURE's midstream processing facilities are designed and operate to maximize hydrocarbon recovery and reduce water and solid waste, adding value for our customers, extending the life of our disposal wells and landfills, and minimizing the overall environmental impact. Heat, additives, retention time and specialized physical separation equipment are used to separate incoming fluids into water-based, oil-based and solid streams. After processing, the resulting products are handled as follows:

- Recovered oil is shipped to market;
- Residual water-based fluids are permanently injected into disposal wells associated with the facility, ensuring safe and responsible disposal; and
- Solids generated by processing and treatment at facilities are stored on purpose-built solids pads for additional processing to increase hydrocarbon recovery, remove contaminants and minimize fluid content prior to transportation for disposal at an approved landfill.

A portion of the solids generated from the Corporation's operations are classified as hazardous in the jurisdiction of operation. All of this hazardous material is safely transported and disposed of at the Corporation's Pembina Class I Landfill, which is approved for hazardous waste disposal. The engineered liner system employed at the Pembina Area Landfill ensures that all waste received is fully contained, encapsulated and monitored over the long-term life of the facility. This is accomplished through the combination of a compacted clay liner, high density polyethylene (**“HPDE”**) liner, geocomposite and geosynthetic liners, all of which are complemented by quality natural hydrogeologic conditions at the site.

*Environmental Business Opportunities*

SECURE is in a unique position to help reduce the environmental impact, including emissions, from our customers’ operations. Our strategy is to continue challenging what is possible for our customers by providing innovative solutions that help reduce costs and emissions associated with delivering energy responsibly to the world. Consistent with our growth strategy outlined above, this includes:

- Building oil and water pipelines that connect customer production to SECURE midstream processing facilities, reducing the GHG emissions associated with trucking;
- Consolidating volumes from multiple producers in fit for purpose facilities, reducing our customers’ capital requirements and the overall environmental impact of midstream infrastructure;
- Performing reclamation and remediation services to restore environmental quality on customer’s impacted sites;
- Offering cost effective waste recycling options in addition to disposal options when viable; and
- Providing scrap metal recycling services.

Reducing the impact that our own operations have on the environment, as well as working with our customers to reduce the overall environmental impact associated with delivering energy to the world, are key priorities for SECURE. Our midstream and environmental solutions we provide are designed to not only help reduce costs, but also lower emissions, increase safety, manage water responsibly, recycle by-products, and restore land.

*Managing the Integrity of our Midstream Processing Facilities and Pipelines*

SECURE’s asset integrity management programs are essential to protecting the environment and the health and safety of the communities in which we operate. These programs begin at the engineering and design phase and continue through the full asset life-cycle, from construction and operation to eventual decommissioning.

The areas where we operate have some of the world’s most stringent regulations governing the entire life cycle of an energy infrastructure asset. Our integrity management programs, including the associated systems, processes, analysis and documentation, are designed and implemented to ensure proactive management of our midstream infrastructure, and to meet or exceed regulatory requirements, resulting in world class safety, reliability and longevity throughout the asset lifecycle.

SECURE’s operations involve the handling of production fluids at our midstream infrastructure facilities. To reduce our impact on the land and water resulting from spills and releases, the Corporation initiated the ‘Every Drop Matters’ campaign in 2019 to showcase how everyone can make a difference around spill prevention to minimize any negative impacts of our operations on the environment, maintain our social license to operate and share best practices with employees and contractors. In 2021, SECURE’s reportable spill rate trended upward resulting in a 73% increase over the previous year, so ‘Every Drop Matters’ was refreshed to reinforce spill prevention best practices and emphasize the importance of the program throughout the newly merged organization. Key considerations within the program include:

- Asset integrity;
- Fluid transfer;
- Operating procedures; and
- Site engineering or design.

All reportable spills are fully investigated to determine the appropriate course of action to mitigate future reoccurrences.

*Creating Positive Relationships with Stakeholders in the Communities Where We Live and Work*

Building lasting, positive relationships with stakeholders in the communities where we operate is critical to SECURE's success, providing us social license to conduct our business where we live, work and play. SECURE proactively engages with stakeholders to create an open and transparent dialogue to gain a better understanding of the issues most important to them and works together with stakeholders to address these issues in a respectful, collaborative and inclusive way. SECURE is committed to continuing to build and maintain relationships that will create mutually beneficial relationships within our communities. The following fundamental components form the Corporation's Stakeholder Relations program:

- Empowering our people.
- Early and frequent engagement.
- Respecting diverse cultures.
- Understanding the community.
- Creating outreach and education opportunities and building capacity.
- Seeking and responding to feedback.
- Training our people.

The Corporation has developed a reputation as a good neighbour by delivering on our commitments and sharing success with the local communities where we operate through both economic and social development support through community investment programs, including partnerships, sponsorships and charitable programs. SECURE has given back $3 million in the past three years to the communities in which we live and work through donations, sponsorships and fundraising efforts.

Since our inception in 2007, SECURE has been collaborating and building relationships with Indigenous communities and businesses. In 2020, SECURE took a significant step in formalizing our commitment to Indigenous consultation and economic inclusion with the publication of our Indigenous Relations Policy. We acknowledge that our projects may have impacts on lands that have been traditionally utilized by Indigenous peoples for generations. We value the feedback and unique perspective that these Indigenous communities offer and seek to respond to any concerns in a timely and comprehensive manner.

SECURE has a formalized framework intended to guide our efforts in strengthening the communities in which we operate by providing opportunities for increased economic participation in our business. The framework is built on three pillars:

- Community engagement.
- Employment and capacity building.
- Economic inclusion (partnerships, joint ventures, equity participation).

## INDUSTRY FACTORS

The following industry factors impact the Corporation.

### Market for Services

The Corporation's Midstream Infrastructure and Environmental and Fluid Management segments share the same customer base consisting primarily of oil and gas producers, mining, transportation, forestry, utility, construction and property development companies as well as various governmental organizations. Most of the Corporation's operations and customers are located in Western Canada. The Midstream Infrastructure segment also has facilities located in North Dakota Approximately 4% of the Corporation's revenue (excluding oil purchase and resale) was generated in the U.S. in 2021 compared to 10% in 2020.

*Midstream Infrastructure Segment*

Demand for third party midstream infrastructure solutions is largely dependent on oil and natural gas customers outsourcing these needs. In recent years, the volatility of the oil and gas sector has resulted in oil and gas customers increasing financial and capital discipline as they strive for resiliency and free cash flow generation through low commodity price cycles. SECURE works transparently with customers to identify opportunities where we can provide innovative solutions that help our customers reduce costs, emissions and waste, and invest their capital where it generates the highest returns.

The maturation of the WCSB and the increasing number of wells in production, and the complexity of these wells, drives growth in demand for Midstream Infrastructure's solutions. Concentrated pad drilling with multiple wells creates large, centralized volumes and have improved the economics of building pipelines to connect production volumes to midstream facilities.

Completion fluids and processing volumes are also elevated as high intensity fracs continue to be applied in shale reservoirs like the Montney and Duvernay formations. The increased use of proppants, the number of completion stages and length of the horizontal wells are all factors that produce more by-products that require treatment and disposal.

Volatile differentials experienced in prior years caused by limited pipeline capacity as supply growth outpaced takeaway capacity created additional opportunities both for crude oil storage and transporting crude by rail as producers seek flexibility for optimizing the price per barrel of oil sold and transporting their product to market.

*Environmental and Fluid Management Segment*

Landfill Disposal

Demand for oilfield solids disposal correlates strongly with oil and natural gas drilling programs and timing of well completions. Additionally, solids generated from environmentally sensitive remediation and reclamation work requires disposal at Class I or Class II landfills.

Environmental Solutions

Oil and natural gas drilling programs and timing of well completions impacts the demand for certain services within the Environmental and Fluid Management segment. As oil and gas producers drill wells with an increased focus on environmental considerations, demand for planning, remediation and reclamation services, including other ancillary services offered in conjunction with the drilling process, is expected to increase.

More recently, government stimulus and programs have increased the demand for these services. During the second quarter of 2020, the Canadian Federal Government announced a $1.7 billion federal stimulus package to help fund the closure of orphan and inactive wells in Western Canada as part of an effort to reduce the economic fallout on oil-producing provinces resulting from the COVID-19 pandemic. The majority of the stimulus package ($1.0 billion) has been used to create the Alberta Site Rehabilitation Program ("**SRP**"), a phased grant funding program for well, pipeline and oil and gas site closure and reclamation work through the end of 2022. Site closure and remediation programs have also been introduced in British Columbia ($100 million) and Saskatchewan ($400 million), where SECURE is an approved government contractor. SECURE is also a prime contractor for the Alberta Orphan Well Association, who has been allocated the remaining $200 million. SECURE expects abandonment, remediation and reclamation activity to positively impact our Canadian business over the term of the SRP, particularly within the Environmental and Fluid Management segment, as a result of higher demand for environmental site assessments, onsite abandonment, remediation and reclamation management and decommissioning work.

The Environmental and Fluid Management segment is also expected to benefit from the AER's Area Based Closure program, which was introduced in 2018, as it encourages oil and gas producers to collaborate and combine resources in an effort to accelerate the cleanup of inactive wells and infrastructure. Additionally, the Environment and Fluid Management segment is expected to benefit from mandatory closure spending targets introduced by the AER, which set forth a minimum amount of work and money to be spent annually on closure activities. For 2022 and 2023, the industry-wide mandatory targets are $422 million and $443 million, respectively. Annual spending targets are currently forecast to increase in future years until at least 2026.

A significant amount of SECURE's environmental solutions services are project based, and demand is not necessarily tied to drilling programs or commodity prices. The environmental solutions offered by the Corporation extend beyond the oil and gas industry and include work related to mining, pipelines, pulp and paper, civil projects, and oil sands development. Further, the remediation, reclamation and demolition expertise offered by the Corporation applies across multiple industries. Additionally, as SECURE provides full service ferrous and non-ferrous recycling to a wide range of oil and gas, mining, industrial and manufacturing clients throughout Alberta, Manitoba, Saskatchewan and Southeastern British Columbia, SECURE is impacted by commodity pricing in the metals recycling service line.

Fluid Management

Demand for drilling fluids and fluids and solids equipment is closely correlated with the overall oil and natural gas drilling activity and the related capital budgets of oil and gas producers. In recent years, oil and gas producers have been directing a larger percentage of capital to resource plays that are often drilled deeper with increasingly longer horizontal sections. Deep wells and other technically complex wells, including wells drilled horizontally, require sophisticated drilling fluid systems, a high level of drilling fluid expertise and technical support.

The combination of increased depth and complexity of wells being drilled has led to an increase in the cost to drill and complete wells. Effective drilling systems can significantly reduce costs and improve recovery economics for oil and gas producers. Properly designed drilling fluid systems can reduce the time to drill by increasing wellbore stability as well as maximize recovery from the reservoir by minimizing formation damage.

Once the well bore starts to produce, production services equipment and chemical solutions are used to optimize production, provide flow assurance and maintain the integrity of production assets. As the length and depth of wells continue to increase through horizontal drilling, as does the demand for more chemicals. Additionally, the increasing presence of water in the produced fluids causes complications for oil and gas producers, which require chemical intervention. Generally, as oil wells age, the percentage of the produced fluid that is water versus hydrocarbon rises and often requires even more chemical intervention.

In addition, the level of multi-stage fracs drive the demand for the Environmental and Fluid Management segment's integrated fluid solution services in managing and handling fluid requirements, including sourcing water, fluid logistics, storing fluid and overall fluid re-use where it is cost effective.

**Seasonality of 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. As a result, road bans are implemented prohibiting heavy loads from being transported in certain areas and limiting the movement of heavy equipment required for drilling, completions and well servicing activities. In addition, the transportation of heavy waste loads is restricted resulting in smaller loads and a general reduction in the volume of waste delivered to SECURE's facilities. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's midstream infrastructure and fluid management activity levels. In the areas in which SECURE operates, the second quarter has generally been the slowest quarter as a result of spring break-up.

Midstream Infrastructure operations in the U.S. have mitigated some of the historical effects of seasonality on the Corporation's Canadian operations as it is not as significant a factor to drilling activity in the U.S. Additionally, connecting volumes by pipeline from producer facilities to SECURE's midstream facilities will help reduce the impact of seasonality on the Midstream Infrastructure segment's business.

Demand for environmental project services is typically highest during the third quarter of the year as the weather is more conducive for completion of the majority of the services the Corporation currently offers. For rail services, the impact of rapid temperature fluctuations on rail infrastructure experienced in the first and fourth quarters generally causes increased activity and project work.

**Competition**

*Midstream Infrastructure Segment*

SECURE differentiates itself from competitors by working transparently with customers to understand their operational requirements and strives to form long-term partnerships with customers to share the risks and benefits associated with owning and operating midstream infrastructure.

The Corporation’s competition for oil production processing and disposal includes oil and gas producers who manage their own treatment and disposal requirements. SECURE's business is dependent on the willingness of its customers to outsource their waste management and other environmental services generally, and to SECURE specifically, rather than to its competitors.

Other competitors in the third-party oilfield treatment and disposal market include regional service providers as well as companies with operations throughout the WCSB. SECURE is one of the leading providers in the third-party oilfield treatment and disposal market with 97 operational locations in the WCSB and five in the U.S.

SECURE also competes with pipeline, midstream and marketing service providers in the Corporation’s service areas. Competition is based on location, connectivity of assets and the range of services provided.

SECURE competes directly with a large number of companies, including oil and gas producers with facilities that accept third-party volumes and process their own proprietary volumes. Significant competitors include pipeline companies (Pembina Pipeline Corporation, Plains Midstream Canada ULC, and Inter Pipeline Ltd. (Brookfield)), other energy marketing companies (Gibson Energy Inc., Tidal Energy Marketing Inc., Trafigura Canada General Partnership, Shell Canada and Macquarie Group Limited), and other regional oilfield services companies.

For crude oil storage, competition is based on location, connectivity of assets and the range of services provided.

*Environmental and Fluid Management Segment*

The Corporation’s competition within the Environmental and Fluid Management segment includes regional service providers as well as companies with operations throughout Western Canada. There are different competitors for each of the service lines included within the Environmental and Fluid Management segment.

The Corporation believes that our recognized safety record, trained, loyal and experienced staff; and strong relationships with our customers, gives the Corporation a competitive advantage over other service providers.

With respect to the fluid management business unit, there are approximately 15 drilling fluid companies operating in the WCSB, all of which compete with the Corporation. Three large integrated oilfield service companies control a broad majority of the world-wide drilling fluids marketplace. Drilling fluid entities compete by focusing their efforts on the price of materials, quality of product, technological advantages, and the knowledge and technical expertise of management and field personnel. The Corporation believes that our specialty fluids provide significant productivity efficiencies, drilling cost reductions, solutions to environmental issues and solutions to a wide variety of drilling operations, including conventional and heavy oil drilling. In addition, specialty fluids provide solutions for downhole problems such as water/oil separation, wellbore ballooning and other production specific problems. The Corporation believes that we will maintain our competitive status by offering what we believe is state-of-the-art technology in our drilling fluid systems, excellent customer service and integrated services.

The segment of the WCSB drilling fluids market in which the Corporation operates has several important competitive factors such as:

- *Proprietary Drilling Fluid Systems* – a drilling fluid provider that possesses proprietary technology and builds a proven history with that technology has an advantage over competitors who attempt to copy technology but do not have a working history.
- *Reputation for Expertise* – a drilling fluids provider with technical expertise, particularly with respect to a specific formation or drilling process, has an advantage over other drilling fluids providers.
- *Certificates of Recognition* – the Alberta Ministry of Jobs and Employment and Energy Safety Canada (the certifying partner for the petroleum industry) issue certificates of recognition to entities for achieving the

provincial minimum standards for a health and safety program, and evidence that an entity has a safety program in place which meets minimum provincial standards. Most senior exploration and production companies require their drilling fluids providers to hold a current certificate of recognition in order to work on their drilling projects.

- *Master Service Agreements* – many senior exploration and production companies, as well as integrated oil companies, engage their service providers through master service agreements. A service provider must have specific qualifications that are required to be met in order to obtain master service agreements.
- *Capital Intensive* – with the shift toward horizontal drilling, the demand for oil-based mud increased. Capital investment is required for facilities to store and blend this mud prior to delivery to the customer's location. In addition, the drilling fluid provider must be able to support sufficient working capital necessary to purchase the oil-based stock prior to re-sale to the customer.

The Corporation believes that our proprietary drilling fluid systems; our trained, loyal and experienced staff; our long-term relationships with our clients, some of which are evidenced by master service agreements; and our efficient operations, give the Corporation a competitive advantage over other drilling fluids providers.

The production services business is a very competitive and a highly consolidated industry in North America. SECURE's organic growth and acquisitions, have created a complete suite of proven production chemical solutions, providing SECURE with economies of scale and efficiencies.

**Customer Relationships**

Customer relationships are a critical component in providing meaningful customer service. By retaining an experienced management team and emphasizing customer service to all staff, SECURE focuses on creating customer value in all of our operations. SECURE solicits feedback from our customers and uses that information to enhance our service offerings to better meet our customers' needs.

**Energy Prices and Oil and Natural Gas Activity**

Energy prices, expectations of future energy prices and oil and natural gas activity in the WCSB all have a significant impact on SECURE's performance. Revenue is impacted directly by a change in the price of oil due to the Corporation's sales of recovered oil. In addition, changing prices and associated differentials between crude oil types can impact revenue associated with the Corporation's crude oil handling, marketing and terminalling activities. Volumes of recovered oil and revenue earned from processing, disposal, treatment, terminalling and marketing activities are all affected by oil and natural gas activity in the WCSB, and are thus indirectly impacted by oil and natural gas prices.

Demand for landfills, drilling services, drilling waste management and integrated fluid solutions are closely correlated with overall oil and natural gas drilling activity and the related capital budgets of oil and natural gas companies. Oil and natural gas producers base their capital expenditures on many factors, including, but not limited to, oil and natural gas commodity prices.

**Climate Change**

Climate change is expected to challenge the oil and gas industry in a number of ways, from regulation and taxation of GHG emissions, to evolving weather conditions that could impact production, asset integrity and the drilling of new wells and increasing consumer demand for alternative energy sources. Given the evolving discoveries related to climate change, it is not possible to predict the extent of the impact of the future changes on the industry at this time; however, given a significant portion of SECURE's operations are currently tied to production volumes and, to a lesser extent, drilling and completion activities, it is possible that potential climate-related impacts on the industry could have a material impact on the Corporation's operations and cash flows. Climate change presents both risk and opportunity for SECURE.

In 2019, SECURE formalized our first Climate Policy as we strive to do our part to reduce the GHG emissions generated from our operations. See "*Business Strategy"* under the heading Enhanced Sustainability Practices for further information on SECURE's commitment to contributing to climate change solutions, including how we can help our partners in industry reduce the overall emissions associated with delivering energy to the world.

A major consequence of climate change is the impact on the world's water supply. Sourcing a sufficient quantity and quality of water could become problematic if fresh water supplies are restricted. Refer to *"Business Strategy"* under the heading Enhanced Sustainability Practices for more information about how SECURE's operations use fresh water. Large volumes of water are used and produced in extracting resources. We are also helping our customers manage their water needs through various onsite water solutions offered. SECURE owned and/or operated onsite centralized water hubs, where recycling can occur, could provide producers with economical access to the water required for their operations while efficiently managing the wastewater generated. Such conservation and recycling solutions will reduce the negative environmental impact of oil and gas operations while reducing the overall carbon footprint of water handling.

**Indigenous Peoples Consultation, Claims and Relationships**

Indigenous peoples have Aboriginal treaties, and have or asserted Aboriginal rights, including title in certain instances, to a substantial portion of lands in the WCSB. SECURE acknowledges the rights and interests of Indigenous peoples and implements processes to ensure it builds respectful and long-lasting relationships with local Indigenous communities. Early and regular engagement allows SECURE to identify potential concerns and opportunities. Such engagement enables SECURE to respond quickly and to take a proactive approach to building, managing and maintaining its relationship. The Corporation is committed to providing socio-economic opportunities, including business and employment opportunities to qualified local businesses, residents and Indigenous peoples in the areas surrounding the communities in which it operates. Starting in 2018, dedicated resources were allocated to the Indigenous and stakeholder relations program, and towards proactive relationship development.

SECURE has implemented an Indigenous Relations Policy which is a guidance document for creating respectful and productive relations with Indigenous communities. To encourage economic inclusion, the Corporation has implemented business processes to identify Indigenous vendors and track spending with these businesses.

SECURE has a formalized a Supply Chain Management Best Practice Guideline with the goal of mitigating financial, environment, quality and health and safety risk related to vendor management and procurement. Elements of the Corporation's Indigenous Relations Policy related to local and Indigenous communities are integrated in the guideline to support:

- Preferential selection of those Indigenous and local vendors that meet the Corporations' requirements, such preference includes increased weight in the competitive selection process; and
- Formation and strengthening of company-to-community and business-to-business relationships with Indigenous and local vendors to build capacity with the goal of awarding more work over time.

