

Management's Discussion & Analysis 2021 First Quarter Report



**SECURE
ENERGY**

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The following management's discussion and analysis ("MD&A") of the financial position and results of operations of SECURE Energy Services Inc. ("SECURE", the "Corporation", "we", or "our") has been prepared by management and reviewed and approved by the Board of Directors of SECURE (the "Board of Directors" or the "Board") on April 27, 2021. The discussion and analysis is a review of the financial results of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The MD&A's primary focus is a comparison of the financial performance for the three months ended March 31, 2021, to the three months ended March 31, 2020, and should be read in conjunction with the Corporation's condensed consolidated financial statements and notes thereto for the three months ended March 31, 2021 and 2020 ("Interim Financial Statements") and the Corporation's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2020 and 2019 ("Annual Financial Statements").

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

CORPORATE OVERVIEW

SECURE is a publicly traded energy business listed on the Toronto Stock Exchange ("TSX") providing industry leading customer solutions to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S.") through its 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 core midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE also provides 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.

For a complete description of services provided by the Corporation, please refer to the headings '*General Development of the Business*' and '*Description of Business*' in the Corporation's Annual Information Form for the year ended December 31, 2020 ("AIF").

TERVITA MERGER

On March 8, 2021, SECURE entered into an arrangement agreement (the "Arrangement Agreement") with Tervita Corporation ("Tervita") to combine in an all-share transaction pursuant to which SECURE will acquire all of the issued and outstanding common shares of Tervita on the basis of 1.2757 common shares of SECURE for each outstanding common share of Tervita (the "Tervita Merger"). The combined company will operate as SECURE and remain listed on the TSX as TSX: SES.

The Tervita Merger combines highly complementary midstream infrastructure asset bases and environmental service lines, which are expected to materially enhance scale and utilization and provide operating efficiencies for the combined company's customers. Significant estimated annual integration cost savings of approximately \$75 million are expected to be realizable within 12 to 18 months after closing, contributing to a strong pro forma discretionary free cash flow profile.

In connection with entering into the Arrangement Agreement, SECURE entered into a binding agreement with a syndicate of banks to provide the combined company with committed financing by way of a \$725 million three-year credit facility available upon closing of the Tervita Merger (the "new SECURE Credit Facility"), subject to the satisfaction of certain conditions precedent. The new SECURE Credit Facility will be utilized to replace and repay SECURE's existing first and second lien credit facilities and Tervita's first lien credit facilities.

On April 12, 2021, SECURE received an initial issuer credit rating of 'B' from S&P Global Ratings with a positive outlook following the announcement of the Tervita Merger. This represents the Corporation's first public credit rating and the rating is expected to increase transparency and comparability for debt investors and other capital market participants.

On April 16, 2021, Tervita obtained the requisite consents from the holders of Tervita's outstanding US\$500 million aggregate principal amount of 11% senior second lien secured notes due 2025 to facilitate completion of the Tervita Merger (the "Tervita Noteholder Consent"). Obtaining the Tervita Noteholder Consent was a condition to the effectiveness of the new SECURE Credit Facility.

Completion of the Tervita Merger is subject to, among other things: (i) obtaining the requisite approvals of securityholders of Tervita and shareholders of SECURE; (ii) the approval by the Court of Queen's Bench of Alberta; (iii) the new SECURE Credit Facility becoming effective on the completion of the Tervita Merger; (iv) receipt of requisite approvals under the *Competition Act* (Canada); (v) conditional approval by the Toronto Stock Exchange of the listing of the SECURE common shares issuable to Tervita shareholders pursuant to the Tervita Merger; and (viii) other customary closing conditions.

FIRST QUARTER HIGHLIGHTS

- Achieved Adjusted EBITDA¹ of \$39.2 million for the three months ended March 31, 2021. This reflects the level of SECURE's production and contracted volumes and the significant measures taken following the first quarter of 2020 to reduce operating and general and administrative ("G&A") expenses to adjust the Corporation's cost structure to levels consistent with activity levels.
- Recorded a net loss of \$1.1 million, compared to a net loss of \$22.4 million for the three months ended March 31, 2020. The net loss in the current year period includes transaction costs of \$3.1 million associated with legal and advisory fees related to the Tervita Merger.
- Reduced G&A expenses (excluding depreciation, depletion and amortization and share-based compensation) by 30% from the prior year comparative period. As a percentage of revenue (excluding oil purchase and resale), G&A expenses were 10% for the three months ended March 31, 2021.
- Generated discretionary free cash flow¹ of \$27.5 million, which was used primarily to repay debt, as well as fund the Corporation's quarterly dividend, maintenance and capital program. Net cash flows from operating activities were \$24.6 million in the quarter.
- Reduced the amount drawn on the Corporation's credit facilities, net of cash held, by \$17.0 million. As a result, SECURE reported Total Debt to trailing twelve-month EBITDA² of 3.1x, well within the Corporation's 5.0x covenant restriction.
- Declared dividends of \$1.2 million, representing \$0.0075 (0.75 cents) per common share for the quarter.
- Continued to prioritize the advancement of SECURE's Environmental, Social and Governance ("ESG") practices. During the three months ended March 31, 2021, in addition to publishing our 2020 Sustainability Report, initiatives taken by SECURE included:
 - Establishing a framework for an ESG education and awareness program for employees;
 - Progressing development of a framework of short and mid-term energy usage and emissions targets as we map out milestones towards achieving our long-term objectives of reducing carbon intensity in half by 2030 and achieving net zero emissions by 2050;
 - Expanding vendor involvement and compliance with SECURE's ESG practices; and
 - Establishing ESG targets for short and long-term executive compensation.

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

² Refer to the "Liquidity and Capital Resources" section herein for details on the Corporation's covenant calculations.

OPERATING AND FINANCIAL SUMMARY

The Corporation's operating and financial highlights for the three-month periods ended March 31, 2021 and 2020 can be summarized as follows:

(\$000's except share and per share data)	Three months ended March 31,		
	2021	2020	% change
Revenue (excludes oil purchase and resale)	132,135	172,022	(23)
Oil purchase and resale	529,077	433,555	22
Total revenue	661,212	605,577	9
Adjusted EBITDA ⁽¹⁾	39,153	42,094	(7)
Per share (\$), basic	0.25	0.27	(7)
Net loss attributable to shareholders of SECURE	(630)	(21,952)	(97)
Per share (\$), basic and diluted	-	(0.14)	(100)
Cash flows from operating activities	24,585	45,850	(46)
Per share (\$), basic	0.15	0.29	(48)
Discretionary free cash flow ⁽¹⁾	27,509	30,854	(11)
Per share (\$), basic	0.17	0.19	(11)
Capital expenditures ⁽¹⁾	6,427	41,360	(84)
Dividends per common share	0.0075	0.0675	(89)
Total assets	1,415,717	1,574,420	(10)
Long-term liabilities	538,354	609,122	(12)
Common shares - end of period	160,137,641	158,444,194	1
Weighted average common shares - basic and diluted	159,540,722	158,513,800	1

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

- REVENUE OF \$661.2 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2021
 - Midstream Infrastructure segment revenue (excluding oil purchase and resale) decreased 31% to \$51.3 million during the three months ended March 31, 2021, from the 2020 comparative period. Despite higher crude oil and liquids pricing and an uptick in field activity levels over recent quarters, producers remained cautious deploying their 2021 capital programs. The active rig count remained approximately 25% below the prior year comparative period in the Western Canadian Sedimentary Basin ("WCSB") as producers navigated increasing COVID-19 restrictions and a period of significantly cold weather in February. Reduced drilling, completion and production volumes at the Corporation's facilities negatively impacted treating and disposal revenues.
 - Oil purchase and resale revenue for the three months ended March 31, 2021, increased 22% from the 2020 comparative period to \$529.1 million. The increase in revenue is a result of a 32% increase in Canadian light oil benchmark pricing during the three-month period ended March 31, 2021, over the 2020 comparative period, partially offset by reduced marketing activity as a result of lower production volumes and less volatile differentials.
 - Environmental and Fluid Management segment revenue decreased 17% during the three months ended March 31, 2021, from the 2020 comparative to \$80.9 million. Environmental management project work was negatively impacted by job shut-downs or deferrals resulting from public health measures taken to limit the spread of COVID-19 and the 25% reduction in drilling and completion activity in the WCSB from the prior comparative quarter. The extent of the revenue decrease in the segment was partially mitigated by stable revenue from production chemicals as the Corporation continues to win new bids and gain market share, and increased revenue generated as a result of government abandonment and reclamation stimulus programs.