The Corporation spent approximately $10.5 million with Indigenous vendors in 2021, representing a 15% decrease in the amount spent using Indigenous vendors in 2020. In 2020 two large capital construction projects, the East Kaybob Pipeline and the Kakwa Water Disposal Facility, contributed significantly to one-time spending with Indigenous vendors.

The Transaction significantly expanded the capacity and geographical extent of our Indigenous network. SECURE currently has 21 Economic Partnership Agreements and nine additional relationship agreements ranging from Consultation and Engagement to Cooperation Agreements with Indigenous communities and business partners.

**Regulatory Environment**

In each market that the Corporation operates, the oil and natural gas and environmental services industries are subject to a complex and increasingly stringent array of laws addressing the actual and potential environmental impacts inherent to the business, including laws governing waste management, reclamation and remediation and the blending, storage, transportation, use and handling of fluids used in oil and gas drilling and completion operations.

*Canada*

Both federal and provincial environmental regulation exists in Canada. Federal regulations govern activities that cross provincial boundaries or are national in scope. The provinces retain control over environmental issues within their jurisdiction and have primary responsibility for regulating activities conducted by the environmental services sector and for issuing permits for environmental facilities. Principal federal legislation includes the *Canadian Environmental Protection Act* and the *Transportation of Dangerous Goods Act*.

The Corporation and our customers are subject to a variety of regulations applicable to the treatment and disposal of oilfield waste. In Alberta, all aspects of oilfield waste management are regulated, primarily by the AER and AEP. The AER regulates under the following relevant legislation: the *Responsible Energy Development Act*, the *Oil and Gas Conservation Act*, the *Oil Sands Conservation Act,* the *Environmental Protection and Enhancement Act*, the *Water Act*, the *Public Lands Act*, and the *Pipeline Act*. AEP regulates all of SECURE's landfills under Alberta's *Environmental Protection and Enhancement Act*, the *Waste Control Regulation* and the *Activities Designation Regulation*.

In British Columbia, the primary regulatory bodies are the British Columbia Oil and Gas Commission and the British Columbia Ministry of Environment and Climate Change Strategy. The British Columbia Oil and Gas Commission regulates under British Columbia's *Oil and Gas Activities Act*, the *Petroleum and Natural Gas Act,* and the *Environmental Management Act*. The British Columbia Ministry of Environment and Climate Change Strategy administers the *Environmental Management Act*.

In Saskatchewan, regulatory authority is split between two ministerial jurisdictions. The Saskatchewan Ministry of Energy and Resources regulates the exploration, development, production, and management of oil and gas within the province by administering *Saskatchewan's Oil and Gas Conservation Act*. The Saskatchewan Ministry of Environment regulates environmental standards within the province through the administration of a number of Saskatchewan's provincial acts including: *The Environmental Management and Protection Act* and *The Environmental Assessment Act*, among others.

Environmental legislation in the province of Manitoba is, for the most part, set out in Manitoba's *Environment Act* and the *Oil and Gas Act*, which are administered by Manitoba's Department of Conservation and Climate and Manitoba Agriculture and Resource Development, respectively.

In addition, the regulatory environment governing the Corporation's crude oil treatment, terminalling and crude oil marketing services establishes well defined reporting requirements for volumes produced from each well and the tracking of those volumes through to the final sale point. These reporting requirements are established by the applicable provincial government in order to track royalty payments and are required by customers to ensure proper allocations of revenue in joint venture operations and to track volumes.

These provincial environmental regulations include requirements for oilfield waste management that deal with environmental protection, liability management, waste characterization and classification, waste manifesting and tracking, waste management facility design, application requirements and acceptable waste disposal options. These regulations strongly influence the permitting, design, construction, operation and reclamation of waste management facilities.

Transportation of petroleum products are subject to regulation under the Transportation of Dangerous Goods ("**TDG**") legislation in Canada and the U.S. Key pieces of legislation pertaining to transporting crude oil and condensate by rail include:

- *Consignor of Petroleum Products* – Under TDG legislation, the Corporation may, in certain circumstances, be considered a consignor of the petroleum products that it ships or that are shipped on our behalf. As a consignor, the Corporation is responsible for determining the classification of the product and ensuring that each railcar is properly loaded, labelled and placarded. Consignors of petroleum products being transported by rail or truck are to keep records of their classification of the petroleum products and the sampling methods used to determine that classification, and provide a certification with the shipping documents that the petroleum product has been properly classified.

- *Emergency Response Assistance Plan ("ERAP")* – TDG legislation requires parties importing, offering for transport, and in certain circumstances, handling or transporting certain dangerous goods to have an approved ERAP in place. An ERAP is intended to ensure that specialized emergency response personnel and equipment are available in a timely manner, in order to assist and/or supplement primary emergency responders responding to an incident. The Corporation has an ERAP in place for all the Class II and III products that it handles, transports and imports.

- *Rail Car Specifications* – Class 3 Flammable Liquids transported by rail, including crude oil and condensate, must meet specific requirements including those outlined in Transport Canada's Protective Direction No. 39. The Corporation leases all rail cars to ensure that they meet current rail car specifications.

The Kerrobert Light Pipeline System and East Kaybob Pipeline System meet all design and operating specifications under the Canada Energy Regulator's oil and gas pipeline safety standard (CSA-Z662-15). The Kerrobert Light Pipeline System is provincially regulated by the Saskatchewan Ministry of Energy and Resources and the East Kaybob Pipeline System is provincially regulated by the AER.

*United States*

The environmental legal regime in the U.S.  is comprised of a variety of federal, state, and local laws which require the Corporation to allocate significant capital related to facility construction, maintenance, compliance and addressing closure through abandonment and reclamation. The environmental and regulatory regimes permit the regulators to require the posting of security and direct the completion of closure or remediation work. As most of the Corporation's U.S. operations and facilities are in North Dakota, the disclosure in this document focuses on the regimes and regulations of these locations; however, it should be noted that the Corporation became subject to oil and gas regulatory and environmental regimes of the state of Oklahoma following the April 2019 acquisition of a 27% interest in a crude storage facility located in Cushing, Oklahoma.

The North Dakota Industrial Commission, through its Oil and Gas Division ("**NDIC**"), is the regulatory agency for oil and gas exploration and production activities in North Dakota. The North Dakota Department of Environmental Quality's ("**NDDEQ**") Environmental Health Section has the responsibility to safeguard the quality of North Dakota's air, land, and water resources. The rules administered by the NDIC are codified in Title 43 (Industrial Commission), Article 43-02 (Mineral Exploration and Development) and Chapter 43-02-03 (Oil and Gas Conservation) of the North Dakota Administrative Code. North Dakota's Standards of Quality for Waters of the State, Solid Waste Management and Land Protection, and Hazardous Waste Management are administered by the Division of Water Quality and the Division of Waste Management in the NDDEQ's Environmental Health Section.

*Asset Retirement Obligations and Asset Integrity*

SECURE estimates costs and projected timing of performing abandonment and retirement operations associated with the Corporation's well sites, facilities and landfills. Asset retirement obligations are recorded and reviewed at each reporting period and adjusted as necessary. These asset retirement obligations are estimates and are subject to change with site conditions, technological and regulatory changes.

At December 31, 2021, the Corporation has recorded a liability of $181 million. Refer to Note 13 of the Corporation's 2021 audited consolidated financial statements.

**Management and Employees**

As of December 31, 2021, the Corporation has approximately 2,050 employees, the majority of which are located at the Corporation's Midstream Infrastructure facilities and on site at customer locations associated with the Environmental and Fluid Management segment. The composition of the employees between the two segments is as follows:

- Midstream Infrastructure: 966 employees; and
- Environmental and Fluid Management: 1,084 employees.

Each facility and field location operates as a profit center and plays a key role in delivering the Corporation's strategic objectives by developing goals and budgets that align divisionally and corporately. Centralized corporate functions provide organization-wide support to integrate subject matter expertise and enhance operational performance and customer service.

In 2021, SECURE postponed the biennial organization-wide employee engagement survey to focus on integrating the people and teams acquired through the Transaction. Leaders throughout the organization took active roles in integrating their respective teams and recalibrating strategic objectives with a focus on increasing engagement and achieving integration and operational targets. SECURE will reinstate the organization-wide employee engagement survey in 2022, using new technology to establish a baseline for employee engagement, identify opportunities to improve, and track our progress.

**Financing**

SECURE's success depends upon our continued ability to finance our growth plan. Adequate financing gives the Corporation the flexibility to acquire, construct and expand facilities. The Corporation expects to finance future growth through cash flow from operations and indebtedness incurred under the Revolving Credit Facility and the Letter of Credit Facility; however, it may also supplement with debt or equity issuances as required to maintain a strong and flexible balance sheet or for such other purposes as may be determined by SECURE from time to time to be in our best interests and the interests of our stakeholders.

## RISK FACTORS

The following information describes certain significant risks and uncertainties inherent in the Corporation's business. This section does not describe all risks applicable to the Corporation, our industry or our business, and is intended only as a summary of certain material risks. If any of such risks or uncertainties actually materializes, 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 AIF.

**Business Risks**

*Volatility of Industry Activity and Oil and Natural Gas Prices*

The demand, pricing and terms for midstream infrastructure, oilfield waste disposal services, drilling fluids, production services, oilfield rentals, and construction and demolition services in the Corporation's existing or future service areas largely depend upon the level of exploration, development and production activity for both crude oil and natural gas in the WCSB and the U.S.

Oil and natural gas industry conditions are influenced by numerous factors over which the Corporation has no control, including oil, liquids and natural gas prices, expectations about future oil, liquids and natural gas prices, levels of consumer demand, the cost of exploring for, producing and delivering oil and natural gas, the expected rates of declining current production, the discovery rates of new oil and natural gas reserves, available pipeline and other oil and natural gas transportation capacity, weather conditions, political, regulatory and economic conditions, and the effect of governmental regulations and policies in general, and particularly relating to GHG emissions and climate change, and the ability of oil and natural gas companies to raise equity capital or debt financing.

The level of activity in the oil and natural gas industry has been particularly volatile in the past several years. No assurance can be given that oil and natural gas exploration and production activities will continue at their historical levels. Any reduction in oil and natural gas prices may affect oil and natural gas exploration and production levels and therefore adversely affect the demand for our services by oil and natural gas companies or the price for such services. Any addition to, or elimination or curtailment of, government incentives for companies involved in the exploration for and production of oil and natural gas could have a significant effect on the oilfield services industry in the WCSB, and the U.S. A material decline in crude oil, liquids or natural gas prices or industry activity could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Market events and conditions, including global excess oil and natural gas supply, actions taken by OPEC+, sanctions against, and civil unrest in, Iran and Venezuela, slowing growth in China and emerging economies, market volatility and disruptions in Asia, weakening global relationships, conflict between the U.S. and Iran, isolationist and punitive trade policies, increased U.S. shale production, sovereign debt levels, the COVID-19 pandemic and political upheavals in various countries, including growing anti-fossil fuel sentiment, are among the recent sources of significant weakness and volatility in commodity prices.

Midway through 2020, oil prices deteriorated due to softening global demand caused by the COVID-19 pandemic and related travel and business restrictions and actions taken by OPEC and non-OPEC members. The combined effect was the deterioration of oil prices to historically low levels. While commodity prices have stabilized, oil prices, global equity markets and overall supply and demand remain uncertain. These events and conditions, among others, have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty and environmental regulation.

In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in the WCSB has led to additional downward price pressure on oil and natural gas produced in Canada in recent years, creating further uncertainty and reduced confidence in the oil and gas industry in Canada.

*International Conflict*

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global energy and financial markets. Russia's recent invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices and global economies more broadly. Volatility in commodity prices may adversely affect our business, financial condition and results of operations. Reductions in commodity prices may affect oil and natural gas activity levels and therefore adversely affect the demand for, or price of, our services.

The extent and duration of the current Russian-Ukrainian conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this AIF, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on SECURE, our stakeholders and counterparties on which we rely and transact with, may materialize and may have an adverse effect on our business, results of operation and financial condition.

*COVID-19 Pandemic*

The rapid global spread of COVID-19, and its variants, and measures taken in response by governments and health authorities around the world, including travel restrictions, quarantines, business and school closures, and restrictions on public gatherings, resulted in, and may continue to result in, the significant slow-down in economic activity and reduced the demand for and price of commodities closely linked to SECURE's business and financial condition. The Corporation's business, operations and financial condition could be materially adversely affected by the COVID-19 pandemic or other outbreaks, epidemics, or other health crises.

The duration and extent of the business disruptions internationally and related financial impact of COVID-19 cannot be reasonably estimated. The situation is dynamic and the ultimate nature and scope of the effect of the COVID-19 pandemic depends on future developments that cannot be predicated at this time, including the severity, transmission rate and resurgences of COVID-19 or any variants thereof; the timing, extent and effectiveness of local and global efforts to contain and treat COVID-19, including the effectiveness, availability, distribution and public uptake of vaccines and boosters; the rate and extent to which normal economic and operating conditions resume; and the impact of these and other factors on SECURE's stakeholders, particularly those upon whom the Corporation has a major reliance, including its customers, vendors and employees.

The COVID-19 pandemic has resulted in, and may continue to result in, volatility and disruptions in the supply and demand for oil and natural gas, global supply chains, volatility in financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. While oil prices have stabilized at the highest levels seen in several years, demand is normalizing and many jurisdictions have adjusted restrictions in response to changing infection rates, the situation remains fluid as COVID-19 and its variants, some of which may be more transmissible and carry increased health risks, continue to be a concern.

Governments are continuing to closely monitor the spread of COVID-19 and its variants, which may lead to the maintenance or reintroduction of emergency measures to counter any resurgence of such viruses. Accordingly, ongoing uncertainty with respect to the COVID-19 pandemic may continue to have significant adverse impacts on the Corporation, including, but not limited to:

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

The risks to the Corporation of the COVID-19 pandemic also include risks to employee health and safety and a slowdown or temporary suspension of our operations in geographic locations impacted by an outbreak. Should an employee or visitor in any of the Corporation's facilities, offices or work sites become infected with COVID-19, the Corporation's workforce may be at risk. Although, the Corporation follows the recommendations of health authorities respecting industrial hygiene and occupational health guidelines, there can be no assurance that COVID-19 or another infectious illness will not specifically impact the Corporation's personnel and ultimately its operations, in addition to the broader global effects of the COVID-19 pandemic.

At this point, the extent to which the COVID-19 pandemic, including the spread of any variants thereof, may impact the Corporation is uncertain; however, it is possible that the COVID-19 pandemic may have a material adverse effect on the Corporation's business, results of operations and financial condition. The situation is rapidly changing and future unknown impacts, including on SECURE, our stakeholders, and parties on which we rely, may materialize. There are no comparable recent events to provide guidance on the spread or subsidence of COVID-19, and the ultimate effect on SECURE's business, operations and financial condition is highly uncertain. SECURE's operations and financial condition may also be adversely affected by a future virus or public health emergency that results in similar local or global restrictions to a lesser or greater extent than COVID-19 and its variants.

*Force Majeure Events*

Our operations, information systems and midstream and rail infrastructure may be vulnerable to substantial loss or damage, including the curtailment or suspension of our operations, as a result of certain disruptions, including natural disasters, forest fires, national emergencies, acts of war, acts of terrorism, technological attacks, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, the outbreak of disease or similar events, any of which may have a material adverse effect on our reputation, our business, financial conditions or operating results.

*Global Financial Conditions*

Global financial conditions, including changes in commodity and equity markets, remain volatile as investors react to changes in the global economy. As a result of these global conditions, the Corporation is subject to increased counterparty risk and liquidity risk. The Corporation is exposed to various counterparty risks including, but not limited to: financial institutions that hold the cash of the Corporation or provide available funding on the Revolving Credit Facility; the insurance providers of the Corporation; and counterparties to hedge transactions. As a result, the cash of the Corporation may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations or in the event of the default or bankruptcy of a counterparty, the Corporation would bear the risk of loss of the amount expected to be received under these financial instruments.

The Corporation is also exposed to liquidity risk in the event our cash positions decline or become inaccessible for any reason, or additional financing is required to advance our projects or growth strategy and appropriate financing is unavailable, or demand for oil and gas falls. Any of these factors may impact the ability of the Corporation to obtain further equity-based funding, loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If volatility and market turmoil recur, the Corporation's results of operations and planned growth could be adversely impacted.

*Inflation*

If our development, operation or labour costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through corresponding increases in the costs of our products and services to our customers. Our inability or failure to do so could harm our business, financial condition and results of operations.

*Availability of Qualified Employees*

The Corporation's ability to provide reliable service is dependent upon attracting and retaining skilled workers. The Corporation attempts to achieve this by offering an attractive compensation package and training to enhance skills and career prospects.

Shortages of experienced and skilled workers could have a material adverse effect on the Corporation by increasing labour costs, constraining growth or the level of activity as a result of the inability to expand human resources of the Corporation or through the loss of existing employees to competitive businesses. Additionally, a shortage of skilled oilfield workers may constrain overall activity and growth in the oil and natural gas industry, which could have a material adverse effect on the financial results and cash flows and overall financial condition of the Corporation.

*Governmental Risk*

Shifts in government policy by existing administrations or following changes in government in jurisdictions in which we operate or elsewhere can impact our operations and ability to grow our business. Restrictions on fossil fuel-based energy use, cross-border economic activity, and development of new infrastructure can impact our opportunities for continued growth. We are committed to working with all levels of government in the jurisdictions in which we operate to ensure our business benefits and risks are understood, and mitigation strategies are implemented; however, changes in government policy are largely out of our control and may adversely affect our business, results of operations, financial condition or reputation.

*Governmental Regulation*

*General*

The Corporation's operations are subject to a variety of federal, provincial, state and local laws, regulations and guidelines, including laws and regulations relating to the environment, health and safety, the conduct of operations, and the manufacture, management, transportation including by pipeline and crude oil by rail, storage, and disposal of certain materials used in the Corporation's operations. In addition, the Corporation's securities are being sold in

Canada and are listed on the TSX, and the Corporation is accordingly subject to regulation by Canadian securities regulators and Canadian federal and provincial laws and regulations. Although regulatory expenditures have not historically been material to the Corporation, such laws, regulations and guidelines are subject to change. Such changes may impact the ability for the Corporation and its customers to carry out its operations through increased costs, regulatory uncertainty or barriers to maintaining or obtaining permits. Accordingly, it is impossible for the Corporation to predict the cost or effect of changes to such laws, regulations or guidelines on the Corporation's future operations.

*GHG Emissions*

Governmental regulations and policies continue to focus considerable attention on the effects of GHG emissions in relation to the hydrocarbon industry and their potential role in climate change. Changes in environmental regulations, related to efficiency standards, the requirement for alternatively fueled vehicles or other government initiatives aimed at conserving energy or lowering GHG emissions, may adversely affect our results and financial condition going forward. This may result in a reduction in the demand for hydrocarbons, by moving this demand towards relatively lower carbon energy sources. As societal awareness continues to grow in relation to the potential impact of climate change, consumer demand for alternative fuel sources may continue to rise.

Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the United Nations Framework Convention on Climate Change ("**UNFCCC**") and as a participant to the Copenhagen Agreement (a non-binding agreement created by the UNFCCC), the Government of Canada announced on January 29, 2010 that it would seek a 17% reduction in GHG emissions from 2005 levels by 2020; however, these GHG emission reduction targets were not binding. As a result of the UNFCCC adopting the Paris Agreement on December 12, 2015, which Canada ratified on October 3, 2016, the Government of Canada implemented new GHG emission reduction targets of a 30% reduction from 2005 levels by 2030.

In addition, in 2018 the Government of Canada enacted the *Greenhouse Gas Pollution Pricing Act* (the "**GGPPA**"), which established a national carbon –pricing regime requiring each province to implement a price on carbon of $10 per tonne of $CO_2$ equivalent in 2018, escalating by $10 per year to an ultimate carbon price of $50 per tonne of $CO_2$ equivalent in 2022. This federal backstop allows provinces some flexibility in structuring their carbon price regimes.

On July 12, 2021, the federal government formally submitted Canada's enhanced Nationally Determined Contribution ("NDC") to the United Nations, committing Canada to cut its GHG emissions by 40-45 percent below 2005 levels by 2030. Canada's NDC submission outlines a series of investments, regulations and measures that the country is taking in pursuit of its ambitious target. The federal government additionally confirmed that the minimum price on carbon pollution will increase by $15 per tonne each year starting in 2023 through to 2030, and will be $170 per tonne in 2030. The increased cost of compliance may have a significant impact on Canadian industry participants, consumers and the Company alike. The federal backstop will be updated to ensure all provincial and territorial pricing systems are comparable in terms of stringency and effectiveness. Provinces and territories will continue to have the flexibility to implement a system that makes sense for their circumstances as long as they align with the benchmark. To the extent each province implements a carbon pricing system that meets the stringency requirements of the GGPPA, the GGPPA will not apply. However, if such a provincial pricing system is not implemented, or does not meet the stringency requirements of the GGPPA, the federal backstop will apply to the extent of such deficiency.

Alberta, Saskatchewan and Ontario launched constitutional challenges to Canada's national carbon-pricing regime that were heard by the Supreme Court of Canada ("**SCC**") in September 2020. On March 25, 2021, the SCC released its decision to uphold constitutionality of the GGPPA, affirming that one federal law is required to accomplish what individual provinces cannot: the widespread reduction of Canada's national GHG emissions. In rejecting the provincial challenges, the SCC found that the scope of the federal government's power under the GGPPA is reconcilable with the constitutional distribution of legislative power between the federal and provincial legislatures. Accordingly, the GGPPA applies to all provinces who do not meet its stringency requirements, which as of December 31, 2021 includes Alberta, Manitoba, Ontario, and Saskatchewan.

Any taxes placed on carbon emissions may have the effect of decreasing the demand for oil, NGL and natural gas products and at the same time, increasing the Corporation's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Given the Corporation's operations in Alberta, Saskatchewan and Manitoba, the implementation of the GGPPA in these provinces may materially impact the Corporation's current or future business (including, without limitation, increasing costs of compliance) and could have an adverse effect on the Corporation's operations, margins, profitability and results. The SCC's decision to uphold the national carbon tax may influence the regulatory landscape generally, including the introduction of higher carbon pricing, increased energy efficiency standards, energy and emissions reduction targets and promotion of alternative fuel technologies. Further, the imposition of carbon taxes puts the Corporation at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations.

In December 2018, the AER revised Directive 017 and Directive 060 to reduce methane emissions from upstream oil and gas operations by 45% (relative to 2014 levels) by 2025 as set out by the Government of Alberta's 2015 Climate Leadership Plan. These directives were again amended in May 2020. The new revisions to Directive 060 include reduced carbon levies in economic evaluations of gas conservation projects, revised measurement and reporting requirements to ensure consistency with the definitions in appendix 2 of the Directive, and amended vent gas limits for certain applications beginning in 2022, as well as amended exemptions for the overall vent gas limit and defined vent gas limit. The new revisions to Directive 017 include lengthening the duration required to test gas production at heavy oil and crude bitumen batteries (not including thermal in situ facilities) from 24 hours to 72 hours, starting in 2023. The revisions apply to SECURE's midstream processing facilities; but have not had a significant impact to our operations as each of our facilities are well below the overall and defined vent gas limits prescribed in Directive 060.

Present and future regulations with respect to the control and taxation of GHG emissions in the jurisdictions in which the Corporation operates could have a material impact on the nature of oil and natural gas operations of the Corporation's customers, which may in turn impact the Corporation, our operations and financial condition.

*Bill C-69*

In February 2018, the federal government introduced a new piece of legislation (Bill C-69) which, among other things, overhauled the Federal Environmental Assessment, now called Impact Assessment. Changes included a new *Impact Assessment Act*, which came into force in August 2019 and replaced the *Canadian Environmental Assessment Act* ("**CEAA 2012**") and a new Impact Assessment Agency of Canada, which replaced the Canadian Environmental Assessment Agency. For major projects including interprovincial pipelines, the Impact Assessment Act broadens the scope of the assessment considerations beyond the environment to expressly include health, economic, social and gender impacts, as well as considerations related to sustainability and Canada's climate change commitments. Current capital projects executed by SECURE, absent ministerial discretion, are not considered major projects and are not subject to the Impact Assessment Act. Should SECURE undertake major projects in the future, such projects could be subject to the Impact Assessment Act and as a result may be subject to greater regulatory scrutiny, delays or increased compliance costs.

*Bill C-48*

The Oil Tanker Moratorium Act, which received Royal Assent on June 21, 2019, imposes a moratorium on tanker traffic transporting certain crude oil and NGL products from British Columbia's northwest coast which may prevent pipelines from being built, and export terminals from being located on, the portion of the British Columbia coast subject to the moratorium. In November 2021, it was announced that two Alberta Métis nations will receive funding from the province's Indigenous Litigation Fund Grant to challenge the Oil Tanker Moratorium Act. The Oil Tanker Moratorium Act could have a material impact on the nature of oil and natural gas operations and the ability of producers to access global markets, which may in turn impact the Corporation, our financial conditions or operating results.

*Water Related Regulations*

Recent regulatory initiatives have been undertaken in various jurisdictions to address watershed protection and water supplies, including assertions that hydraulic fracturing processes could adversely affect drinking water supplies. Developments regarding environmental protection, including laws and regulations governing chemical usage, water discharges and waste management are starting to be introduced in certain jurisdictions. Some jurisdictions have addressed the levels of water usage for hydraulic fracturing by imposing suspensions on water withdrawals, implementing permitting programs, and requiring more reporting and monitoring, as well as having implemented restrictions on the proximity of fracturing to potable water sources, other surface waters, and aquifers. Further, as a result of increased seismic activity in certain jurisdictions where hydraulic fracturing has or is taking place, regulatory bodies have implemented interim or permanent restrictions and additional compliance requirements on the fracturing process. These actual and proposed legislative changes could lead to a reduced demand for the Corporation's services or increased operating costs for its customers. The adoption of any future federal, provincial, state or local laws or the implementation of regulations in jurisdictions in which the Corporation currently supplies products and services related to fracturing, could have a material adverse impact on the Corporation's financial position and operating results.

*Clean Fuel Regulations*

On December 19, 2020, the Government of Canada announced the draft of the *Clean Fuel Regulations*, which is expected to come into force in December 2022. The aim of this regulation is (i) to lower the GHG emissions from various liquid fossil fuels by requiring producers or importers of gasoline, diesel, kerosene, and light and heavy fuel oils ("primary suppliers") to lower the carbon intensity of such fuels; and (ii) provide a framework for primary suppliers and those who voluntarily participate in the compliance credit market to create and trade credits to the extent they avoid lifecycle emissions of such fuels. Notwithstanding that compliance requirements only apply to liquid fuels, the *Clean Fuel Regulations* provide a framework for credit creation applicable to gaseous fuels as well. The regulation sets a baseline carbon intensity for each type of liquid fossil fuel, against which the primary suppliers must make annual carbon intensity reductions. Starting in 2022, each primary supplier must reduce the carbon intensity by the prescribed amount. Compliance with such regulations may require significant expenditures and could potentially impact the nature of oil and gas operations, including those of our customers. The increased costs of compliance associated with emerging regulations may also have a direct material impact on the Corporation's business and financial position.

*Exposure to U.S. Environmental Regulations as a result of Legacy Tervita Operations*

As a result of the Transaction, SECURE is now subject to a broad range of U.S. federal, state and local environmental laws, rules and regulations as a result of Tervita's past operations and facilities. These laws, rules and regulations regulate, among other things, the generation, use, discharge, management, transportation, treatment, recycling, storage, import, export and disposal of non-hazardous, hazardous, toxic, and other regulated materials, land use and reclamation, the establishment, operation, decommissioning, closure, abandonment and restoration of facilities or of natural resources, relating to worker and public health, and safety and to the protection of the environment and natural resources, and the reporting, investigation and remediation of releases of, and exposure to, regulated substances. Noncompliance with these laws, rules, regulations and other requirements can result in significant fines or penalties, or the suspension or revocation of regulatory permits, limitations on SECURE's operations, may require SECURE to make additional expenditures or could otherwise have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or our ability to make required payments on our outstanding debts.

*Environmental Obligations – Permits and Monitoring*

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

*Credit Ratings*

During the second quarter of 2021, SECURE received its first public credit ratings following the announcement of the Transaction and in connection with the 2026 unsecured note offering. In the third quarter, SECURE also received credit ratings on the 2025 senior secured notes as SECURE became the obligor thereunder upon completion of the Transaction. Credit ratings are intended to provide an independent measure of the credit quality of an issuer of securities and are subject to ongoing evaluation by credit rating agencies. The credit rating assigned by a rating agency is not a recommendation to purchase, hold or sell securities nor does the rating comment on market price or suitability for a particular investor. A rating may not remain in effect for any given period of time and may be revised or withdrawn entirely by a rating agency at any time in the future, if, in its judgment, circumstances so warrant. There can be no assurance that a credit rating will be maintained in the future. Downgrades in SECURE's credit rating could adversely affect SECURE's business, cash flows, financial condition, operating results and share and debt prices.

*Competition Act Matters*

On June 29, 2021, the Commissioner of Competition (the "**Commissioner**") served SECURE with a notice of application to block the closing of the Transaction under Section 92 of the Competition Act. The Commissioner also served SECURE with an application under Section 104 of the Competition Act, which sought an interim order from the Competition Tribunal to block the closing of the Transaction. The Commissioner also made an interim application to prevent closing of the Transaction pending the outcome of the application under Section 104 of the Competition Act, but the Commissioner's application was denied by the Competition Tribunal on July 1, 2021, and the Commissioner's emergency appeal of that decision was rejected by the Federal Court of Appeal on July 2, 2021. The Transaction closed on July 2, 2021, and the Commissioner amended his application under Section 104 of the Competition Act to seek the unwinding of the Transaction, in the alternative an order for SECURE to hold separate the former business of Tervita, or in the further alternative an order for SECURE to not proceed with any further integration of Tervita's legacy operations and to preserve all assets until such time as the application under Section 92 of the Competition Act is disposed of. On August 16, 2021, the Competition Tribunal rejected the Commissioner's application under Section 104 of the Competition Act and SECURE is currently not subject to any order in respect of the Transaction which restricts the ongoing integration of Tervita's operations or impacts SECURE's ability to carry on the combined company's business in the ordinary course. The Commissioner's application under Section 92 of the Competition Act is scheduled to be heard by the Competition Tribunal in the second quarter of 2022. The Commissioner's Section 92 Application was amended to seek the dissolution of the Transaction, or in the alternative, the divestiture of unspecified assets. The Commissioner has subsequently advised SECURE and the Competition Bureau that he intends to narrow the scope of his application and relief sought, and will no longer seek a dissolution of the Transaction, with a formal amendment to the Commissioner's application forthcoming.

SECURE believes that the Transaction will be beneficial to customers and result in significant cost savings and other efficiencies that will benefit SECURE, its customers, and the Canadian economy. In connection with, or as a result of, a challenge by the Commissioner of the Transaction under the *Competition Act*, including the Commissioner's pending application under Section 92 of the *Competition Act* and any applications related thereto (collectively, "**the Applications**"), SECURE may be required to divest certain of its assets, or be subject to another remedy (including a behavioral remedy) which in any case may adversely affect SECURE's ability to achieve the anticipated benefits of the Transaction and financial projections related thereto. SECURE may incur significant costs in connection with its defense of the Applications and any additional challenge by the Commissioner to the Transaction. SECURE believes the resolution of such proceedings will not be material to the Corporation's asset base or Adjusted EBITDA.

*Timing and Execution of Government Site Rehabilitation Programs*

The Canadian Federal Government announced a $1.7 billion federal stimulus package to help fund the closure of orphan and inactive wells in Western Canada as part of an effort to reduce the economic fallout on oil-producing provinces from COVID-19. SECURE's services are central to such operations. Additionally, SECURE is also a prime contractor for the Alberta Orphan Well Association, who has been allocated $200 million of the stimulus package. Delayed timing or other changes to the Canadian Federal Government site rehabilitation programs could negatively impact the Corporation's business, financial condition, and results of operations by reducing demand for environmental site assessments, onsite abandonment, remediation and/or reclamation management and decommissioning work.

*Transportation of Dangerous Goods*

The Corporation transports various petroleum products by rail, pipeline and truck. These petroleum products are considered dangerous goods under transportation of dangerous goods legislation. When SECURE loads petroleum products, it may be considered the consignor, in which case it has specific responsibilities under applicable laws, including the responsibility to ensure that the product is properly classified, the shipment is properly labelled, and the product is loaded in an appropriate tank.

SECURE also owns and operates rail infrastructure and must comply with applicable laws relating to the maintenance and inspection of these facilities. SECURE may face liability for personal injuries, damage to property, environmental damage, lost product in the event of an incident involving rail cars or trucks loaded by SECURE, where SECURE is the consignor or importer of the product, where, for example, SECURE owns the product that is involved in an incident, or where an incident occurs on SECURE's rail infrastructure. In addition, SECURE may be exposed to regulatory action in the event that it fails to comply with transportation of dangerous goods laws.

SECURE's produced water pipelines, midstream processing facilities and water disposal facilities contain pipeline networks to transport produced water and wastewater for disposal. In the event of an incident resulting in the release of large quantities of product, there could be a significant impact to the financial results and continuing operation of the facility. The operation of these pipelines may be affected by changes implemented by federal, provincial or state regulatory agencies and their respective acts and regulations governing pipelines. Refer to the risk factor titled "*Crude Oil Pipeline Transportation*" for information on risks associated with transporting crude by pipeline.

*Competitive Conditions*

The Corporation's business segments are highly competitive, which could have a material adverse effect on the financial condition, operating results, and cash flows of the Corporation. The Corporation competes with a number of outsourcing companies, and oil and gas producers. The Corporation's business is dependent on the willingness of its customers to outsource their waste management and other environmental services generally, and to the Corporation specifically, rather than to its competitors.

There can be no assurance that customers and competitors will not substantially increase the resources devoted to the development and marketing of services that compete with those of the Corporation, or that new or existing competitors will not enter the various business segments in which the Corporation is active. In addition, reduced levels of activity in the oil and natural gas industry could intensify competition and the pressure on competitive pricing and may result in lower revenues or margins to the Corporation in all segments. The Corporation's customers may elect not to purchase its services if they view the Corporation's financial viability as unacceptable, which would cause the Corporation to lose customers, and may adversely affect the Corporation's results of operation, financial condition and reputation.

*Customer Retention*

SECURE's business is dependent on the willingness of its customers to outsource their waste management and other environmental services generally, and to SECURE specifically, rather than to its competitors. It is possible that SECURE will not maintain all existing relationships (including those with Tervita's legacy customers). Currently, numerous internal waste treatment, recovery and disposal options are available to oil and gas companies. In addition, most oilfield operators, including many of SECURE's customers, have numerous suspended wells that could be licensed for use in the disposition of internally generated waste and third-party waste in competition with SECURE and other facilities that could be used to recover oil through oilfield waste processing. Further, merger and acquisition activity amongst oil and gas exploration and production companies may reduce demand for SECURE's services. Companies that acquire SECURE's customers may have preferred supplier relationships with oilfield service providers other than SECURE or combined companies may have the resources to internalize the services currently provided by SECURE. Oil and gas production companies in the industries SECURE services, including its current customers, could decide to process and dispose of their waste internally for any reason, and this could have a material adverse effect on SECURE's business, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

*Impairment Losses on Physical and Intangible Assets*

The Corporation has significant investments in physical assets. Reduced industry activity or low commodity prices could result in a sustained decrease in the demand for services provided by the Corporation’s existing infrastructure. In any such case, the Corporation may be required to record a write down of the carrying value of the impacted fixed assets and intangible assets on its balance sheet and the recognition of an impairment charge on its income statement. If the Corporation elects to sell such assets, it may receive substantially less in consideration than the carrying book value for such assets.

*Merger and Acquisition Activity*

*Potential Acquisitions*

The Corporation may undertake future acquisitions of businesses and assets in the ordinary course of business. The completion of any acquisitions will depend in part on SECURE’s ability to identify suitable targets, negotiate favorable financial and other contractual terms and obtain all necessary regulatory approvals on acceptable terms. Achieving the benefits of acquisitions depends in part on having the acquired assets perform as expected, successfully consolidating functions, retaining key employees and customer relationships, and integrating operations and procedures in a timely and efficient manner. Such integration may require substantial management effort, time and resources and may divert management’s focus from other strategic opportunities and operational matters, and ultimately the Corporation may fail to realize the anticipated benefits of such acquisitions. Merger and acquisition activity in the oil and natural gas exploration and production sector may impact demand for the Corporation’s services as customers focus on reorganizing their business prior to committing funds to exploration and development projects. Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than the Corporation.

In addition, the Corporation may discover that it has acquired substantial undisclosed liabilities in connection with an acquisition. The existence of undisclosed liabilities or the Corporation’s inability to retain existing customers or employees of the acquired entity could have a material adverse impact on the Corporation’s business, financial condition, results of operations and cash flows.

*Potential Divestitures*

The Corporation may look to divest specific service lines or other assets that do not have recurring or production-related revenue streams in the future. However, we may not be able to sell any of these service lines or other assets at the desired time, at sales prices acceptable to us or at all. Such divestitures may require the dedication of management effort, time and resources and may divert management’s focus and resources from other strategic opportunities and from operational matters during such time.

The completion of any divestitures will depend in part on SECURE’s ability to identify suitable buyers, negotiate favorable financial and other contractual terms and obtain all necessary regulatory approvals on acceptable terms. These transactions may result in continued financial involvement in the divested businesses, such as guarantees or other financial arrangements, and may require the Corporation to retain certain liabilities directly or through indemnities made to the buyers against known and unknown contingent liabilities such as lawsuits, tax liabilities and environmental matters, which could adversely affect the Corporation’s financial results.

Any divestitures could result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect SECURE and we may be unable to separate divested businesses or business units effectively and efficiently from its existing business operations and reduce or eliminate associated overhead costs. Further, such divestitures may result in proceeds to us in an amount less than we expect or less than the Corporation's assessment of the value of those assets. Any of the foregoing could adversely affect the Corporation’s financial condition and results of operations.

*Commodity Price Risk – Operation Costs*

The price and supply of fuel is unpredictable and fluctuates based on events outside of SECURE's control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns, weather events and environmental concerns. As a result of the Transaction, SECURE needs a significant amount of fuel to run its operations and any price escalations or reductions in supply could materially reduce SECURE's profit margins if it is unable to correspondingly increase the price of its services.

*Commodity Price Risk – Non-Trading*

Crude oil prices are primarily based on West Texas Intermediate (“**WTI**”), plus or minus a differential to WTI based on the crude type and market conditions (the commodity price). The value of the Corporation’s crude oil inventory is impacted by the commodity price of crude oil. Crude oil prices have historically fluctuated widely and are affected by numerous factors outside of the Corporation’s control. As part of normal operating activities, the Corporation is required to hold a certain amount of inventory in any given month. The Corporation is therefore exposed to commodity price fluctuations.

SECURE may make use of derivative financial instruments to hedge the Corporation’s commodity price and other market risks, which creates exposure to financial risks, which include, but are not limited to: unfavourable movements in commodity prices; interest rates or foreign exchange that could result in a financial or opportunity loss to the Corporation; a lack of counterparties, due to market conditions or other circumstances, that could result in the Corporation being unable to liquidate or offset a position, or at unfavourable prices; the counterparty failing to perform an obligation owed to the Corporation; loss as a result of human error or deficiency in the Corporation’s systems or controls; and loss as a result of contracts being unenforceable or transactions being inadequately documented. The occurrence of any of the foregoing could have a material adverse effect on SECURE’s business, financial condition, results of operations and cash flow.

*Crude Oil Marketing and Commodity Price Risk – Trading*

The Corporation is exposed to operating and commodity price risk at its midstream processing facilities that purchase and sell crude oil, crude oil terminalling facilities, crude oil storage facilities and at its crude by rail facilities. Operating risk relates to factors that include but are not limited to pipeline apportionment, pipeline specifications regarding the quality of crude that is shipped down the pipeline, pipeline breaks at the Corporation’s facility, and crude oil volumes actually received versus forecast. In addition, the Corporation’s ability to generate crude oil marketing profits is also based on the type of crude oil type entering the facility and the associated commodity price. The variability of supply, and any change to differentials can have a positive or negative impact to the Corporation’s ability to generate crude oil marketing profits in the future.

In order to maximize crude oil marketing opportunities, the Corporation enters into crude oil contracts. The physical trading activities related to crude oil marketing contracts exposes the Corporation to the risk of profit or loss depending on a variety of factors including, but not limited to: changes in the commodity price; foreign exchange rates; changes in value of different qualities of a commodity; physical loss of product through operational activities; unauthorized trading; and counterparty performance as a result of disagreements over terms of deals and/or contracts. The oil and gas producer forecasts or nominates crude oil volumes expected to be delivered to the Corporation’s facilities in advance of the production month as part of normal oil and gas operations. As part of the

Corporation’s processing and facility operations, SECURE will use net buy and net sell crude oil contracts for marketing and trading of crude oil. The volume purchased or sold relates to physical volumes only. Through this process, the Corporation may hold open positions.