- **ADJUSTED EBITDA OF \$39.2 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2021**
 - Adjusted EBITDA decreased 7% to \$39.2 million during the three months ended March 31, 2021, from the 2020 comparative period. The impact of a 23% reduction to revenue (excluding oil purchase and resale) as described above was partially offset by cost reductions taken since the first quarter of 2020 to reduce operating and G&A expenses to adjust the Corporation’s cost structure to levels consistent with activity levels.
- **NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF SECURE OF \$0.6 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2021**
 - Net loss attributable to shareholders of SECURE was \$0.6 million during the three months ended March 31, 2021, compared to a net loss of \$22.0 million for the 2020 comparative period. The variance is primarily a result of expenses recorded by the Corporation in the prior year comparative period associated with the sudden onset of the economic downturn in March 2020. These expenses included a \$15.7 million non-cash impairment charge on intangible assets and \$9.4 million of one-time costs related to restructuring initiatives to align the Corporation’s fixed cost structure with anticipated activity levels.
- **CASH FLOWS FROM OPERATING ACTIVITIES OF \$24.6 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2021**
 - The Corporation generated cash flows from operating activities of \$24.6 million during the three months ended March 31, 2021, a decrease of 46% from the prior year comparative period. The variance was primarily a result of a \$21.3 million change in non-cash working capital. In the prior year comparative period, the Corporation had a large working capital recovery as a result of reduced accounts receivable and accrued receivables at March 31, 2020 compared to December 31, 2019, following the decline in crude oil prices in March 2020. At March 31, 2021, SECURE carried total net working capital, excluding cash, of \$58.1 million, relatively consistent with the balance at December 31, 2020.
- **CAPITAL EXPENDITURES OF \$6.4 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2021**
 - Total capital expenditures for the three months ended March 31, 2021, included \$4.5 million of expansion capital related primarily to connecting an additional segment of the East Kaybob oil pipeline.
 - Sustaining capital incurred in the three months ended March 31, 2021, of \$1.9 million relates primarily to well maintenance, and asset integrity and inspection programs.
- **FINANCIAL FLEXIBILITY**
 - During the three months ended March 31, 2021, the Corporation paid down its credit facilities, net of cash held, by \$17.0 million. The reduction is primarily a result of SECURE’s efforts to direct discretionary free cash flow, net of the first quarter 2021 capital program, against outstanding debt. As at March 31, 2021, the Corporation had drawn \$393.1 million on its credit facilities, resulting in availability of \$336.9 million, subject to covenant restrictions.
 - The following table outlines SECURE’s Senior and Total Debt to trailing twelve-month EBITDA ratio at March 31, 2021, and December 31, 2020. SECURE remains well within compliance of all covenants related to its credit facilities.

	Mar 31, 2021	Dec 31, 2020	Covenant
Senior Debt to EBITDA	2.1	2.2	3.5
Total Debt to EBITDA	3.1	3.2	5.0

- **DIVIDENDS OF \$1.2 MILLION FOR THE THREE MONTHS ENDED MARCH 31, 2021**
 - During the three months ended March 31, 2021, the Corporation declared dividends of \$1.2 million to holders of common shares, representing a quarterly dividend of \$0.0075 (0.75 cents) per share.

- SECURE believes sharing excess cash flows with shareholders is a core business principle; as a result, management and the Board of Directors of the Corporation will continue to monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease, tax and transaction costs, and will look for opportunities to increase the dividend after the successful integration with Tervita and as business conditions warrant.

OUTLOOK

Over the next few months, the Corporation will work with Tervita to achieve the remaining major milestones required for the closing of the Tervita Merger. Completion of the Tervita Merger is subject to, among other things: (i) obtaining the requisite approvals of securityholders of Tervita and shareholders of SECURE; (ii) the approval by the Court of Queen's Bench of Alberta; (iii) the new SECURE Credit Facility becoming effective on the completion of the Tervita Merger; (iv) receipt of requisite approvals under the *Competition Act* (Canada); (v) conditional approval by the Toronto Stock Exchange of the listing of the SECURE common shares issuable to Tervita shareholders pursuant to the Tervita Merger; and (viii) other customary closing conditions.