The Corporation defines an “open position” as the difference between physical deliveries of all net buy crude oil contracts offset against physical delivery of all net sell crude oil contracts. The open position is subject to commodity price risk and may adversely affect the Corporation’s financial condition. The Corporation may choose to hold open positions based on energy commodity pricing relationships, time periods or qualities.

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

*Scrap Metal Price Volatility*

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

*Crude Oil Pipeline Transportation*

Our crude oil pipeline systems are operated pursuant to initial contracts with customers who have committed minimum volumes on an annual and cumulative basis and who pay for such usage over the term of their contracts. However, there is no assurance that the customers will be able to perform their obligations under the contract with SECURE, or that revenues following the expiry of the term of the contract will be sustained. Future throughput on the pipeline will be dependent, among other things, on the level of industry activity in the area, the success of producers operating in the area in exploiting their existing reserve bases and exploring for, developing and acquiring additional reserves, SECURE’s ability to renew contracts with terms favourable to the Corporation, and competition for volumes transported by rail, trucking or other pipelines in the area.

Our pipelines systems are dependent upon their interconnections with other terminals, pipelines, rail networks and facilities owned and operated by third parties to reach end markets and as a significant source of supply for our facilities. Outages at facilities connected to our pipeline systems or reduced or interrupted throughput on our pipeline systems due to operational disruptions, apportionment, or changes to operating parameters on our pipeline systems, including the Kerrobert Light Pipeline System and the East Kaybob Pipeline System, may prevent the full utilization of our crude oil pipeline systems and our connected facilities. As our pipeline systems are reliant on electrical power to operate, failure or disruption within the local electrical power supply or distribution or transmission systems could affect ongoing pipeline operations. In the event of a major pipeline or facility incident resulting in the release of large quantities of product there could be a significant impact to the continuing operation of our pipeline systems and the Corporation’s financial results and reputation. In addition, the Kerrobert Light Pipeline System and East Kaybob Pipeline System may be affected by any changes implemented in Saskatchewan or Alberta, respectively, or in the governing legislation, including *The Pipelines Act, 1998* and *The Pipelines Administration and Licensing Regulations* in Saskatchewan and the *Pipeline Act* and the *Pipeline Rules* in Alberta.

Ongoing compliance with this legislation, or any additional applicable legislation, may be costly to the Corporation and adversely affect our results of operations and financial conditions.

*Increased Seismic Activity*

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

*Credit Risk*

Credit risk affects both non-trading and trading activities. The Corporation provides credit to its customers in the normal course of operations and assumes credit risk with counterparties through its trading activities. In addition, the Corporation is at risk for potential losses if counterparties in SECURE's trading activities do not fulfill their contractual obligations. A substantial portion of the Corporation’s accounts receivable are with customers or counterparties involved in the oil and natural gas industry, whose revenues may be affected by fluctuations in oil and natural gas prices, economic conditions, environmental regulations, government policy, royalty rates and geopolitical factors. Collection of these receivables could be influenced by economic factors affecting this industry. The carrying value of trade accounts receivable reflects management’s assessment of the associated risks. In order to mitigate collection risk, the Corporation assesses the credit worthiness of customers or counterparties by assessing the financial strength of the customers or counterparties through a formal credit process and by routinely monitoring credit risk exposures. In addition, the Corporation uses standard agreements that allow for the netting of exposures associated with a single counterparty. Where the Corporation has a legally enforceable right to offset, the amounts are recorded on a net basis. Failure of the counterparties to whom the Corporation has extended credit to perform their contractual obligations may adversely affect the Corporation’s financial condition, results of operations, and ongoing relationships with such customers.

*Regulation and Taxation of Energy Industry*

Material changes to the regulation and taxation of the energy industry in the jurisdictions in which the Corporation operates may reasonably be expected to have an impact on the energy services industry. Generally, a significant increase in the regulation or taxation of the energy industry or material uncertainty regarding such issues may be expected to result in a decrease in industry drilling and production activity in the applicable jurisdiction, consequently reducing the demand for the Corporation’s services and adversely affecting the Corporation’s operations and financial condition. Additionally, certain provincial governments collect royalties on the production of oil and natural gas products from Crown lands. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. These changes, as well as the potential for future changes in these and other regulations, add uncertainty to the outlook of the energy services sector.

*Trade Relations*

On July 1, 2020, the Canada, U.S., Mexico Trade Agreement (“**CUSMA**”) came into effect, replacing the North American Free Trade Agreement. CUSMA is intended to provide protection against tariffs, duties and or fees and ensures that North American customers have equal access to oil produced in either country, ensuring a broad demand base for Canadian oil and gas producers.

The imposition of taxes or disruption to supply channels to the U.S. may result in reduced oil and gas activity in the WCSB and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Potential supply disruptions and global demand impacts amid evolving trade conflicts, including uncertainty from oversupply and decreased demand for crude oil due to U.S. trade tensions with foreign nations, may result in increased volatility in market prices for oil and natural gas products and could have an effect on demand, including the demand for oilfield services generally. The Corporation cannot predict the effect of this volatility in market prices and demand for oil and natural gas products and any major changes may materially and adversely affect the Corporation's business, financial condition, results of operations and cash flows.

*Foreign Operations Risk*

The Corporation is actively involved in operations in the U.S, including in North Dakota and Oklahoma. The Corporation's reliance on these markets means it is subject to downturns in the U.S. economy, U.S. regulatory changes, protectionist actions by the U.S. government and other political developments, all of which could have an adverse impact on the Corporation's results.

In November 2020, the U.S. elected a new Democratic president, who took office in January 2021. The new administration was elected on a platform of tackling climate change and may implement domestic and foreign policy that could have a significant impact on SECURE's business, financial condition or results of operations. In particular, the new administration has indicated its intention to curtail energy operations on federal lands and pursue other regulatory initiatives, executive actions and legislation in support of its broader climate change agenda.

On January 20, 2021 the U.S. President signed an executive order that revoked the previously issued presidential permit for the Keystone XL Pipeline, and, among other things, directed all executive departments and agencies to review federal regulations related to climate change. The Biden administration also recommitted the U.S. to the Paris Climate Agreement, which may result in additional government actions or regulatory initiatives in an effort to achieve the goals of such international agreement. The Corporation currently faces uncertainty regarding the U.S. government's trade and environmental policy and its impact given the Corporation's significant dependence on global economic conditions and prevailing commodity prices; however, the full extent of the impact of any actions taken by the Biden administration is not presently quantifiable.

*Performance Obligations*

The Corporation's success depends in large part on whether it fulfills its obligations to clients and maintain client satisfaction. If the Corporation fails to satisfactorily perform its obligations, or makes professional errors in the services that it provides,  clients could terminate contracts, including master service agreements, exposing the Corporation to loss of professional reputation and risk of loss or reduced profits or, in some cases, the loss of a project.

The Corporation has entered into contracts for committed crude oil volumes for pipeline throughput at certain pipeline connected midstream processing facilities. The production, processing and transportation of crude oil are interdependent and the Corporation's ability to fulfill these commitments may be impacted by industry activity levels. If unable to fulfill its commitments, the financial results of the Corporation could be adversely affected.

Client commitments are made to complete a project by a scheduled time. If the project is not completed by the scheduled date, the Corporation may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion. In addition, performance of projects can be affected by a number of factors beyond the Corporation's control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in project scope of services requested by clients, industrial accidents, environmental hazards, labour shortages or disruptions, and other factors. To the extent these events occur, the total cost of the project could exceed estimates and the Corporation could experience reduced profits or, in some cases, incur a loss on a project, which may reduce or eliminate overall profitability.

*Development of New Technology and Equipment*

The technology used in the Midstream Infrastructure segment for the waste treatment, recovery and disposal business is not protected by intellectual property rights. As such, there are no significant technological barriers to entry within the industry. The technology used in the Environmental and Fluid Management segment for drilling fluids systems and drilling and completion fluid and production chemicals is in some instances protected by intellectual property rights, but not in every instance. In addition, new technological advances could occur within the drilling fluids system and drilling and completion fluids and production chemicals industry at any time. The development of new technologies by the Corporation's competitors and competition from new market entrants could have an adverse effect on the Corporation's business, financial condition, results of operations and cash flows. See "*Proprietary Technology*" and "*Risk of Third-Party Claims for Infringement*".

*Information Security*

The Corporation places significant reliance on its information technology systems ("**IT Systems**") to operate its business. Such systems are subject to a variety of cyber-related risks, including hacking, phishing, cyberattack, cyber fraud, and viruses. Any disruption of the Corporation's IT Systems could have a material negative effect on its business, financial condition, and reputation. For example, the unauthorized access to our IT Systems could lead to: (i) the deletion, corruption, exposure or theft of some or all of the information under the Corporation's custody or control (including any confidential information and trade secrets); (ii) an interruption of the Corporation's operations and business activities and those of its customers; (iii) a loss or theft of the Corporation's financial resources; (iv) costs required to investigate, mitigate and remediate any potential vulnerabilities; (v) regulatory fines and penalties; and (vi) loss of goodwill.

Any such cyber-related risks may be increased given the increased remote access to our IT Systems caused by the COVID-19 pandemic, which may continue on a go forward basis.

The Corporation is also dependent on third party service providers to help support and maintain its IT Systems ("IT Providers"). Accordingly, the failure of an IT Provider to provide the Corporation with adequate services may result in the disruption of our IT Systems.

The Corporation applies risk management controls in line with industry-accepted standards to protect its IT Systems, including an incident response plan for responding to a cyber-security incident, and the adoption of an information technology training policy/program to ensure our management, employees and consultants are adequately trained to prevent cyber-security incidents to the extent possible. To ensure comprehensive cyber-security risk oversight, the Audit Committee is regularly advised of cyber-security matters by SECURE's management as required. Although the Corporation has not experienced a material cyber-security incident, these policies, practices and controls may not adequately protect against all risks. For example, there is no assurance that the Corporation will not suffer losses in the future associated with cyber-security breaches. For example, there is no assurance that the Corporation will not suffer losses in the future associated with cyber-security breaches.

*Breach of Confidential Information*

The Corporation's efforts to protect confidential information may prove unsuccessful due to the actions of third parties, software bugs, technical malfunctions, employee error, or other factors. Should any of these events occur, this information could be accessed or disclosed improperly. Any incidents involving a breach of confidential information could damage the Corporation's reputation and expose competitive positioning of future growth strategy of the Corporation. Should this occur, it could have a material adverse effect on the Corporation's business, financial condition, and reputation.

*Transition to Alternative Energy Sources*

The demand for oil and gas and other liquid hydrocarbons could be reduced by fuel conservation measures, alternative fuel requirements, government subsidies promoting renewable energy sources, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices, including in energy storage that make renewable energy sources more competitive for energy generation or increase consumer preference for alternatively fueled vehicles. The Corporation cannot predict the effect of changing demand for oil and natural gas products, and any major changes may materially and adversely affect the Corporation's business, financial condition, results of operations and cash flows.

*Equipment Risks*

The Corporation's ability to meet customer demands in respect of performance and cost will depend upon continuous improvements in the Corporation's operating equipment. There can be no assurance that the Corporation will be successful in our efforts in this regard or that it will have the resources available to meet this continuing demand. A failure to do so could have a material adverse effect on the Corporation. No assurances can be given that competitors will not achieve technological advantages over the Corporation.

*Potential Replacement or Reduced Use of Products and Services*

Certain of the Corporation's equipment or systems may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be more preferable for environmental or other reasons. The Corporation will need to keep current with the changing market for drilling and completions fluids, production chemicals, and solids control equipment and technological and regulatory changes. If the Corporation fails to do so, this could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*Scheduled and Unscheduled Maintenance*

Much of SECURE's equipment is subject to regularly scheduled maintenance or may require additional unscheduled downtime for unanticipated maintenance or repairs. Scheduled and unscheduled maintenance reduces SECURE's revenues and increases its operating expenses during the period of time that its equipment is not operating. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance which may negatively impact the Corporation's results of operations.

*Sources, Pricing and Availability of Products and Third-Party Services*

The Corporation sources its products from a variety of suppliers, many of whom are located in Canada and the U.S. Should any suppliers of the Corporation be unable to provide the necessary products or services or otherwise fail to deliver products or services in the quantities required or at acceptable prices, any resulting delays in the provision of services or in the time required to find new suppliers could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Corporation. In addition, the ability of the Corporation to compete and grow will be dependent on the Corporation having access, at a reasonable cost and in a timely manner, to equipment, parts and components. Failure of suppliers to deliver such equipment, parts and components at a reasonable cost and in a timely manner would be detrimental to the ability of the Corporation to maintain and expand its client list. No assurance can be given that the Corporation will be successful in maintaining the required supply of equipment, parts and components.

It is also possible that the final costs of the equipment contemplated by the capital expenditure program of the Corporation may be greater than anticipated by management and may be greater than the amount of funds available to the Corporation, in which circumstance the Corporation may curtail or extend the timeframes for completing its capital expenditure plans.

The ability of the Corporation to provide services to its customers is also dependent upon the availability, at reasonable prices, of raw materials which the Corporation purchases from various suppliers, many of whom are located in Canada or the U.S. In periods of high industry activity, periodic industry shortages of certain materials have been experienced and costs are sometimes affected. In contrast, periods of low industry activity levels may cause financial distress on a supplier, thus limiting their ability to continue to operate and provide the Corporation with necessary services and supplies. Management maintains relationships with a number of suppliers in an attempt to mitigate this risk and has entered into fixed price and quantity purchase contracts for various raw materials. However, if the current suppliers are unable to provide the necessary raw materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services to the clients of the Corporation could have a material adverse effect on the Corporation's results of operation and cash flows. Further, in periods of low activity, the Corporation could be subject to a loss on fixed price and quantity contracts that could have a material adverse effect on the Corporation's results of operations and cash flows.

Additionally, a portion of the Corporation's raw materials are sourced from the U.S. and are denominated in U.S. dollars; a weakening Canadian dollar relative to the U.S. dollar will have a negative impact on these input costs. Further constraints on global supply chains as a result of the COVID-19 pandemic may pose a material risk to the Corporation's ability to procure equipment, materials, and other items necessary for business continuity, which may have an adverse impact on the Corporation's results of operations and cash flows.

*Contract Bidding Success and Renewal of Existing Contracts*

The Corporation's business depends on the ability to successfully bid on new contracts and renew existing contracts with private and public sector clients. Contract proposals and negotiations are complex and could involve a lengthy bidding and selection process, which are affected by a number of factors, such as market conditions, financing arrangements and required government approvals. If negative market conditions arise, or if there is a failure to secure adequate financial arrangements or the required governmental approval, the Corporation may not be able to pursue projects which could adversely reduce or eliminate profitability.

*Seasonal Nature of the Industry*

In Canada, the level of activity in the energy services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground, rendering many secondary roads incapable of supporting heavy loads and, as a result, road bans are implemented prohibiting such loads from being transported in certain areas. As a result, the movement of the heavy equipment required for drilling and well servicing activities is restricted and the level of activity of SECURE's customers is consequently reduced. In addition, the transportation of heavy waste loads is restricted resulting in smaller loads and a general reduction in the volume of waste delivered to SECURE's facilities. The timing and duration of spring thaw is dependent on weather patterns but generally occurs from mid-March to mid-May. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting the Corporation's equipment utilization rates and revenues. Accordingly, while the Corporation's facilities are open and accessible year-round, spring break-up reduces the Corporation's activity levels. In the areas in which SECURE operates, the second quarter has generally been the slowest quarter as a result of spring break-up.

There is greater demand within the WCSB for energy services, including the drilling fluid systems provided by the Corporation, in the winter season when freezing permits the movement and operation of heavy equipment. Consequently, energy service activities tend to increase in the fall and peak in the winter months of November through March. However, if an unseasonably warm winter prevents sufficient freezing, the Corporation may not be able to access well sites, and its operating results and financial condition may therefore be adversely affected. The demand for these services, including the demand for all oilfield chemistries, may also be affected by the severity of the Canadian winters. In rail services, the impact of rapid temperature fluctuations on rail infrastructure experienced in the first and third quarters generally causes increased activity and project work. The volatility in the weather and temperature can therefore create unpredictability in activity, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

*Foreign Currency Risk*

A significant portion of the Corporation's activities relate to the purchase and sale of crude oil or drilling fluids products which are transacted in or referenced to U.S. dollars. The risk is mitigated as the majority of the activities occur in the same period and/or through the use of financial contracts to mitigate exposure. A portion of SECURE's long term debt (the 2026 secured notes and certain types of draws on the Revolving Credit Facility) are denominated in U.S. dollars. The Corporation mitigates a portion of this risk through the use of financial contracts. The Corporation is exposed to foreign currency fluctuations as revenues, expenses and working capital derived from our foreign operations that are denominated in U.S. dollars. In addition, the Corporation's U.S. subsidiaries are subject to translation gains and losses on consolidation. Realized foreign exchange gains and losses are included in net earnings while foreign exchange gains and losses arising on the translation of the assets, liabilities, revenues and expenses of the Corporation's ongoing foreign operations are included in the foreign currency translation adjustment.

Some of the Corporation's current operations and related assets are located in the U.S. Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, inflation, repatriation of earnings, social unrest or civil war, acts of terrorism, extortion or armed conflict and uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, they could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

*Key Personnel*

The Corporation's success depends to a significant extent on a number of our officers and key employees. The Corporation does not typically carry "key man" insurance that would compensate for the loss of officers or key employees. The loss of the services of one or more of these officers or employees could have an adverse effect on the Corporation, including with respect to the success of the sales process to divest certain service lines that do not have recurring or production-based revenue streams. To help mitigate this risk, the Corporation has a structured compensation plan to promote continued involvement with the company through the utilization of short and long term incentive plans.

*Economic Dependence*

The top ten customers of the Corporation accounted for approximately 33% of revenue for fiscal 2021 (2020 – 29%), of which no single customer accounted for more than 10%. Excluding the Corporation's recent midstream infrastructure projects which are underpinned by long-term contracts with committed volumes, there can be no assurance that the current customers will continue their relationships with the Corporation. The loss of one or more major customers, any significant decrease in services provided to a customer, or prices paid or any other changes to the terms of service with customers, could have a material adverse effect on the financial results, cash flows, and the overall financial condition of the Corporation.

In addition, treatment and waste disposal services are largely dependent on the willingness of customers to outsource their waste management activities. As such, the demand for SECURE's services could be curtailed by a trend towards internal waste management.

A material portion of SECURE's Midstream Infrastructure segment current and future revenue is generated from pipeline connected midstream processing facilities. As significant revenue is generated from each pipeline connected midstream processing facility, any single event that interrupts one of these operations could result in the loss of revenues.

*Asset Retirement Obligations*

Operating and maintaining midstream infrastructure such as pipeline systems, midstream processing facilities, cavern disposal facilities, gathering, storage and blending facilities, stand-alone water disposal facilities, landfills, hazardous waste transfer stations and rail facilities is capital intensive and generally requires letters of credit or insurance bonds to secure performance and financial obligations. In addition, the Corporation has material financial obligations to pay closure and post-closure costs in respect of our pipeline systems, terminals, facilities and landfills. The Corporation has estimated these costs annually and made provisions for them, but these costs could exceed the Corporation's current provisions as a result of, among other things, any federal, provincial, state, or local government regulatory action including, but not limited to, unanticipated closure and post-closure obligations. The requirement to pay increased closure and post-closure costs or carry out closure work on an expedited timeline could substantially increase the Corporation's letters of credit or requirements to shift funds from operations to closure work. Such actions could increase the Corporation's costs, cause our profit to decline, and reduce the amount of funds available to be borrowed under the Corporation's Revolving Credit Facility and the Letter of Credit Facility.

*Environmental Protection & Health and Safety*

The oil and natural gas industry is regulated by federal and provincial legislation in Canada, federal and state laws and regulations in the U.S. and other applicable laws in the jurisdictions in which the Corporation operates. These regulations set forth numerous prohibitions and requirements with respect to planning and approval processes related to land use, sustainable resource management, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife and the environment, and the health and safety of workers. Legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain oil and natural gas industry operations. The legislation addresses various permits required for drilling, access road construction, camp construction, well completion, installation of surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas.

Legislation regulating the oil and natural gas industry may be changed to impose higher standards and potentially more costly obligations on the Corporation and/or the customers of the Corporation. In the case of a major environmental or safety incident, the Corporation may be exposed to increased public scrutiny, subject to fines, civil suits or criminal charges, or result in an inability to obtain permits required in order to conduct the Corporation's business.

The Corporation's oil and gas customers will also be required to comply with any regulatory schemes for GHG emissions adopted by any applicable jurisdiction. Various levels of government are implementing climate change measures, including carbon taxes and limitations over the emissions of GHGs. Given the evolving nature of the debate related to climate change and control of GHGs and resulting requirements, management is unable to predict the impact of climate change legislation and regulation on the Corporation. It is possible that it could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The Corporation is subject to a complex and increasingly stringent array of legal requirements and potential liabilities, including with respect to the ownership and management of property, the need to obtain and comply with permits and approvals, the health and safety of employees, and the handling, use, storage, disposal, intentional or accidental release of hazardous products or oilfield waste material. Failure to comply with these requirements could expose the Corporation to substantial penalties and potential suspension of operations. There can be no assurance that the Corporation will not be required, at some future date, to incur significant costs to comply with environmental laws, or that our operations, business, assets or cash flow will not be materially adversely affected by existing conditions or by the requirements or potential liability under current or future environmental laws.

The Corporation may incur substantial costs, including fines, damages, criminal or civil sanctions, and remediation costs, or experience interruptions in the Corporation's operations for violations or liabilities arising under these laws and regulations. Where contamination is identified at sites owned or operated by SECURE or its predecessors in interest, SECURE may incur liabilities, being required to investigate or undertake remedial action pursuant to applicable environmental laws and regulations or orders or other actions by governmental authorities. Liability may be imposed without regard to whether SECURE (or its predecessors in interest) knew of, or caused the contamination and, in some cases, liability may be joint or several. SECURE may also be subject to liability for remediation of third-party contaminated sites where SECURE or its predecessors in interest have sent waste for treatment or disposal. Moreover, current and future remedial obligations, environmental claims or any other environmental liabilities could materially adversely affect SECURE's business (including its reputation), ability to retain or attract customers, ongoing operations, financial condition, results of operations and cash flows or its ability to make required payments on debt outstanding.

The Corporation may have the benefit of insurance maintained by the Corporation, our customers or others, but such insurance may be subject to coverage limits and exclusions and may not be available. In addition, the Corporation may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons such as fires, blowouts, freeze-ups, equipment failures, pipeline breaks, unplanned and extended pipeline shutdowns, leakage of landfill cell liners, and other similar events affecting the Corporation or other parties whose operations or assets directly or indirectly affect the Corporation.

The occurrence of any of the matters above, including changes to environmental, health and safety new legislation or more rigorous enforcement of existing legislation may result in significant liability to the Corporation or the revocation of existing permits or denial of future permits, which could have a material adverse effect on the financial results, cash flows and overall financial condition of the Corporation.

In addition, the Corporation's customers may elect not to purchase our services if they view our environmental, health or safety record as unacceptable, which could cause the Corporation to lose customers and substantial revenues. These risks may be greater for the Corporation because it may acquire companies that have not allocated significant resources and management focus to safety or have a poor safety record.

*Proprietary Technology*

The Corporation relies on a variety of intellectual property rights, including patents, copyrights, trademarks, and confidential information, to protect its technology.

The success and ability of the Corporation to compete depends in part on the technology of the Corporation, and the ability of the Corporation to prevent others from using such technologies. Not all of the Corporation's products and services are or will be subject to protection under applicable intellectual property laws.

The steps we take to protect our intellectual property rights may not be adequate to prevent the infringement or violation of these rights by others. For example, there can be no assurance that: (i) the Corporation's current or future patent applications will be valid; (ii) any patents will issue from such applications; or (iii) any issued patents will not be subsequently invalidated or expunged. Accordingly, there can be no assurance that any patent or patent application will afford the Corporation with any protection against competitors with similar technology.

Policing unauthorized use of the Corporation's intellectual property rights could prove to be difficult, and there can be no assurance that the steps taken by the Corporation will prevent the infringement or misappropriation of our intellectual property rights. In addition, litigation may be necessary in the future to enforce such rights. This could result in: (i) substantial costs; (ii) a diversion of management resources; and (iii) a material adverse effect on the Corporation's business, results of operations or financial condition.

*Risk of Third-Party Claims for Infringement*

Third parties may claim that the Corporation has infringed such third parties' intellectual property rights or may challenge the right of the Corporation in our intellectual property. Our defense of any claim, regardless of its merit, could be expensive and time consuming and could divert management resources. Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products and services.

In addition, resolution of claims may require us to redesign our products and services, license rights from third parties, or cease using those rights altogether. Any of these events could harm our business and cause our results of operations, liquidity, and financial condition to suffer.

*Operating Risks and Insurance*

The Corporation’s operations are subject to risks inherent in the industry, such as, equipment defects, malfunctions, cyber security incidents, failures, pipeline leaks (both detected and undetected), explosions, fires, damage or loss from inclement weather, accidents, spills, the handling, blending and transportation of dangerous goods, shut down or loss of a disposal well, and natural disasters. These risks and hazards could expose the Corporation to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution, and other environmental damages.

The Corporation recognizes that potential climate-related impacts are complex and may impact the Corporation's entire enterprise, including having physical impacts on our business as a result of an increased likelihood, severity and frequency of extreme weather events, such as drought, severe storms and flooding, caused by climate change. These severe weather events may cause acute and chronic physical impacts on our operations. Any physical climate-related impacts may have a material adverse effect on our business, reputation, financial condition, results of operations, and cash flows.

Although the Corporation has obtained insurance against certain of these risks, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Corporation is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Corporation’s liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Corporation incurs substantial liability and such damages are not covered by insurance or are in excess of policy limits, or if the Corporation incurs such liability at a time when it is not able to obtain liability insurance, the Corporation’s business, results of operations and financial condition could be materially adversely affected. Further, insurance providers are adjusting to the risks that climate change poses and as a result, our ability to secure necessary or prudent insurance coverage may also be adversely affected in the event that our insurers adopt more restrictive ESG factors or decarbonization policies. As a result of these policies, premiums and deductibles for some or all of our insurance policies could increase substantially. In some instances, coverage may be reduced or become unavailable. As a result, we may not be able to renew our existing policies, or procure other desirable insurance coverage, either on commercially reasonable terms, or at all.

*Third-Party Ownership of Facilities*

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

*Financing Future Growth or Expansion*

The Corporation’s business strategy is based in part upon the continued expansion of the Corporation’s network of facilities. To continue to implement our business strategy, the Corporation will be required to further our capital investment. The Corporation may finance these capital expenditures through vendor financings, ongoing cash flow from operations, borrowings under the Revolving Credit Facility and the Letter of Credit Facility and by raising capital through the sale of additional debt or equity securities.

The Corporation’s ability to obtain financing or to access the capital markets for future offerings may be limited by the restrictive covenants in the Corporation’s current and future debt agreements, by the Corporation’s future financial condition, and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties beyond the Corporation’s control. Given the current market conditions and the lack of investor confidence in the Canadian oil and natural gas industry, the Corporation may have difficulty raising additional funds or if it is able to do so, it may be on unfavourable and highly dilutive terms.

The Corporation may issue additional Common Shares in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Common Shares and an unlimited number of preferred shares, and shareholders will have no pre-emptive rights in connection with any further issuances. The Board has the discretion to determine the provisions attaching to any preferred shares and the price and the terms of issue of further issuances of Common Shares.

*Access to Capital*

The Corporation may find it necessary in the future to obtain additional debt or equity to support ongoing operations, to undertake capital expenditures, or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the Corporation. Uncertainty in global financial conditions could mean that the Corporation, along with other oil and gas entities, may face restricted access to capital and increased borrowing costs and the Corporation's ability to borrow is dependent on, among other factors, the overall state of the capital markets and investor appetite for investments in the energy industry generally. In addition, governments, financial institutions, environmental and governance organizations, institutional investors, social and environmental activists, and individuals, are increasingly seeking to implement, among other things, changes in investment patterns which could affect investor or lender sentiment towards our business and could impede our ability to secure and maintain cost-effective financing. Specifically, changing investor priorities and trends, including as a result of climate change, ESG initiatives, the adoption of decarbonization policies and the general stigmatization of the oil and gas industry may limit the Corporation's ability to attract and access capital. The Corporation's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Corporation's growth and may have a material adverse effect on the Corporation. The agreements governing the Revolving Credit Facility, the Letter of Credit Facility, the 2025 senior secured notes and the 2026 unsecured notes impose operating and financial restrictions on the Corporation that may prevent the Corporation from pursuing certain business opportunities and restrict our ability to operate our business.

Additionally, the Corporation's ability to comply with these covenants will likely be affected by events beyond our control, and the Corporation cannot assure that we will satisfy those requirements. If the Corporation's financial performance results in a breach of any existing or future financial covenants, access to financing could be restricted and/or all or a portion of the Corporation's debt could become due on demand.

The restrictions contained in the agreements governing the Revolving Credit Facility, the Letter of Credit , the 2025 senior secured notes and the 2026 unsecured notes could also limit the Corporation's ability to plan for or react to market conditions, meet capital needs or otherwise restrict the Corporation's activities or business plans and adversely affect our ability to finance our operations, enter into acquisitions or to engage in other business activities that would be in the Corporation's interest.

*Indigenous Peoples Consultation, Claims and Relationships*

Indigenous peoples have Aboriginal treaties, and have or asserted Aboriginal rights, including title in certain instances, to a substantial portion of lands in the WCSB. The scope of Aboriginal and treaty rights continues to be clarified and government policy (including the requirements that are imposed on industry) continues to evolve. The federal and provincial governments in Canada have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights. In certain circumstances, governments have a duty to accommodate their concerns. The consultation processes and expectations of parties involved can vary considerably from project to project, which can contribute to process uncertainty, increased costs, delay in receiving required approvals, and potentially, an inability to secure the required approvals for some projects. Additionally, some types of claims may affect or limit the Corporation's ability to secure locations for capital projects.

Both Canada and British Columbia have passed legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples ("**UNDRIP**"). The legislation requires the respective governments to take all necessary measures to align their respective laws with UNDRIP. British Columbia has published a draft five year Action Plan

(2021-2026) that lays out steps it will take the province will take to meet the objectives of UNDRIP. Such actions will support, amongst other things, Indigenous self-determination and inherent rights of self-government, and title and rights of Indigenous peoples. Canada is yet to publish its action plan. Nonetheless, the various means and timelines associated with implementing UNDRIP by Canada and British Columbia is uncertain and may include increased opportunities for Indigenous peoples to collaborate on process or undertake joint-decision making that inform statutory decision making, and creating uncertainty with respect to project regulatory approval timelines and requirements and operating conditions. The extent and magnitude of any adverse impacts of changes to legislation or policies on project development and operations cannot be estimated at this time, as uncertainty exists with respect to recommendations being considered or to be developed. Increased consultation and environmental assessment obligations may create risk of increased costs and project development delays.

A recent decision by the British Columbia Supreme Court held that the treaty rights of an Indigenous group in Treaty 8 territory, which includes portions of the WCSB, had been infringed by the cumulative impacts of industrial developments. The court declared, amongst other things, that the Government of British Columbia could not continue to authorize activities that breach the promises included in the treaty. However, this declaration was suspended for six months to allow the opportunity for the parties to negotiate changes to the regulatory regime, which the parties are undertaking. The court also found that the current provincial regulatory regime assessing and managing cumulative effects deficient. Changes to the regulatory regime in connection with this decision may have material impacts on SECURE's ability to operate or expand its operations.

*Environmental Activism and Opposition*

Increasing concerns about climate change have resulted in increased public opposition to the continued exploitation and development of fossil fuels. Governments, businesses, and social and environmental activists are increasingly seeking to implement legislation, regulatory and policy changes, which are intended to accelerate the reduction in global consumption of carbon-based energy and to curb GHG emissions. Environmental activist groups and individuals may engage in protests, demonstrations or blockades which may cause disruptions to our facilities or operations, or to facilities or operations on which we rely. Any such disruptions may have an adverse impact on our operations, financial condition or reputation.

Opposition to SECURE's operations stemming from environmental and climate change concerns may adversely affect the business of the Corporation by decreasing revenues and increasing remedial costs. The Corporation's operations, equipment and infrastructure could be vulnerable to unforeseen problems relating to environmental activism and opposition including, but not limited to, protests, demonstrations, blockades, vandalism and theft, which could interrupt the Corporation's operations for an extended period of time, result in significant delays to the Corporation's plans and result in increased costs to the Corporation. As a result of such interruption, the Corporation's business, financial condition and results of operations could be materially adversely affected. The Corporation's operations are dependent upon our ability to protect our operating equipment against damage from fire, vandalism, theft or a similar disruptive event. Protests, demonstrations, theft, vandalism and other disruptions could jeopardize the Corporation's operations and infrastructure and could result in significant set-backs, potential liabilities and deter future customers.

While the Corporation has systems, policies, practices and procedures designed to prevent or limit the effect of the failure or interruptions of our infrastructure there can be no assurance that these measures will be sufficient and that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed in a timely manner.

*Sustainability and Emissions Targets and Performance*

Generally speaking, SECURE's sustainability and other targets depend significantly on the Corporation's ability to execute its current business strategy, related milestones and schedules, each of which can be impacted by the numerous risks and uncertainties associated with SECURE's business and the industries in which it operates, as outlined in the other risk factors described in this AIF.

The Corporation recognizes that its ability to adapt to and succeed in a lower-carbon economy will be compared against its peers. Investors and stakeholders increasingly compare companies based on sustainability-related performance, including climate-related performance. Failure by the Corporation to achieve its sustainability or emissions targets and to implement its Climate Policy, or a perception among key stakeholders that our targets or policies are insufficient, could adversely affect, among other things, our reputation and our ability to attract capital.

There is also a risk that some or all of the expected benefits and opportunities of achieving the various sustainability targets may fail to materialize, may cost more to achieve or may not occur within the anticipated time periods. In addition, there are risks that the actions taken by the Corporation in implementing targets and ambitions relating to sustainability and emissions may have a negative impact on its existing business and operations and increase capital expenditures, which could have a negative impact on the Corporation's business, financial condition, results of operations and cash flows.

*Reputation*

SECURE relies on its reputation to build and maintain positive relationships with its stakeholders in the industry and in the communities in which we work and live, to recruit and retain personnel, and to be a credible, trusted company. Reputational risk is the potential for negative impacts that could result from the deterioration of the Corporation's reputation with key stakeholders. Increasing public concerns about climate change have resulted in increased opposition to the continued exploitation and development of fossil fuels, thereby increasing reputational risk for companies active in the energy industry, including SECURE. The potential for harming the Corporation's reputation exists in every business decision and public interaction, including the actions of its employees, which in turn can negatively impact the Corporation's business and value of its securities.

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, liquidity, regulatory, environmental and legal risks must all be managed effectively to safeguard SECURE's reputation. If the Corporation's reputation is adversely affected, it could result in, among other things: loss of customers; revenue loss; delays in obtaining regulatory approvals with respect to growth projects; increased operating, capital, financing or regulatory costs; lower shareholder confidence; or loss of its social license to operate.

*Climate Change and ESG Targets and Commitments*

The Corporation has announced certain targets and ambitions relating to ESG and GHG emissions, specifically, a goal to achieve a 50% reduction in its carbon intensity by 2030 and net-zero GHG emissions by 2050.To achieve this goal, among others, and to respond to changing market demand, the Corporation may incur additional costs and invest in new technologies and innovation. It is possible that the return on these investments may be less than the Corporations expects, which may have an adverse effect on its business, financial condition and reputation. Generally speaking, our ability to meet our targets depend significantly on the Corporation's ability to execute its current business strategy, related milestones and schedules, each of which can be impacted by the numerous risks and uncertainties associated with our business and the industries in which it operates, as outlined in the other risk factors described in this AIF.

The Corporation recognizes that its ability to adapt to and succeed in a lower-carbon economy will be compared against its peers. Investors and stakeholders increasingly compare companies based on ESG-related performance, including climate-related performance. Failure by the Corporation to achieve its ESG targets, or a perception among key stakeholders that our ESG targets are insufficient, could adversely affect, among other things, our reputation and our ability to attract capital. The continued focus on climate change by investors may lead to higher costs of capital for the Corporation as the pressure to reduce emissions increases. The Corporation's ability to attract capital may also be adversely impacted if financial institutions and investors incorporate sustainability and ESG considerations as a part of their portfolios or adopt restrictive decarbonization policies.

There is also a risk that some or all of the expected benefits and opportunities of achieving the various ESG targets may fail to materialize, may cost more to achieve or may not occur within the anticipated time periods. In addition, there are risks that the actions taken by the Corporation in implementing targets and ambitions relating to ESG may have a negative impact on its existing business and operations and increase capital expenditures, which could have a negative impact on the Corporation's business, financial condition, results of operations and cash flows.

*Volatility of Market Price of Common Shares*

The market price of the Common Shares may be volatile. This volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or our competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*" herein. In addition, the market price for securities on stock exchanges, including the TSX, may experience significant price and trading fluctuations, which are often unrelated or disproportionate to changes in operating performance. Further, SECURE may issue additional securities, which in turn may reduce the ownership percentage of existing shareholders and have other dilutive effects. These broad market fluctuations and future share issuances may adversely affect the market prices of the Common Shares. Further, sufficient market liquidity for holders to sell Common Shares when desired cannot be assured.

*Dividend Payout*

The decision whether or not to pay dividends and the amount of any such dividends are subject to the sole discretion of the Board, which regularly evaluates the Corporation's proposed dividend payments. The amount of cash available to the Corporation to pay dividends, if any, can vary significantly from period to period for a number of reasons, including but not limited to: the Corporation's operational and financial performance; the amount of cash required or retained for debt service or repayment; amounts required to fund capital expenditures and working capital requirements; access to equity markets; foreign currency exchange rates and interest rates; and the risk factors set forth in this AIF.

In addition, the level of dividends per Common Share will be affected by the number of outstanding Common Shares and other securities that may be entitled to receive cash dividends or other payments. Dividends may be increased, reduced or suspended depending on the Corporation's operational success and the performance of our assets.

*Legal Proceedings*

From time to time, the Corporation may be the subject of litigation arising out of its business or operations, including litigation relating to climate change. The Corporation is not a party to any material litigation. However, if any legitimate cause of action arose which was successfully prosecuted against the Corporation, the operations, results of operations or financial condition of the Corporation could be adversely affected.

Claims under such litigation may be material or may be indeterminate. Various types of claims may be made including, without limitation, environmental damages, breach of contract, negligence, product liability, antitrust, bribery and other forms of corruption, tax, patent infringement and employment matters. The outcome of such litigation is uncertain and may materially impact the Corporation's reputation, financial condition or results of operations. Moreover, unfavorable outcomes or settlements of litigation could encourage the commencement of additional litigation. The Corporation may also be subject to adverse publicity associated with such matters, regardless of whether the Corporation is ultimately found responsible. The Corporation may be required to incur significant expenses or devote significant resources in defense against any such litigation.

*Leverage and Restrictive Covenants*

The degree to which the Corporation is financially leveraged could have important consequences to the shareholders of the Corporation, including: (i) a portion of the Corporation's cash flow from operations will be dedicated to the payment of the principal of and interest on our indebtedness; and (ii) certain of the Corporation's borrowings have variable rates of interest, which float with the lender's prime rate, and as such, as these banking facilities are drawn, the Corporation will be exposed to higher interest costs if the prime rate should increase. The Corporation's ability to make scheduled payments of principal and interest on, or to refinance, our indebtedness will depend on our future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control.

The Corporation's Revolving Credit Facility has been secured by a First Priority Liens creating a security interest over all of the Corporation's present and after acquired personal property and floating charge over all of our present and after acquired real property. A failure to comply with the obligations in the agreements in respect of the Credit Facilities could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness.

*Interest Rates*

Funds drawn under the Corporation's Revolving Credit Facility are managed through a combination of bankers' acceptance loans and U.S. dollar ("**USD**") London Interbank Offered Rate ("**LIBOR**") loans which bear interest at a floating interest rate. Therefore, to the extent that the Corporation borrows under this facility, the Corporation is at risk to rising interest rates and foreign exchange rates. Exposure to foreign exchange rate changes is mitigated using cross currency swaps to hedge foreign exchange exposure on U.S. denominated long-term debt, fixing the exchange rate on the U.S. dollar loan amounts for the purposes of interest and principal repayments. The Corporation has managed a portion of its interest rate risk through derivative instruments to effectively fix the interest rate on $130 million of the Revolving Credit Facility until July 31, 2022.

On March 5, 2021, the Financial Conduct Authority ("**FCA**"), the regulatory supervisor of USD LIBOR's administrator ("**IBA**"), announced in a public statement the future cessation or loss of representativeness of overnight/Spot Next, one-month, three-month, six-month and 12-month USD LIBOR tenor settings. A replacement for LIBOR, if and when concluded, will replace LIBOR as the benchmark for USD loans under the terms of our Revolving Credit Facility.

The Corporation's 2026 notes are denominated in US dollars and are therefore subject to risk from changing foreign exchange rates. In order to mitigate against this risk, the Corporation has entered into derivatives to effectively fix the exchange rate on US$300 million of the principal amount.