A joint information circular regarding the Tervita Merger and the meetings of SECURE and Tervita's securityholders, which are each scheduled for June 15, 2021, is expected to be mailed in mid-May 2021. Closing of the Tervita Merger is expected to occur during the third quarter of 2021. The key benefits of the arrangement include:

- Highly complementary midstream infrastructure asset bases and environmental service lines provide for enhanced scale, utilization, efficiencies, and expanded services for the combined company's customers.
- Significant estimated annual integration cost savings of approximately \$75 million are expected to be realizable within 12 to 18 months after closing.
- Expected to be immediately accretive to cash flow from operations and discretionary free cash flow per share for all shareholders of the combined company.
- Significantly improved cost structure to serve a growing and consolidating customer base through the full business cycle.
- Strong pro forma financial position with attractive discretionary free cash flow generation expected to reduce debt and help achieve the combined company's target debt to EBITDA ratio of less than 2.5x, which is expected to be achieved within two years of closing.
- 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.
- Combines two strong corporate cultures driven by highly talented teams with shared commitments to environmental, social and governance principles, safety, performance, customer service and profitability.
- Elevates position to advance and deliver on environmental, social and governance initiatives for the combined company and its customers.

Both the Corporation and Tervita are committed to a successful integration of the two companies and their facility and operating networks. Post-closing, the combined entity will be focused on achieving the estimated annual integration cost savings of approximately \$75 million, of which approximately 40% relates to Corporate costs and 60% relates to operational cost savings.

Until closing of the Tervita Merger, SECURE will continue to operate our business independently and competitively. As always, we remain dedicated to working with our customers to deliver innovative midstream and environmental solutions that reduce their costs, lower emissions, and improve safety.

While near-term COVID-19 lockdowns and COVID-19 variants create considerable uncertainty with regards to the outlook on short-term oil demand, successful vaccine deployment, the introduction of rapid COVID-19 testing, and higher crude oil and liquids prices provide optimism for overall industry improvements in the second half of 2021. Based on current macroeconomic conditions and commodity prices, SECURE anticipates higher year over year discretionary free cash flow for the remainder of 2021 based on the following expectations:

- Continued stability from our core Midstream Infrastructure business, of which approximately 35% is underpinned by contracted volumes associated with the Corporation's oil and water pipelines, which provides a base level of cash flows. Additionally, SECURE's business remains highly concentrated on production volumes and related services that historically represent approximately 75% of the Corporation's Adjusted EBITDA.
- Higher producer cash flows resulting from improved commodity prices. As a result, the Corporation expects an increase in drilling and completion activity from 2020 levels for the remainder of the year as producers seek to add production to offset natural declines that occurred in 2020 in order to maintain flat production levels. SECURE anticipates that producers will remain focused on controlling costs and improving balance sheet strength in favor of production growth in the short-term.
- Increased utilization at our midstream processing facilities and landfills as higher drilling, completion and production volumes from increased activity levels require treating, processing and disposal. The Corporation has significant capacity to increase facility throughput and disposal with minimal fixed costs or additional capital.
- Increased abandonment, remediation and reclamation activity in the second half of 2021 as a result of the Canadian Federal Government's \$1.7 billion stimulus package to help fund the closure and reclamation of orphan and inactive wells in the WCSB. SECURE expects increased abandonment, remediation and reclamation activity to positively impact all Canadian operations over the term of the program, particularly within our Environmental Management group as a result of higher demand for environmental site assessments, onsite abandonment, remediation and reclamation management and decommissioning work. Waste volumes resulting from these activities will also require disposal; SECURE owns and operates six industrial landfills in Alberta capable of handling this waste.
- Continued prudent approach to capital spending. The Corporation expects to spend less than \$20 million in 2021, which includes approximately \$12 million of sustaining capital. The capital budget will be reviewed quarterly in 2021 and may be revised in accordance with opportunities to connect producers to existing midstream infrastructure to further increase volumes and utilization on a long-term basis. A full evaluation of SECURE and Tervita's combined capital project opportunities will be conducted immediately following close of the Tervita Merger.

Throughout 2021, the Corporation will continue to focus on maintaining financial resiliency and prioritize the repayment of debt, which we expect will also contribute to a strong pro forma financial position upon closing of the Tervita Merger.

Our business is uniquely positioned to deliver economic and environmental benefits that make the oil and gas industry more efficient and sustainable. We are committed to working with our customers to challenge what's possible and develop innovative solutions that are both cost effective and minimize the environmental impacts associated with the development of our shared resources. The Tervita Merger provides the increased size and scale, utilization, and efficiencies to enhance the services and capabilities we can provide to our customers to help achieve their objectives of responsible development, while reducing costs.

Additionally, SECURE will continue to take proactive measures to reduce the environmental impact of our own operations, and positively contribute to the health, safety, and economic wellbeing of our employees and communities where we live and work. The Tervita Merger elevates our position to accelerate the Corporation's environmental and social sustainability initiatives for the benefit of all stakeholders.

NON-GAAP MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, are considered non-GAAP measures. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measure. These measures are intended as a complement to results provided in accordance with IFRS. The Corporation believes these measures provide additional useful information to analysts, shareholders and other users to understand the Corporation's financial results, profitability, cost management, liquidity and ability to generate funds to finance its operations. However, they should not be used as an alternative to IFRS measures because they do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. These non-GAAP measures are further explained below.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is defined as net income before finance costs, taxes, depreciation, depletion, amortization, non-cash impairments on the Corporation's non-current assets, unrealized gains or losses on mark to market transactions, share-based compensation, other income/expenses, and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue (excluding oil purchase and resale).

Adjusted EBITDA and Adjusted EBITDA margin are not recognized measures under IFRS and therefore may not be comparable to similar measures presented by other companies.

Management believes that in addition to net income, Adjusted EBITDA is a useful supplemental measure to enhance understanding of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed, how the results are taxed, how the results are impacted by non-cash charges, and charges that are irregular in nature or not reflective of SECURE's core operations. Management calculates these adjustments consistently from period to period to enhance comparability of this MD&A. Adjusted EBITDA is used by management to determine SECURE's ability to service debt, finance capital expenditures and provide for dividend payments to shareholders. Adjusted EBITDA is also used internally to set targets for determining employee variable compensation, largely because management believes that this measure is indicative of how the fundamental business is performing and being managed. Adjusted EBITDA margin is used as a supplemental measure by management to evaluate cost efficiency.

The following table reconciles the Corporation's net loss, being the most directly comparable measure calculated in accordance with IFRS, to Adjusted EBITDA.

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Net loss	(1,145)	(22,410)	(95)
Add:			
Depreciation, depletion and amortization ⁽¹⁾	29,716	39,668	(25)
Impairment ⁽¹⁾	-	15,723	(100)
Current tax expense	275	529	(48)
Deferred tax recovery	(54)	(5,771)	(99)
Share-based compensation ⁽¹⁾	2,380	2,333	2
Interest, accretion and finance costs	4,650	9,090	(49)
Unrealized loss (gain) on mark to market transactions ⁽²⁾	189	(6,441)	(103)
Transaction costs	3,142	-	100
Restructuring costs	-	9,373	(100)
Adjusted EBITDA	39,153	42,094	(7)

⁽¹⁾ Included in cost of sales and/or general and administrative expenses on the Consolidated Statements of Comprehensive Loss.

⁽²⁾ Net balance. Includes amounts included in revenue and cost of sales on the Consolidated Statements of Comprehensive Loss.

In the prior year, restructuring costs relate primarily to severance incurred as a result of significant measures taken to reduce the Corporation's cost structure to align with expected industry activity levels. As a result of the measures taken throughout 2020, the Corporation reduced personnel costs by approximately 25% from 2019, resulting in an expected \$40 million reduction to cost of sales and general and administrative expenses on an annualized basis. In the current year period, transaction costs of \$3.1 million related to costs associated with the Tervita Merger.

Discretionary Free Cash Flow

Discretionary free cash flow is defined as net cash flows from operating activities adjusted for changes in non-cash working capital, sustaining capital expenditures, and lease payments. The Corporation may deduct or include additional items in its calculation of discretionary free cash flow that are unusual, non-recurring, or non-operating in nature. For the three months ended March 31, 2021, transaction costs have been adjusted as they are costs outside the normal course of business. In the prior year comparative period, restructuring costs have been adjusted for as these charges were irregular in nature.

Discretionary free cash flow is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies.

Discretionary free cash flow is used to assess the level of cash flow generated from ongoing operations. Management uses the discretionary free cash flow measure to evaluate the adequacy of internally generated cash flow to manage debt levels, invest in the growth and expansion of the business, or return capital to our shareholders.

The following table reconciles the Corporation's net cash flows from operating activities, being the most directly comparable measure calculated in accordance with IFRS, to free cash flow.