*Disclosure Controls & Procedures*

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation is made known to the Chief Executive Officer and Chief Financial Officer by others within the Corporation, particularly during the period in which the annual and interim filings of the Corporation are being prepared, in an accurate and timely manner in order for the Corporation to comply with our disclosure and financial reporting obligations and in order to safeguard the Corporation's assets. Consistent with the concept of reasonable assurance, the Corporation recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Corporation's disclosure controls and procedures can only provide reasonable assurance, and not absolute assurance, that the objectives of such controls and procedures are met.

*Internal Controls Over Financial Reporting*

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. While management of the Corporation has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Corporation's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated.

*Conflict of Interest*

Certain of the directors and officers of the Corporation are also directors and officers of oil and natural gas exploration and/or production entities and oil and natural gas service companies, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies.

*Forward-Looking Statements may Prove Inaccurate*

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this AIF under the heading "*Forward-Looking Statements*".

**Risks Related to the Transaction**

*New Significant Shareholder*

Solus Alternative Asset Management LP ("**Solus**") and Angelo Gordon are significant SECURE shareholders as they own more than 10% of the Common Shares outstanding. As a result, Solus and Angelo Gordon may have the ability to influence all matters submitted to SECURE's shareholders for approval, including, without limitation, the election and removal of directors, amendments to SECURE's articles and by-laws and certain fundamental corporate transactions. The interests of such a large shareholder in SECURE's business, operations and financial condition from time to time may not be aligned with, or may conflict with, the interests of the other SECURE shareholders. Further, Solus and Angelo Gordon may in the future own businesses that directly or indirectly compete with SECURE or do business with any potential or actual suppliers or customers of SECURE.

*Possible Failure to Realize Anticipated Benefits of the Transaction*

The Transaction was completed to create a stronger midstream infrastructure and environmental solutions business and realize certain benefits including, among other things, greater scale and significant annual integration cost savings. Achieving the benefits of the Transaction depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and cost savings from integrating the business of SECURE with the legacy business of Tervita.

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

*Integration of Tervita's Legacy Business with SECURE*

The ability of the Corporation to realize certain anticipated benefits such as growth opportunities and cost savings as a result of the Transaction, will require the dedication of substantial effort, time and resources on the part of management which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. In addition, the ongoing integration process could result in the disruption of existing relationships with suppliers, employees, customers and other constituencies in respect of each company prior to the completion of the Transaction. Although the integration process is underway, there remains potential risk that management will be able to fully integrate the operations of each of the businesses successfully or achieve all of the projected growth opportunities, cost savings or other benefits that are anticipated to result from the Transaction. Strategic decisions and the integration of the Tervita's legacy business will present challenges to management, including the integration of systems and personnel of the two historic companies which may be geographically separated, unanticipated liabilities and unanticipated costs. It is possible that the ongoing integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with customers, suppliers, employees or to achieve the anticipated benefits of the

Transaction. The performance of the Corporation's operations could be adversely affected if the Corporation cannot retain key employees to assist in the ongoing integration and operation of Tervita’s and SECURE’s previously standalone businesses.

Difficulties in the integration of the Tervita's business, which may result in costs and delays, may also include: coordinating corporate and administrative infrastructures and harmonizing insurance coverage; integrating and unifying the services available to customers and coordinating marketing efforts; unanticipated issues in coordinating accounting, information technology, communications, administration and other systems; difficulty addressing possible differences in corporate cultures and management philosophies; legal and regulatory compliance, including effecting actions that may be required in connection with obtaining regulatory approvals; creating and implementing uniform standards, controls, procedures and policies; maintaining existing agreements and relationships with customers and suppliers and avoiding delays in entering into new agreements with prospective customers and suppliers; and unforeseen and unexpected liabilities related to the Transaction. Any inability of management to successfully integrate the operations could have a material adverse effect on the business, financial condition and results of operations of SECURE.

*SECURE's Business Mix is Different as a result of the Transaction*

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

*Pro Forma Financial Information may not be Indicative of SECURE's Future Financial Condition or Results of Operations*

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

## DIVIDENDS AND DISTRIBUTIONS

In March 2013, the Board approved a monthly dividend to be paid to holders of Common Shares.

On May 2, 2017, the Board approved a 6.25% increase to SECURE's monthly dividend rates from $0.02 to $0.02125 per Common Share commencing with the June 15, 2017 dividend payment. On November 9, 2017, the Board approved a further 6% increase to SECURE's monthly dividend, to $0.0225, commencing with the January 15, 2018 dividend payment.

On March 24, 2020, the Corporation announced that its monthly dividend would be reduced from $0.0225 (2.25 cents) per common share to $0.0025 (0.25 cents) per common share, effective for the May 2020 monthly dividend. Following the June 2020 monthly dividend, the Corporation moved to a quarterly dividend of $0.0075 (0.75 cents) with the first payment made on October 15, 2020, for Shareholders of record on October 1, 2020.

Any future payments of dividends will be at the sole discretion of the Board and will depend upon the financial condition, capital requirements and earnings of the Corporation as well as other factors it may deem relevant. See "*Risk Factors – Dividend Payout*".

The table below provides information on dividends declared per Common Share in each of the past three years:

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| January | 0.02250 | 0.02250 | - |
| February | 0.02250 | 0.02250 | - |
| March | 0.02250 | 0.02250 | 0.00750 |
| April | 0.02250 | 0.02250 | - |
| May | 0.02250 | 0.00250 | - |
| June | 0.02250 | 0.00250 | 0.00750 |
| July | 0.02250 | - | - |
| August | 0.02250 | - | - |
| September | 0.02250 | 0.00750 | 0.00750 |
| October | 0.02250 | - | - |
| November | 0.02250 | - | - |
| December | 0.02250 | 0.00750 | 0.00750 |
| **Total declared during the year** | **0.27000** | **0.11000** | **0.03000** |

## DESCRIPTION OF CAPITAL STRUCTURE

*General Description of Capital Structure*

SECURE is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, of which 308,756,407 Common Shares are issued and outstanding as at March 2, 2022.

*Common Shares*

The holders of Common Shares are entitled: (i) to notice of, to attend and to one vote per Common Share at, all meetings of the holders of Common Shares (other than meetings of a class or series of shares of the Corporation other than the Common Shares); (ii) to receive dividends as and when declared by the Board on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of dividends; and (iii) in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among the holders of Common Shares for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of a return of capital on dissolution, to share rateably, together with the holders of shares of any other class of shares of the Corporation ranking equally with the Common Shares in respect of a return of capital, in such assets of the Corporation as are available for distribution.

*Preferred Shares*

As of March 2, 2022, there were no preferred shares of the Corporation issued and outstanding. The preferred shares of the Corporation are issuable in one or more series, each series to consist of such number of preferred shares as determined by the Board. The Board is empowered to fix the number of preferred shares and the designation, rights, privileges, restrictions and conditions attaching to the preferred shares of each series and the holders of each series of preferred shares shall be entitled: (i) to the payment of dividends in priority to the holders of Common Shares; and (ii) in the event of a distribution, the payment on a distribution in priority to the holders of Common Shares.

### Material Indebtedness

*Credit Facilities*

In connection with the Transaction, SECURE entered into the $800 million three-year Revolving Credit Facility. A portion of the borrowings under the Revolving Credit Facility were used to repay certain indebtedness of SECURE and Tervita outstanding prior to completion of the Transaction. In connection with the Transaction and entering into the Revolving Credit Facility, SECURE also entered into the $30 million unsecured bilateral Letter of Credit Facility.

Borrowings under the Revolving Credit Facility bear interest, at the Corporation's option, at either the Canadian prime rate plus 1.50% to 3.00% or the banker acceptance rate plus 2.50% to 4.00%, depending, in each case, on the ratio of Total Debt to EBITDA (as such terms are defined in the Revolving Credit Facility). Interest on $130 million principal amount of borrowings under the Revolving Credit Facility has been fixed at 5.5% per annum until July 31, 2022 through the use of interest rate swaps.

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

- the Senior Debt to EBITDA ratio is not to exceed (i) 3.00 to 1.0 for any fiscal quarter ending prior to March 31, 2022 and (ii) 2.75 to 1.0 at the end of each fiscal quarter thereafter;
- the Total Debt to EBITDA ratio is not to exceed (i) 4.75 to 1.0 for any fiscal quarter ending prior to March 31, 2022 and (ii) 4.50 to 1.0 at the end of each fiscal quarter thereafter; and
- the Interest Coverage Ratio (defined as EBITDA to Interest charges) is not to be less than 2.50 to 1.0.

Total Debt as defined by the Revolving Credit Facility includes the aggregate of all debt (including lease liabilities) minus the aggregate amount of readily available cash, cash equivalents and investment grade securities in excess of $5 million. Senior Debt is defined as Total Debt excluding the principal amount outstanding under the 2025 senior secured notes and the principal amount outstanding under any unsecured notes.

EBITDA is defined by the Revolving Credit Facility 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. Interest charges are defined to include interest expense on Total Debt.

The Revolving Credit Facility requires that the aggregate principal amount of all unsecured, senior secured notes, and the principal amount outstanding under the Revolving Credit Facility, will not exceed $1.5 billion. As at December 31, 2021, the Corporation was in compliance with the covenants of the Revolving Credit Facility.

A copy of the credit agreement related to the Revolving Credit Facility can be found under the Corporation's SEDAR profile at www.sedar.com.

*Senior Notes*

*2025 senior secured notes*

In connection with the Transaction, SECURE became a direct obligor of the 2025 senior secured notes which were issued by Tervita in November 2020 with a maturity date of date of November 19, 2025. During the financial year ended December 31, 2021, the Corporation redeemed an aggregate of US$200 aggregate principal amount of the 2025 senior secured notes in accordance with the terms of the 2025 Note Indenture. As of the date hereof, there is US$300 million aggregate principal amount of the 2025 senior secured notes outstanding.

The 2025 senior secured notes are issued pursuant to an indenture between SECURE (as successor by way of amalgamation to Tervita), the guarantors party thereto, Deutsche Bank Trust Company Americas, as U.S. trustee, and TSX Trust Company, as Canadian Trustee (the "**2025 Note Indenture**"). The 2025 senior secured notes bear interest at the rate of 11.000% per annum, payable semi-annually in arrears on June 1 and December 1 of each year. The 2025 senior secured notes are direct senior secured obligations, guaranteed by certain of the Corporation's subsidiaries, and are secured by substantially all of the assets of the Corporation and such subsidiaries.

*2026 unsecured notes*

The Corporation has $340 million aggregate principal amount of 2026 unsecured notes outstanding. An aggregate of $200 million principal amount of the 2026 unsecured notes were issued on June 30, 2021, the proceeds of which were released from escrow on July 2, 2021 upon completion of the Transaction. A portion of the proceeds of this issuance of the 2026 unsecured notes were used to the fund the partial redemption of US$100 million principal amount of the 2025 senior secured notes. On October 4, 2021, an additional offering of $140 million aggregate principal amount of 2026 unsecured notes was completed and the proceeds therefrom were used primarily to complete the partial redemption of an additional US$100 million aggregate principal amount of 2025 senior secured notes.

The 2026 unsecured notes are issued pursuant to a trust indenture (the "**2026 Note Indenture**" and together with the 2025 Note Indenture, the "**Note Indentures**" and each a "**Note Indenture**")) dated as of June 30, 2021 between SECURE and Odyssey Trust Company ("**Odyssey**"), as trustee of the 2026 unsecured notes. The 2026 Note Indenture was supplemented by the terms of a first supplemental indenture dated as of October 4, 2021. The 2026 unsecured notes bear interest at the rate of 7.25% per annum, payable semi-annually in arrears on June 1 and December 1 of each year. The 2026 unsecured notes are general unsecured obligations of SECURE. Certain of SECURE's subsidiaries have fully and unconditionally guaranteed the 2026 unsecured notes, jointly and severally, on a senior unsecured basis.

*Redemption*

SECURE may, from time to time, at its option, redeem either the 2025 senior secured notes or the 2026 unsecured notes, in whole or in part, prior to the maturity thereof at the redemption dates prices (expressed as percentages of the principal amount) set forth in the table below:

| Notes | Redemption Date | Redemption Price | |
|---|---|---|---|
| | | Year | Price |
| **2025 senior secured notes** | December 1 | 2023 | 105.500% |
| | | 2024 and thereafter | 100.000% |
| **2026 unsecured notes** | December 30 | 2023 | 103.625% |
| | | 2024 | 101.813% |
| | | 2025 and thereafter | 100.000% |

The 2025 senior secured notes and the 2026 unsecured notes may also be redeemed by SECURE, in whole or in part, under certain other circumstances and applicable premiums determined in accordance with the applicable Note Indenture, plus applicable accrued and unpaid interest. For further information see Note 12 of the Corporation's audited consolidated financial statements for the year ended December 31, 2021.

*Change of Control*

Additionally, upon the occurrence of a change of control (within the meaning of the applicable Note Indenture), SECURE may be required to make an offer to repurchase all of the outstanding principal amount of the notes (unless otherwise redeemed), in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus applicable accrued and unpaid interest.

To facilitate consummation of the Transaction, the terms of the 2025 Note Indenture were amended to: (i) modify the definition of "change of control" such that the Transaction would not constitute a change of control within the meaning of the 2025 Note Indenture; and (ii) increase certain limitations on the aggregate indebtedness of the obligor of the 2025 senior secured notes as permitted by the 2025 Note Indenture.

Copies of each of the 2025 Note Indenture and the 2026 Note Indenture are available on the Corporation's SEDAR profile at www.sedar.com.

**Ratings**

The following table outlines the current credit ratings for the Corporation, its 2025 senior secured notes and its 2026 unsecured notes:

| | S&P | Fitch | Moody's |
|---|---|---|---|
| Corporate Rating | B | B+ | B1 |
| 2025 senior secured notes | BB- | BB | B2 |
| 2026 unsecured notes | B | B+ | B3 |

A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments,

S&P's long-term credit ratings are on a scale that ranges from "AAA" to "D", which represents the range from highest to lowest opinions of creditworthiness. According to the S&P rating system, obligations rating "BB", "B", "CCC", "CC", and "C" are regarded as having significant speculative characteristics. "BB" indicates the least degree of speculation and 'C' indicates the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. An obligation rated "BB" is considered less vulnerable to nonpayment than other speculative issues. However, it faced major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. An obligation rated "B" is more vulnerable to nonpayment than obligations rated "BB" by the obligator has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligator's capacity or willingness to meet its financial commitments on the obligation. The ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within the major rating categories.

Fitch’s credit rating scale is expressed using the categories “AAA” to “BBB” (investment grade) and “BB” to “D” (speculative grade) with an additional plus (+) or a minus (-) sign for AA through CCC levels indicating relative differences of probability of default or recovery. The terms “investment grade” and “speculative grade” are market conventions and do not imply any recommendation or endorsement of a specific security for investment purposes. Investment grade categories indicate relatively low to moderate credit risk, while ratings in the speculative categories signal either a higher level of credit risk or that a default has already occurred. "BB" ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, the business or financial alternatives may be available to allow financial commitments to be met. "B" ratings indicate that material credit risk is present.

Moody's issuer ratings are opinions of the ability of entities to honour senior unsecured debt and debt like obligations. As such, issuer ratings incorporate any external support that is expected to apply to all current and future issuance of senior unsecured financial obligations and contracts, such as explicit support stemming from a guarantee of all senior unsecured financial obligations and contracts, and/or implicit support for issuers subject to joint default analysis (e.g. banks and government-related issuers). Issuer ratings do not incorporate support arrangements, such as guarantees, that apply only to specific (but not to all) senior unsecured financial obligations and contracts.

Moody's credit ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. The addition of a 1, 2 or 3 modifier after a rating indicates the relative standing within a particular rating category. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category. Obligations rated B are considered speculative and are subject to high credit risk. The credit ratings accorded by S&P, Fitch and Moody’s are not recommendations to purchase, hold or sell securities and may be subject to revision or withdrawal at any time by the credit rating organization. Such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised to withdrawn entirely by a rating agency in the future, if in its judgment, circumstances so warrant.

A credit rating or stability rating is not a recommendation to buy, sell or hold securities. The Corporation has paid fees to each of S&P, Fitch and Moody's in 2021 in respect of the Corporation, the 2025 senior secured notes and the 2026 unsecured notes.

## PRICE RANGE AND TRADING VOLUMES

The Common Shares are listed and posted for trading on the TSX under the symbol “SES”. The following table sets out information concerning the monthly price ranges and trading volumes of the Common Shares on the TSX for the periods indicated.

| 2021 | Low $ | High $ | Volume |
|---|---|---|---|
| January | 2.40 | 3.11 | 13,900,112 |
| February | 2.59 | 3.47 | 15,325,988 |
| March | 2.95 | 4.56 | 27,490,956 |
| April | 3.56 | 4.29 | 10,228,628 |
| May | 4.04 | 4.50 | 8,228,529 |
| June | 4.02 | 5.15 | 22,766,750 |
| July | 4.04 | 4.75 | 12,806,171 |
| August | 3.73 | 4.25 | 10,223,171 |
| September | 4.05 | 4.85 | 14,234,488 |
| October | 4.75 | 5.97 | 20,936,873 |
| November | 5.06 | 6.58 | 37,215,839 |
| December | 4.58 | 5.40 | 32,758,491 |

## PRIOR SALES

The following table summarizes issuances of securities that are not listed or quoted on a marketplace during the financial year ended December 31, 2021.

| Date Issued | Securities | Amount | Price |
|---|---|---|---|
| June 30, 2021 | 7.25% unsecured notes due 2026 | $200 million aggregate principal amount | $100.00 per $100.00 of principal |
| October 4, 2021 | 7.25% unsecured notes due 2026 | $140 million aggregate principal amount | $100.75 per $100.00 of principal |

## DIRECTORS AND EXECUTIVE OFFICERS

| Name and Jurisdiction of Residence | Position with the Corporation | Principal Occupation | Director Since(1) | Common Shares Held (#/%)(2) |
|---|---|---|---|---|
| Rene Amirault<br>Alberta, Canada | President, Chief Executive Officer and Director | President and Chief Executive Officer of the Corporation | June 1, 2007 | 2,210,703/0.7% |
| James Anderson<br>Alberta, Canada | Senior Vice President, Fluids Management | Senior Vice President, Fluids Management of the Corporation | N/A | 386,380/0.1% |
| Michael Callihoo<br>Alberta, Canada | Corporate Secretary and General Counsel | Corporate Secretary and General Counsel of the Corporation | N/A | 63,366/0.0% |
| David Engel<br>Alberta, Canada | Senior Vice President, Landfill Solutions | Senior Vice President, Landfill Solutions of the Corporation | N/A | 333,504/0.1% |
| Allen Gransch<br>Alberta, Canada | Chief Operating Officer | Chief Operating Officer of the Corporation | N/A | 605,673/0.2% |
| Corey Higham<br>Alberta, Canada | Senior Vice President, Midstream Operations | Senior Vice President, Midstream Operations of the Corporation | N/A | 300,240/0.1% |
| Chad Magus<br>Alberta, Canada | Chief Financial Officer | Chief Financial Officer of the Corporation | N/A | 168,826/0.1% |

| Name and Jurisdiction of Residence | Position with the Corporation | Principal Occupation | Director Since[(1)] | Common Shares Held (#/%)[(2)] |
|---|---|---|---|---|
| David Mattinson<br>Alberta, Canada | Senior Vice President, Environmental Solutions | Senior Vice President, Environmental Solutions of the Corporation | N/A | 488,507/0.2% |
| Mike Mikuska<br>Alberta, Canada | Senior Vice President, Commercial & Transportation | Senior Vice President, Commercial & Transportation of the Corporation | N/A | 140,304/0.0% |
| Grant Billing<br>Alberta, Canada | Chairman and Director | Independent Businessperson | July 2, 2021 | 140,668/0.0% |
| Michael Colodner[(3)(5)]<br>New York, USA | Director | Managing Director of Solus Asset Management, a privately held hedge fund sponsor | July 2, 2021 | 38,225,295/12.4%[(7)] |
| Brad Munro[(4)(6)]<br>Saskatchewan, Canada | Director | Independent Businessperson and President and Chief Executive Officer of Bittercreek Capital Corporation | April 23, 2009 | 75,922/0.0% |
| Kevin Nugent[(3)(6)]<br>Alberta, Canada | Director | Independent Businessperson | September 25, 2007 | 73,750/0.0% |
| Susan Riddell Rose[(4) (6)]<br>Alberta, Canada | Director | President and Chief Executive Officer of Perpetual Energy Inc. | July 2, 2021 | 63,966/0.0% |
| Jay Thornton[(4)(5)]<br>Alberta, Canada | Director | Independent Businessperson | July 2, 2021 | 63,785/0.0% |
| Deanna Zumwalt[(3)(5)]<br>Alberta, Canada | Director | President and Chief Executive Officer of Coril Holdings Ltd. | April 30, 2019 | 12,100/0.0% |

**Notes:**

1. A director's term of office shall be from the date on which he is elected or appointed, as the case may be, until the next annual shareholder meeting or until the position has been transitioned to his elected or appointed successor.
2. Includes Common Shares beneficially owned or controlled, directly or indirectly as at December 31, 2021. Percentage holdings are calculated on a non-diluted basis.
3. Member of the Audit Committee of the Corporation.
4. Member of the Compensation Committee of the Corporation.
5. Member of the Corporate Governance and Nominating Committee of the Corporation.
6. Member of the Environment, Social & Governance Committee of the Corporation.
7. Includes Common Shares owned by Solus.