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Net cash flows from operating activities	24,585	45,850	(46)
Adjust:			
Change in non-cash working capital	5,133	(16,593)	(131)
Sustaining capital ⁽¹⁾	(1,931)	(3,361)	(43)
Lease liability principal payment	(3,420)	(4,415)	(23)
Transaction costs	3,142	-	100
Restructuring costs	-	9,373	(100)
Discretionary free cash flow	27,509	30,854	(11)

Segment profit margin

Segment profit margin is calculated as the difference between revenue and cost of sales, excluding depreciation, depletion, amortization and share-based compensation expenses. Segment profit margin is not a recognized measure under IFRS and therefore may not be comparable to similar measures presented by other companies. Management analyzes segment profit margin and segment profit margin as a percentage of revenue excluding oil purchase and resale by segment as a key indicator of segment profitability. This non-GAAP measure is also used by management to quantify the operating costs inherent in the Corporation's business activities, prior to operational related depreciation, depletion and amortization and share-based compensation, and to evaluate segment cost control and efficiency.

The following table reconciles the Corporation's gross margin, being the most directly comparable measure calculated in accordance with IFRS, to consolidated segment profit margin.

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Gross margin	23,825	14,565	64
Add:			
Depreciation, depletion and amortization ⁽¹⁾	27,395	35,591	(23)
Impairment ⁽¹⁾	-	15,723	(100)
Share-based compensation ⁽¹⁾	407	870	(53)
Segment profit margin	51,627	66,749	(23)

⁽¹⁾ These charges are included in cost of sales on the Corporation's Consolidated Statements of Comprehensive Loss.

OPERATIONAL DEFINITIONS

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

Capital expenditures

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

Oil prices

Canadian Light Sweet crude oil price is the benchmark price for light crude oil (40 American Petroleum Institute gravity) at Edmonton, Alberta. West Texas Intermediate ("WTI") crude oil is the North American benchmark price for light crude oil.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2021

In order to discuss the factors that have caused period to period variations in operating activities, the Corporation has divided the business into two reportable segments, as outlined in the 'Corporate Overview' above, and presented in Note 12 of the Interim Financial Statements.

- **Midstream Infrastructure** includes a network of midstream infrastructure assets that includes oil and water pipelines, midstream processing facilities, oil storage terminals, and crude by rail terminals throughout western Canada, North Dakota and Oklahoma. Midstream Infrastructure services include clean oil terminalling and storage, crude oil marketing, pipeline transportation, rail transloading, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, and oil purchase/resale service.
- **Environmental and Fluid Management** includes a network of landfill disposal facilities; onsite abandonment, remediation and reclamation management; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and drilling, completion and production fluid operations management for oil and gas producers in western Canada.

Total general and administration expenses by segment excludes corporate expenses and share-based compensation, as senior management reviews each segment's earnings before these expenses in assessing profitability and performance. The table below outlines the results by operating segment for the three months ended March 31, 2021 and 2020:

(\$000's)	Midstream	Environmental and		
Three months ended March 31, 2021	Infrastructure	Fluid Management	Corporate	Total
Revenue from services	51,264	80,871	-	132,135
Oil purchase and resale service	529,077	-	-	529,077
Total revenue	580,341	80,871	-	661,212
Cost of sales excluding items listed separately below	(550,240)	(59,345)	-	(609,585)
Segment profit margin	30,101	21,526	-	51,627
G&A expenses excluding items listed separately below	(3,895)	(4,752)	(4,016)	(12,663)
Depreciation, depletion and amortization ⁽¹⁾	(19,734)	(8,765)	(1,217)	(29,716)
Share-based compensation ⁽¹⁾	-	-	(2,380)	(2,380)
Interest, accretion and finance costs	(198)	(59)	(4,393)	(4,650)
Transaction costs	-	-	(3,142)	(3,142)
Income (loss) before tax	6,274	7,950	(15,148)	(924)

(\$000's)	Midstream	Environmental and		
Three months ended March 31, 2020	Infrastructure	Fluid Management	Corporate	Total
Revenue from services	74,627	97,395	-	172,022
Oil purchase and resale service	433,555	-	-	433,555
Total revenue	508,182	97,395	-	605,577
Cost of sales excluding items listed separately below	(464,420)	(74,408)	-	(538,828)
Segment profit margin	43,762	22,987	-	66,749
G&A expenses excluding items listed separately below	(4,575)	(7,489)	(6,150)	(18,214)
Depreciation, depletion and amortization ⁽¹⁾	(25,595)	(12,657)	(1,416)	(39,668)
Share-based compensation ⁽¹⁾	-	-	(2,333)	(2,333)
Interest, accretion and finance costs	(276)	(147)	(8,667)	(9,090)
Impairment ⁽¹⁾	-	(15,723)	-	(15,723)
Restructuring costs	(3,411)	(4,764)	(1,198)	(9,373)
Income (loss) before tax	9,905	(17,793)	(19,764)	(27,652)