As at the date hereof, the directors and officers of the Corporation, as a group, beneficially owned, controlled or directed, directly or indirectly, 43,388,058 Common Shares, or approximately 14.08% of the outstanding Common Shares (on a non-diluted basis).

The following are brief biographies of each of the officers and directors of the Corporation, including a description of their present occupations and their principal occupations during at least the last five years.

## Executive Officers

*Rene Amirault, President, Chief Executive Officer and Director*

Rene Amirault was appointed as the President and Chief Executive Officer of SECURE in March 2007 and was elected a director and appointed as Chairman of the Board on June 1, 2007. Mr. Amirault acted as Chairman of the Board until the completion of the Transaction on July 2, 2021. From January 2006 to March 2007, he was an independent businessman. Mr. Amirault held various roles at Canadian Crude Separators Inc. and CCS Income Trust from August 1994 to January 2006, including Vice President roles in Sales and Marketing, Business Development and Corporate Development. Mr. Amirault held various positions with Imperial Oil Ltd. from 1981 to 1994. Mr. Amirault received a Certified General Accountant designation in 1985.

*James Anderson, Senior Vice President, Fluids Management*

James Anderson was appointed as SVP of Fluids Management in June 2020. Since joining SECURE in 2011, James has held the position of VP of Drilling & Production Services. Prior to joining SECURE, James was one of the founding partners of Alliance Energy Services and from 2009 to 2011 acted as the VP of Drilling Fluids at Marquis Alliance until the SECURE acquisition in 2011. From 1997 to 2009, James held various positions in the drilling services industry including roles as a Field Engineer, Technical Services, Operations, Technical Sales and VP Operations. James holds a Bachelor of Science in Chemistry from the University of Lethbridge.

*Michael Callihoo, Corporate Secretary and General Counsel*

Michael Callihoo was appointed as Corporate Secretary of SECURE on July 29, 2019. Mr. Callihoo was Vice President Commercial Operations/Legal at SECURE from July 2018 through July 2021, when he became General Counsel. Prior to joining SECURE, Mr. Callihoo worked in various legal roles at Plains Midstream Canada ULC beginning in 2010, finishing his time there as Associate General Counsel. Preceding his time at Plains, beginning in 1999, Mr. Callihoo was a lawyer at Bennett Jones LLP within the Energy and Corporate Departments, becoming a Partner in 2008. Throughout his career, Mr. Callihoo has gained extensive experience within the upstream and midstream petroleum industries in Canada, including in the areas of acquisitions and divestitures, joint ventures, major pipeline and facility construction projects and commercial contracting and negotiating. Mr. Callihoo holds a Bachelor of Laws from the University of Alberta.

*Dave Engel, Senior Vice President, Landfill Solutions*

Dave Engel has worked in senior leadership roles in operations, sales, health and safety, and business development with SECURE since September 2007. Since July 2021, he has held the position of Senior Vice President, Landfill Solutions. Prior thereto, he was Executive Vice President, Operations (May 2019 – July 2021), Executive Vice President, Technical Services (September 2017 – May 2019), Executive Vice President, Processing Recovery & Disposal division (January 2017 – September 2017) and VP of Operations & Sales (December 2011 – January 2017).

From 2000 to 2007, Mr. Engel held various roles at CCS Income Trust, including roles in environment and regulatory, project development, mergers and acquisitions, and business development. Prior to CCS Income Trust, Mr. Engel worked for Newpark Environmental Services, Ensign Drilling Inc., and Newalta Corporation. He has over 20 years of experience in the energy industry. Mr. Engel has a Bachelor of Science degree from the University of Calgary.

*Allen Gransch, Chief Operating Officer*

Allen Gransch joined SECURE in September 2007. From 2012 to 2017, Mr. Gransch held the position of Executive Vice President and Chief Financial Officer. In September 2017, Mr. Gransch was appointed Executive Vice President, Corporate Development. In April 2019, Allen was appointed Chief Operating Officer, Midstream, and became Chief Operating Officer in July 2021. Prior to joining SECURE, Mr. Gransch was a Senior Manager with PricewaterhouseCoopers. From May 1999 to August 2007, Mr. Gransch held various positions from Associate to Senior Manager with PricewaterhouseCoopers located in Calgary, Alberta, Georgetown, Cayman Islands and Saskatoon, Saskatchewan. Mr. Gransch has over 20 years of experience in a broad range of corporate finance and accounting activities. Mr. Gransch is a Chartered Professional Accountant, Chartered Accountant and attended the University of Saskatchewan where he earned a Bachelor of Commerce degree and his Masters of Professional Accounting degree.

*Corey Higham, Senior Vice President, Midstream Operations*

Corey Higham has worked in senior leadership roles in environment & regulatory, operations and business development with SECURE since July 2007. Mr. Higham was appointed Senior Vice President, Midstream Operations in July 2021. Prior thereto, he was Executive Vice President, Corporate Development (May 2019 – July 2021), Executive Vice President of Processing, Recovery and Disposal (September 2017 – May 2019), Executive Vice President, Midstream (April 2014 – September 2017), and VP of Business Development (Organic) (December 2011 – April 2014).

From March 2004 to July 2007, Mr. Higham held various roles at CCS Income Trust, including roles in environment and regulatory, and business development. Mr. Higham has over 20 years of experience in the energy industry. Mr. Higham worked for a private engineering & consulting company from 1998 to 2004 prior to joining CCS Income Trust. Mr. Higham is a registered Professional Geoscientist and holds a Masters of Engineering from the University of Calgary.

*Chad Magus, Chief Financial Officer*

Chad Magus was appointed Executive Vice President and Chief Financial Officer in September 2017. Mr. Magus joined SECURE in June 2014 and most recently served as SECURE's Vice President of Corporate Finance. Prior to joining SECURE, Mr. Magus spent over 10 years with an oil and gas exploration and production company in a variety of finance, accounting and financial reporting roles and prior thereto was a senior accountant with KPMG LLP. Mr. Magus is a Chartered Professional Accountant, Chartered Accountant and holds a Bachelor of Commerce degree from the University of Saskatchewan.

*David Mattinson, Senior Vice President, Environmental Solutions*

David Mattinson was the President of Frontline Integrated Services prior to joining SECURE in April 2013 when he was appointed Executive Vice President, Environmental Solutions (formerly OnSite Services). Mr. Mattinson, a professional engineer, previously held the position of President for over 20 years at an environmental services company, and as the President of a frac sand production company. Mr. Mattinson manages the Environmental and Fluid Management segment's existing relationships and positively contributes to the communities in which SECURE works. He has nearly 30 years of experience and has worked across Canada and through South America on a multitude of environmental remediation related projects including landfill construction projects, and decommissioning projects. Mr. Mattinson holds a Bachelor of Mechanical Engineering from the University of Calgary.

*Mike Mikuska, Executive Vice President, Commercial and Transportation*

Mike Mikuska was appointed Executive Vice President, Commercial and Transportation with SECURE in September 2017 after joining the Corporation in January 2017. He brings extensive industry knowledge, experience and strategic leadership to his role at SECURE. Mr. Mikuska is responsible for the growth and development of SECURE's transportation and commercial business, increasing asset value and contributing to the safe and reliable Canadian transportation system of oil and gas production. Prior to joining SECURE, Mr. Mikuska had various roles at Plains Midstream Canada ULC and predecessors for 21 years, most recently as Vice President of Crude Supply & Transportation where he was responsible for crude oil supply gathering and distribution, pipeline logistics, pipeline development, trucking, rail, regulatory and tariffs, quality and optimization for crude oil and liquefied petroleum gas. Mr. Mikuska has a Bachelor of Economics and has completed the Duke University and Stanford Graduate School of Business Executive Programs.

**Directors**

In addition to Mr. Amirault, the following individuals are the directors of the Corporation:

*Grant Billing, Chairman & Director*

Grant Billing was appointed Chairman of the SECURE Board of Directors on July 2, 2021, in connection with the Transaction. He previously served as Chairman and a director of Tervita. From March 2017 until July 2017, Mr. Billing acted as Tervita's Interim Chief Executive Officer. Mr. Billing served as the Chairman and Chief Executive Officer of Superior Plus Corp. between July 2006 and November 2011 and Executive Chairman between 1998 and 2006. Mr. Billing was Chairman of the board of directors of Superior Plus Corp. until December 31, 2014. Mr. Billing is also currently a corporate director of Badger Infrastructure Solutions Ltd. and MEG Energy Corp. In addition, Mr. Billing has served as Chairman and director of several public companies and as director and Chairman of the Canadian Association of Petroleum Producers.

*Michael Colodner, Director*

Michael Colodner was appointed a director of SECURE on July 2, 2021, in connection with the Transaction. He previously served as a director of Tervita since July 2018. Mr. Colodner is the Managing Director of Solus, a privately held hedge fund sponsor. He joined Solus, formerly known as Stanfield Capital Partners, at its inception in July 2007, and has been a member of the hedge fund investment team since he joined Stanfield Capital Partners as an analyst covering the Utilities and Industrials sectors in March 2007. Prior to joining Stanfield, he was a senior analyst in the Power and Utilities Investment Banking Group at Deutsche Bank Securities Inc. since 2005. Mr. Colodner began his career at Legg Mason Wood Walker Incorporated in 2004, in the Strategic Advisory Investment Banking Group, specializing in Mergers and Acquisitions. He graduated summa cum laude with a Bachelor of Sciences in Finance from the University of Maryland in 2004.

*Brad Munro, Director*

Brad Munro was elected as a director of the Corporation on April 23, 2009 and was appointed lead director on April 28, 2020. Mr. Munro is an independent businessperson and President and Chief Executive Officer since 2006 of Bittercreek Capital Corporation, a private investment firm. From 1991 to 2009, Mr. Munro served in senior investment roles in the private equity/venture capital industry in Canada. Mr. Munro holds a Bachelor of Commerce degree from the University of Saskatchewan and has 30 years of experience in investment, board and executive level management in oil and natural gas and other industries. Mr. Munro served as a director of Tervita (or its predecessors) for eight years and was the lead director of the independent committee on the privatization of Tervita. Mr. Munro is currently Chairman of MustGrow Biologics Corp., an agricultural biotech company listed on the Canadian Securities Exchange.

*Kevin Nugent, Director*

Kevin Nugent was elected as a director of the Corporation on September 25, 2007. Mr. Nugent is an independent businessperson and corporate director. Mr. Nugent is a Chartered Professional Accountant, Chartered Accountant with over 30 years of experience in the oil and natural gas industry. Mr. Nugent currently serves as a director of Shawcor Ltd., Hifi Engineering Inc., Variperm Holdings Inc., RGL Reservoir Management Inc., 8Sigma Energy Services Incorporated, Banff Sport Medicine Foundation, and the Pacific Salmon Foundation.

*Susan Riddell Rose, Director*

Susan Riddell Rose was appointed a director of SECURE on July 2, 2021, in connection with the Transaction. She was previously a director of Tervita beginning July 2018 and served on the Newalta Corporation Board prior thereto since May 2009. Ms. Riddell Rose is the President and Chief Executive Officer of Perpetual Energy Inc. Prior thereto she was a Corporate Operating Officer for Paramount Resources Ltd. Ms. Riddell Rose graduated from Queen's University at Kingston, Ontario in 1986 with a Bachelor of Applied Science in Geological Engineering. She is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Canadian Society of Petroleum Geologists and the American Association of Petroleum Geologists and serves as a governor for the Canadian Association of Petroleum Producers.

*Jay Thornton, Director*

Jay Thornton was appointed a director of SECURE on July 2, 2021, in connection with the Transaction. He was previously a director of Tervita beginning December 2016. Mr. Thornton has 30 years of oil and gas experience. He has held various operating and corporate executive positions with Shell Canada Limited and Suncor Energy Inc. Mr. Thornton formerly held a director position with the Canadian Association of Petroleum Producers. Mr. Thornton is a graduate of McMaster University with an Honours degree in Economics and has completed the Institute of Corporate Directors (ICD) Education Program.

*Deanna Zumwalt, Director*

Deanna Zumwalt was elected as a director of the Corporation in April 2019. Ms. Zumwalt is President and CEO of Coril Holdings Ltd., a privately-owned company based in Calgary, which holds subsidiaries and investments globally in railway maintenance and service, real estate ownership, investment and advisory services, oil and gas pipelines as well as personal health and wellness services. Prior to her current role, she held the position of CFO as well as President and CFO from 2015 to 2020. Prior thereto, Ms. Zumwalt held a variety of senior financial and energy marketing roles at Nexen Energy ULC, including Vice President, Energy Marketing from 2013 to 2015, Vice President, North American Crude Oil Marketing from 2010 to 2013, Vice President, North American Natural Gas & Power from 2009 to 2010, and Vice President, Finance-Marketing from 2004 to 2009. Deanna is a Chartered Professional Accountant, Chartered Accountant and holds an Institute of Corporate Directors, Director designation.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

*Cease Trade Orders*

Other than as disclosed below, no directors or executive officer is, or has been in the last ten years, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued while the director was acting in that capacity; or (ii) was subject to such an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in such a capacity.

Mr. Thornton was a director of Obsidian Energy Ltd. (formerly Penn West Petroleum Ltd. ("Penn West")). On July 29, 2014, Penn West announced that the audit committee of the board of directors of Penn West was conducting a voluntary, internal review of certain of Penn West's accounting practices and that certain of Penn West's historical financial statements and related management's discussion and analysis must be restated, which might result in the release of its second quarter 2014 financial results being delayed (which ultimately proved to be the case). Furthermore, Penn West advised that its historical financial statements and related audit reports and management's discussion and analysis should not be relied on. As a result, the Alberta Securities Commission issued a management cease trade order on August 5, 2014, against certain directors of Penn West, including Mr. Thornton. On September 18, 2014, Penn West filed restated audited annual financial statements for the years ended December 31, 2013 and 2012, restated unaudited interim financial statements for the three months ended March 31, 2014 and 2013, restated management's discussion and analysis for the year ended December 31, 2013 and the quarter ended March 31, 2014, and related amended documents. Penn West also filed its unaudited interim financial statements for the three and six-month periods ended June 30, 2014, and 2013 and the related management's discussion and analysis and management certifications. The management cease trade order imposed by the Alberta Securities Commission was revoked on September 23, 2014.

*Bankruptcies*

Other than as disclosed below, no director or executive officer (i) is, or has been in the last ten years, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Mr. Munro was a director of ATK Oilfield Transportation Inc. ("**ATK**"), a private oilfield services company, until April 1, 2016. ATK was placed into receivership following an application by its creditors on April 1, 2016.

*Penalties and Sanctions*

No director or executive officer of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

**Conflicts of Interest**

There are no known existing or potential material conflicts of interest between the Corporation (including its subsidiaries) and any director or officer of the Corporation. Certain of the directors and officers also serve as directors and/or officers of other public and private companies that may be involved in the oil and natural gas industry, and therefore it is possible that a conflict may arise between their duties as directors or officers of the Corporation and their duties as directors and/or officers of such other companies. The Corporation and the directors attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such items of which they are conflicted. In appropriate cases, the Corporation will establish a special committee of independent directors to review a matter in which directors, or management, may have a conflict. In accordance with the ABCA, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Corporation, the degree of risk to which the Corporation may be exposed and our financial position at that time. Other than as indicated, the Corporation has no other procedures or mechanisms to deal with conflicts of interest.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is a defendant and plaintiff in legal proceedings and regulatory actions that arise in the normal course of business. During the year ended December 31, 2021, there were no legal proceedings or regulatory actions to which the Corporation was a party that the Corporation believes would have a material effect on the Corporation or result in any material liabilities and the Corporation is not aware of any such legal proceedings or regulatory actions that are contemplated. Also see "*Risk Factors – Legal Proceedings*".

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of SECURE, no: (i) director or executive officer of the Corporation; (ii) person that is the beneficial owner of, or who exercises direct or indirect control or direction over, more than ten percent of the outstanding Common Shares; or (iii) any associate or affiliate of any person referred to in (i) or (ii) above has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect SECURE, other than as disclosed elsewhere in this AIF.

## AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is KPMG LLP, 3100, 205-5th Ave. S.W., Calgary, Alberta T2P 4B9. KPMG LLP was first appointed as the Corporation's auditor on May 8, 2015.

The registrar and transfer agent of the Corporation is Odyssey and a register of shareholders is maintained by Odyssey at its principal office in Calgary, Alberta.

## AUDIT COMMITTEE INFORMATION

The mandate of the Audit Committee is set forth in "*Appendix A - Mandate of the Audit Committee*" attached hereto.

### Composition of the Audit Committee

The following table sets forth the name of each of the current members of the Audit Committee, whether such member is "independent" and "financially literate" as those terms are defined by National Instrument 52-110 *Audit Committees* and the relevant education of each such member.

| Name | Independent | Financially Literate | Relevant Education and Experience |
|---|---|---|---|
| Michael Colodner | Yes | Yes | Mr. Colodner is an independent businessman. Mr. Colodner is the Managing Director of Solus, a privately held hedge fund sponsor. He joined Solus, formerly known as Stanfield Capital Partners, at its inception in July 2007, and has been a member of the hedge fund investment team since he joined Stanfield Capital Partners as an analyst covering the Utilities and Industrials sectors in March 2007. He graduated summa cum laude with a Bachelor of Science in Finance from the University of Maryland in 2004. |
| Kevin L. Nugent | Yes | Yes | Mr. Nugent is an independent businessman. Mr. Nugent is a Chartered Professional Accountant, Chartered Accountant with more than 30 years of experience in the oil and natural gas industry. Mr. Nugent has held various senior positions requiring regular review of financial statements and has served as an audit committee Chair for a number of publicly traded companies. |
| Deanna Zumwalt(1) | Yes | Yes | Ms. Zumwalt is President and CEO of Coril Holdings Ltd., a privately-owned company based in Calgary which holds subsidiaries operating in a diverse group of industries. Prior to her current role, she held the position of CFO as well as President and CFO from 2015 to 2020. Prior to this, Ms. Zumwalt held a variety of senior financial and energy marketing roles of increasing responsibility spanning over a decade at Nexen Energy ULC, ultimately serving as Vice President, Energy Marketing. In this role, Ms. Zumwalt led a commercial team responsible for marketing over a million barrels of oil equivalent per day, including both proprietary and third-party crude oil, natural gas, liquid natural gas and electrical power. Ms. Zumwalt is a Chartered Professional Accountant, Chartered Accountant and holds an Institute of Corporate Directors, Director designation. |

**Note:**
1. Chair of the Audit Committee.

### Pre-Approval Policies and Procedures

To safeguard the continued independence of the Corporation's external auditors, all services (including non-audit services) to be rendered by the Corporation's external auditors and any of their related entities to the Corporation or any subsidiary of the Corporation, and all related terms of engagement, must be the subject of pre-approval by the Audit Committee.

### External Auditor Service Fees

The following table sets forth the aggregate fees billed by KPMG LLP for the 2021 and 2020 fiscal years.

| | **2021** | **2020** |
|---|---|---|
| Audit fees [(1)] | $933,040 | $355,000 |
| Tax fees [(2)]: | | |
| U.S. tax compliance and advisory | $69,725 | $14,897 |
| Canadian tax compliance | - | $2,485 |
| Tax compliance related to the Transaction | $159,673 | - |
| All Other Fees | - | - |
| Total | $1,162,438 | $372,382 |

[(1)] Aggregate fees billed by SECURE's external auditor for audit services, including fees billed for the audit of the acquisition of Tervita and operations from the closing date onwards and audit procedures performed on the Tervita purchase price equation. There were no other Audit-related fees incurred by the Corporation in 2021 or 2020 for assurance and related services that are related to the performance of the audit or review of SECURE's financial statements that are not reported under "Audit fees".

[(2)] Consists of fees incurred for consultations on cross-border tax issues, domestic tax issues and for tax compliance in relation to the Transaction.

## MATERIAL CONTRACTS

Except for the Note Indentures, the Revolving Credit Facility, the Letter of Credit Facility and contracts entered into in the ordinary course of business, the only material contracts entered into by the Corporation during the most recently completed financial year, or before the most recently completed financial year that was still in effect, are listed as follows. See also "*Description of Capital Structure – Material Indebtedness".*

*Transaction Standstill Agreement*

On March 8, 2021, in connection with the Transaction, SECURE and Solus entered into a standstill agreement (the "**Standstill Agreement**") pursuant to which Solus is subject to certain voting requirements, as well as certain standstill restrictions, which each took effect at the closing of the Transaction on July 2, 2021. Under the Standstill Agreement, Solus was also subject to certain transfer restrictions (the "**Transfer Restrictions**") for a nine-month period following the closing of the Transaction, provided that Solus was permitted sell up to 50%, 75% and 100% of its holdings of SECURE Shares on the three, six and nine-month anniversaries of Closing, respectively. Solus was also permitted to sell up to 100% of its holdings of SECURE Shares in one or more privately negotiated transactions during the nine-month standstill period, provided that no third party would hold 10% or more of the SECURE Shares as a result of such sale. The Transfer Restrictions ended nine months following the effective date of the Transaction, being March 2, 2022. A copy of the Standstill Agreement is available on SECURE's profile on SEDAR at sedar.com.

The following table summarizes the number of SECURE securities subject to the Transfer Restrictions as at December 31, 2021:

| **Designation of securities** | **Number of securities subject to Transfer Restrictions** | **Percentage of class** |
|---|---|---|
| Common shares | 38,958,075 | 12.62% |

*Transaction Registration Rights Agreement*

On July 2, 2021, in connection with the Transaction, SECURE and Solus entered into a registration rights agreement (the "**Registration Rights Agreement**"). Pursuant to the Registration Rights Agreement, Solus is provided with certain demand and piggy-back registration rights, requiring SECURE to qualify the distribution of certain registrable securities of SECURE upon the request of Solus. These rights are available to Solus for a term beginning on the effective date of the Transaction and ceasing on the earlier of: (a) the date on which the Registration Rights Agreement is terminated by the written agreement of the parties thereto; or (b) the date Solus ceases to beneficially own, or exercise control or direction over, in the aggregate, at least 10% of the then-outstanding Common Shares. A copy of the Registration Rights Agreement is available on SECURE's profile on SEDAR at sedar.com.

*Transaction Pre-Emptive Rights Agreement*

On July 2, 2021, SECURE and Solus entered into a pre-emptive rights agreement (the "**Pre-Emptive Rights Agreement**"). Pursuant to the Pre-Emptive Rights Agreement, Solus is entitled to, upon the proposed issuance or sale by SECURE of Common Shares or other convertible securities of SECURE, purchase such number of additional Common Shares or other convertible securities of SECURE on the same terms and conditions that such securities are being issued or sold by SECURE, including at the same price per security and otherwise be on economic terms and conditions no less favourable, individually or in the aggregate, to Solus than the terms and conditions are to any purchaser in such offering, in order to allow Solus to maintain its pro rata share of the then-outstanding Common Shares that it holds at the applicable time. The Pre-Emptive Rights Agreement will continue in force until the earliest of (a) the date on which the Pre-Emptive Rights Agreement is terminated by written agreement of the parties thereto; or (b) the first date on which Solus ceases to beneficially own, or exercise control or direction over, in aggregate, at least 10% of the then-outstanding Common Shares. A copy of the Pre-Emptive Rights Agreement is available on SECURE's profile on SEDAR at sedar.com.

## INTERESTS OF EXPERTS

KPMG LLP has prepared the auditor's report for the Corporation's annual consolidated financial statements. KPMG LLP is independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Information as to the remuneration of directors and officers of the Corporation, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in SECURE's information circular, dated March 2, 2022, and additional financial information in respect of the Corporation is provided in SECURE's most recent annual financial statements and management's discussion and analysis.

SECURE ENERGY

## MANDATE OF THE AUDIT COMMITTEE

### OBJECTIVES

The Audit Committee has been formed by the board of directors (the "Board") of SECURE Energy Services Inc. (together with its subsidiaries, the "Corporation") to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

» monitor the integrity of the Corporation's financial reporting process and systems of internal controls regarding finance, accounting and securities laws compliance;

» assist Board oversight of: (i) the integrity of the Corporation's financial statements; and (ii) the Corporation's compliance with securities laws and regulatory requirements;

» oversee audits of the Corporation's financial statements;

» monitor the independence, qualification and performance of the Corporation's external auditors; and

» provide an avenue of communication among the external auditors, management and the Board.

The Audit Committee will, at least annually, review and modify this mandate with regards to, and to reflect changes in, the business environment, industry standards on matters of corporate governance, additional standards which the Audit Committee believes may be applicable to the Corporation's business, the location of the Corporation's business and its shareholders and the application of laws and policies.

### OVERSIGHT FUNCTION

The Audit Committee's role is one of oversight. The Audit Committee is responsible for assisting the Board with overseeing the integrity of the Corporation's financial statements and for maintaining systems of internal controls to ensure the Corporation's internal and external auditors, management and the Board are informed on a timely basis of material developments and the Corporation complies with all securities laws and regulatory requirements, including the Corporation's public disclosure obligations. The external auditors are responsible for auditing the Corporation's financial statements.

In carrying out its oversight responsibilities under this mandate, the Audit Committee and each of its members is entitled to, absent knowledge to the contrary, rely upon the accuracy and completeness of the opinions, reports and statements prepared by the Corporation's internal and external auditors, consultants and other advisors. The Audit Committee and its members do not provide any professional certification or special assurance as to the accuracy of the Corporation's financial statements or the opinions, reports and statements prepared by the Corporation's external auditors.

In discharging its duties under this mandate, the Audit Committee shall have the authority to communicate directly with the Corporation's internal and external auditors.

### COMPOSITION

Subject to such exemptions as may be available to the Corporation under securities laws, Audit Committee members must meet the requirements of applicable corporate and securities laws and of the stock exchanges on which the securities of the Corporation trade. The Audit Committee will be comprised of three or more directors as determined by the Board. Each member of the Audit Committee shall be "independent" and "financially literate", as those terms are defined in National Instrument 52-110 *Audit Committees* ("NI 52-110") of the Canadian Securities Administrators (as set out in Schedule "A" hereto), and as "financially literate" is interpreted by the Board in its business judgment. In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements and at least one member shall have "accounting or related financial management expertise", meaning the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles recognized by the Chartered Professional

Accountants of Canada from time to time and applicable to publicly accountable enterprises ("GAAP"). In accordance with section 115(2) of the *Business Corporations Act* (Alberta), at least 25 percent of the members of the Audit Committee shall be Canadian residents. The Audit Committee shall have, at a minimum, one member with experience being a certified public accountant, Chief Financial Officer or corporate controller of similar experience, or demonstrably meaningful experience overseeing such functions as a senior executive officer.

**APPOINTMENT**

Audit Committee members shall be appointed annually by the Board, provided that any member may be removed or replaced as a member of the Audit Committee at any time by the Board, and shall, in any event, cease to be a member of the Audit Committee upon ceasing to be a member of the Board. The Board may fill any vacancy in the membership of the Audit Committee at any time. The Chair of the Audit Committee shall be appointed annually by the Board. An individual who previously served as Chief Executive Officer ("CEO") of the Corporation must observe a five-year waiting period before holding a position on the Audit Committee. An individual who previously served as Chief Financial Officer of the Corporation must observe a three-year waiting period before holding a position on the Audit Committee.

Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board first determines that such simultaneous service will not impair the ability of the relevant members to effectively serve on the Audit Committee, and required public disclosure is made.

**MEETINGS AND MINUTES**

The Audit Committee shall meet at least quarterly, or more frequently if determined necessary to carry out its responsibilities.

A meeting may be called by the Chair of the Audit Committee, the CEO of the Corporation, any member of the Audit Committee or the external auditors. A notice of time and place of every meeting of the Audit Committee shall be given in writing to each member of the Audit Committee and the external auditors at least 24 hours prior to the time fixed for such meeting unless waived by all members entitled to attend. Attendance of a member of the Audit Committee at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

A quorum for meetings of the Audit Committee shall require a majority of its members present in person, by telephone, by video conference or by combination of any of the foregoing. If the Chair is not present at any meeting of the Audit Committee, one of the other members of the Audit Committee present at the meeting will be chosen to preside by a majority of the members of the Audit Committee present at that meeting.

Each of the CEO and the Chief Financial Officer shall be available to advise the Audit Committee, shall receive notice of meetings and may attend meetings of the Audit Committee at the invitation of the Chair on a non-voting basis. The Corporation's external auditors shall be invited to attend all meetings of the Audit Committee on a non-voting basis. Other management representatives shall be invited to attend as necessary on a non-voting basis. Notwithstanding the foregoing, the Chair shall hold in camera sessions, without management present, at every meeting of the Audit Committee.

Decisions of the Audit Committee shall be determined by a majority of the votes cast.

The Audit Committee shall appoint a member of the Audit Committee, an officer of the Corporation or legal counsel to act as secretary at each meeting for the purpose of recording the minutes of each meeting. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the secretary of the meeting.

The Audit Committee shall make available to the Board, all members of the Audit Committee and the external auditors a summary of all meetings and a copy of the minutes from such meetings, in such form as approved by the

Audit Committee. The Audit Committee shall, after each meeting, report to the Board the results of its activities and reviews undertaken and make recommendations to the Board as deemed appropriate. All information reviewed and discussed by the Audit Committee at any meeting shall be referred to in the minutes and made available for examination by the Board upon request to the Chair.

## SCOPE, DUTIES AND RESPONSIBILITIES

### Mandatory Duties

*Oversight in Respect of Financial Disclosure and Accounting Practices*

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Review the Corporation's audit plan with the external auditors and management, including plans, scope, staffing, engagement terms and proposed fees.

2. Prior to filing or public distribution, review, discuss with management and the external auditors and recommend to the Board for approval, the Corporation's audited annual financial statements, annual profit or loss press releases, interim financial statements, interim profit or loss press releases, annual information forms, management's discussion and analysis, financial statements required by regulatory authorities, financial information and any profit or loss guidance proposed to be provided to analysts and rating agencies, all audited and unaudited financial statements included or incorporated by reference in prospectuses or other offering documents and all documents which may be included or incorporated by reference into a prospectus which contain financial information within the Audit Committee's mandate, including without limitation, the portions of the management proxy circular for any annual or special meeting of shareholders containing significant financial information within the Audit Committee's mandate. This review should include discussions with management, and the external auditors of significant issues regarding accounting principles, practices and judgments.

3. Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in paragraph 2 above and periodically assess the adequacy of those procedures.

4. Be responsible for reviewing the disclosure contained in the Corporation's annual information form as required by Form 52-110F1 *Audit Committee Information Required in an AIF*, attached to NI 52-110. If proxies are solicited for the election of directors of the Corporation, the Audit Committee shall be responsible for ensuring that the Corporation's information circular includes a cross-reference to the sections in the Corporation's annual information form that contains the information required by Form 52-110F1.

5. Ensure the preparation and filing of each annual certificate in Form 52-109F1 and each interim certificate in Form 52-109F2 to be signed by each of the CEO and Chief Financial Officer of the Corporation in accordance with the requirements set forth under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, as amended from time to time ("NI 52-109").

6. Oversee the establishment of a procedure to ensure the accuracy of the matters certified by the Corporation's certifying officers as required under NI 52-109 and make reasonable inquiries to ensure that interim and annual filings are true and accurate in all material respects, do not omit to state a material fact or contain any misrepresentations and ensure that all necessary information as required under NI 52-109 is disclosed in the Corporation's interim and annual filings.

7. In consultation with management, and the external auditors, consider the integrity of the Corporation's financial reporting processes and controls and the performance of the Corporation's internal financial accounting staff; discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures; and review significant findings prepared by the external auditors together with management's responses.

8. Meet separately with each of management, and the external auditors to discuss difficulties or concerns, specifically: (i) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management; and (ii) any changes required in the planned scope of the audit, and report to the Board on such meetings. These separate meetings may take place as frequently as necessary, provided that the Audit Committee shall meet independently with each of management and the external auditors at least quarterly.

9. Discuss with management and the external auditors any proposed changes in major accounting policies, standards or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting.

10. Discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses.

11. Review with management and the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues.

12. Review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management.

13. Confirm through discussions with management and the external auditors that GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.

14. Conduct an annual performance evaluation of the Audit Committee's performance of its duties under this mandate and present the results to the Board.

*Oversight in Respect of Risk Management*

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Identify and monitor the principal risks that could affect the financial reporting of the Corporation and periodically discuss with management the steps that management has taken to monitor and control such risks.

2. Monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.

3. Provide an avenue of communication among the external auditors, management and the Board.

4. Review and oversee compliance with the Corporation's Commercial and Transportation Risk Policy. The Audit Committee shall have the authority to approve, from time to time, amendments to the Commercial and Transportation Risk Policy and, in accordance with the terms of the Commercial and Transportation

Risk Policy, actions of the Corporation to manage energy marketing risks, provided that such approvals shall lapse if not ratified by the Board at the next meeting thereof.

*Oversight in Respect of Internal Controls*

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Establish procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

2. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

3. The Audit Committee will be responsible for ensuring that management regularly evaluates the effectiveness of the Corporation's disclosure controls and procedures and causes the Corporation to disclose its conclusions about the effectiveness of the disclosure controls and procedures in accordance with all applicable legal and regulatory requirements. The terms "annual filings," "interim filings," "disclosure controls and procedures" and "internal control over financial reporting" shall have the meanings set forth under NI 52-109.

4. Monitor the quality and integrity of the Corporation's system of internal controls, disclosure controls and management information systems through discussions with management and the external auditors.

5. Be responsible for monitoring any changes in the Corporation's internal controls over financial reporting and for ensuring that any change that occurred during the Corporation's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting is disclosed in the Corporation's most recent annual or interim management's discussion and analysis.

6. Oversee investigations of alleged fraud and illegality relating to the Corporation's finances and any resulting actions.

7. Review and discuss with the CEO and Chief Financial Officer the procedures undertaken in connection with the CEO and Chief Financial Officer certifications for the annual and/or interim filings with applicable securities regulatory authorities.

8. Review disclosures made by the CEO and Chief Financial Officer to the Corporation during their certification process for annual and/or interim financial statements with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees of the Corporation who have a significant role in the Corporation's internal controls.

9. Review or satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted from the Corporation's financial statements and periodically assess the adequacy of those procedures.

*Oversight in Respect of External Auditors*

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Advise the external auditors of their accountability to the Audit Committee and the Board as representatives of the shareholders of the Corporation to whom the external auditors are ultimately responsible. The external auditors shall report directly to the Audit Committee. The Audit Committee is directly responsible for overseeing the work of the external auditors, shall review at least annually the independence, qualifications and performance of the external auditors and shall annually recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant.

2. Require the use of enhanced auditor reporting standards whereby auditors must clearly communicate key audit matters in their reports. Key audit matters are those matters which, in the auditors' professional judgment, were of the most significance in the audit of the Corporation's financial statements.

3. Approve the fees and other compensation to be paid to the external auditors.

4. Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditors and all related terms of engagement.

5. On an annual basis, review and discuss with the external auditors all significant relationships they have with the Corporation that could impair the auditors' independence and obtain a report describing all relationships between the external auditors and the Corporation.

6. Review the external auditors' audit plan and discuss scope, staffing, locations, and reliance upon management and general audit approach.

7. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

8. Be responsible for the resolution of disagreements between management and the external auditors.

9. Ensure that the external auditors are participants in good standing with the Canadian Public Accountability Board ("CPAB") in accordance with National Instrument 52-108 Auditor Oversight and participate in the oversight programs established by the CPAB from time to time and that the external auditors have complied with any restrictions or sanctions imposed by the CPAB as of the date of the applicable auditor's report relating to the Corporation's annual audited financial statements.

10. Annually review the performance of the external auditors to determine whether the Corporation should adopt or maintain a policy of rotating its external auditors.

11. When there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditor and documentation required pursuant to National Instrument 51-102 Continuous Disclosure Obligations (or any successor instrument) of the Canadian Securities Administrators and the planned steps for an orderly transition period.

12. Review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

*Oversight in Respect of Other Items*

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Review the Corporation's major financings and related offering documents.

2. Review the Corporation's credit ratings and monitor the Corporation's activities relating to credit rating agencies, if applicable.

3. Review the Corporation's credit facilities and monitor compliance by the Corporation with its financial covenants.

4. Review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.

5. Receive and review complaints under the Corporation's Whistleblower Policy. At its discretion, the Audit Committee may refer complaints received under the Whistleblower Policy to the other standing committees of the Board, provided that such complaints relate to matters over which the other standing committees have oversight responsibilities.

6. Enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Audit Committee by any member of the Board, a shareholder of the Company, the external auditors or management.

7. Review, approve or make recommendations to the Board in respect of corporate social responsibility (CSR) and environmental, social and governance (ESG) factors in the Corporation's reporting and public disclosure, including the Corporation's annual sustainability report, that are relevant to the Audit Committee's mandate or described in the Audit Committee's annual work plan.

8. Review and reassess the adequacy of the Audit Committee's mandate at least annually, and submit the mandate to the Board for approval.

9. Review the summary of all approvals by the Audit Committee of the provision of audit, audit-related, tax and other services by the external auditors for the inclusion in the Corporation's annual information form.

10. On at least an annual basis, review, with the Corporation's counsel, any legal matters or other events, including tax assessments, that could have a material current or future impact on the Corporation's financial statements, the disclosure of such material legal matters or events in the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

11. Review all material related party transactions and ensure that the nature and extent of such transactions is properly disclosed.

12. Oversee and advise management with respect to the Corporation's cyber security risks and review and make recommendations to the Board in respect of any disclosure about cyber security risks to be included in the Corporation's reporting and public disclosure documents.

13. Perform any other activities consistent with this mandate, the Corporation's by-laws, and other governing law as the Audit Committee or the Board deems necessary or appropriate.

14. Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.

**COMMUNICATION, AUTHORITY TO ENGAGE ADVISORS AND EXPENSES**

The Audit Committee shall have direct access to such officers and employees of the Corporation, to the Corporation's external auditors and to any other consultants or advisors, as well as to such information respecting the Corporation, including the books and records of the Corporation and its subsidiaries, it considers necessary to perform its duties and responsibilities. The Audit Committee shall also request such information from the Board in regard to the accounts of the Corporation as the Audit Committee or the Board may consider necessary or appropriate to carry out its duties and responsibilities.

Any employee may bring before the Audit Committee, on a confidential basis, any concerns relating to the matters over which the Audit Committee has oversight responsibilities, including those regarding questionable accounting or auditing matters.

The Audit Committee has the authority to engage the external auditors, independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any auditors, counsel and other advisors, such engagement to be at the Corporation's expense. The Corporation shall be responsible for all other expenses of the Audit Committee that are deemed necessary or appropriate by the Audit Committee in order to carry out its duties.

Each year, the Audit Committee shall be responsible for preparing and delivering to the Board for approval an annual work plan setting out the scope of the Audit Committee's responsibilities and the topics to be addressed at meetings of the Audit Committee.

Adopted by the Board of the Corporation on December 9, 2009. Last reviewed and/or amended February 24, 2021.

SECURE ENERGY

## SCHEDULE "A" EXCERPT FROM NATIONAL INSTRUMENT 52-110

## STANDARD OF "INDEPENDENCE"

1. An audit committee member is independent if he or she has no direct or indirect material relationship with the Corporation.

2. For the purposes of paragraph 1, a "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment.

3. Despite paragraph 2, the following individuals are considered to have a material relationship with the Corporation:

   (a) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;

   (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;

   (c) an individual who:

      (i) is a partner of a firm that is the Corporation's external auditor,

      (ii) is an employee of that firm, or

      (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit within that time;

   (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

      (i) is a partner of a firm that is the Corporation's external auditor,

      (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

      (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit within that time;

   (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee; and

   (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

4. Despite paragraph 3, an individual will not be considered to have a material relationship with the Corporation solely because (a) he or she had a relationship identified in paragraph 3 if that relationship ended before March 30, 2004; or (b) he or she had a relationship identified in paragraph 3 by virtue of paragraph 8 if that relationship ended before June 30, 2005.

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5. For the purposes of paragraphs 3(c) and 3(d), a partner does not include a fixed income partner whose interest in the firm that is the external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

6. For the purposes of paragraph 3(f), direct compensation does not include

    (a) remuneration for acting as a member of the Board or any Board committee of the Corporation, and

    (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

7. Despite paragraph 3, an individual will not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member

    (a) has previously acted as an interim chief executive officer of the Corporation, or

    (b) acts, or has previously acted, as a chair or vice-chair of the Board or of any Board committee of the Corporation on a part-time basis.

8. For the purposes of paragraphs 1 through 7, the Corporation includes a subsidiary entity of the Corporation and a parent of the Corporation.

9. Despite any determination made under paragraphs 1 through 8, an individual who

    (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or

    (b) is an affiliated entity of the Corporation or any of its subsidiary entities, is considered to have a material relationship with the Corporation.

10. For the purposes of paragraph 9, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

    (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

    (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.

11. For the purposes of paragraph 9, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

**Standard of "Financial Literacy"**

An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.