⁽¹⁾ Depreciation, depletion and amortization, impairment and share-based compensation have been allocated to cost of sales and general and administrative expenses on the Consolidated Statements of Comprehensive Loss based on function of the underlying asset or individual to which the charge relates.

MIDSTREAM INFRASTRUCTURE SEGMENT

The Midstream Infrastructure segment has two separate business lines: Midstream Infrastructure services and oil purchase and resale services.

Midstream Infrastructure services

The Midstream Infrastructure segment owns and operates a network of facilities throughout western Canada, North Dakota and Oklahoma. These facilities provide processing, storing, shipping and marketing of crude oil; processing of waste; and water treatment and disposal. SECURE also transports oil and water through pipelines direct to SECURE facilities. Processing services are primarily performed at full service terminals ("FSTs") and include waste processing and crude oil emulsion treating. SECURE's FSTs that are connected to export oil pipelines provide customers with an access point to process and/or treat their crude oil for shipment to market. Crude oil that does not meet pipeline specifications is processed through a crude oil emulsion treater. Clean crude oil and treated crude oil may be aggregated and stored on site temporarily until the volumes are ready to be shipped through gathering, transmission or feeder pipelines. Disposal services include produced and waste water disposal services through a network of disposal wells.

Oil purchase and resale

SECURE's oil purchase and resale services enhance the service offering associated with SECURE's business of terminalling, transloading and marketing. By offering this service, SECURE's customers gain efficiencies in transportation and handling of their crude oil to the pipeline. At the Corporation's FSTs, SECURE meters the crude oil volumes and purchases the crude oil directly from customers. The Corporation then handles the shipment of crude oil down the pipeline. The Corporation may also purchase and resell crude oil to take advantage of marketing opportunities and increase profitability.

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Midstream Infrastructure services revenue (a)	51,264	74,627	(31)
Oil purchase and resale	529,077	433,555	22
Midstream Infrastructure Revenue	580,341	508,182	14
Cost of sales excluding items noted below	21,163	30,865	(31)
Depreciation and amortization	19,034	23,502	(19)
Oil purchase and resale	529,077	433,555	22
Midstream Infrastructure Cost of Sales	569,274	487,922	17
Segment Profit Margin ⁽¹⁾	30,101	43,762	(31)
Segment Profit Margin ⁽¹⁾ as a % of revenue (a)	59%	59%	

⁽¹⁾ Calculated as revenue less cost of sales excluding depreciation and amortization. Refer to "Non-GAAP Measures" for further information.

Revenue (Midstream Infrastructure segment)

Revenue generated from Midstream Infrastructure services of \$51.3 million decreased 31% for the three months ended March 31, 2021, from the 2020 comparative period. The decrease was due to lower processing and disposal volumes tied to drilling and completion activity compared to the first two months of 2020, prior to the large decrease in oil prices and corresponding activity levels. Produced water, emulsion treating and terminalling volumes at the Corporation's midstream processing facilities also decreased primarily as a result of natural production declines in the WCSB, continued production shut-ins in North Dakota, and limited overflow volumes from producers with capacity to handle their own product. Recovered oil revenue was relatively flat in the three months ended March 31, 2021, compared to the 2020 comparative period as higher average crude oil prices were offset by reduced volumes. Less volatile differentials limited the upside for price optimization at the Corporation's pipeline connected FSTs compared to the three months ended March 31, 2020, resulting in reduced crude oil marketing revenue.

The table below outlines average benchmark prices and volumes received at the Corporation's facilities in the three months ended March 31, 2021 and 2020.

	Three months ended March 31,		
	2021	2020	% Change
Average Benchmark Prices and Volumes			
WTI (US\$/bbl)	\$ 57.84	\$ 46.17	25
Canadian Light Sweet (\$/bbl)	\$ 68.62	\$ 52.02	32
Water disposal volumes (in 000's m ³)	1,042	1,719	(39)
Processing volumes (in 000's m ³)	379	485	(22)
Recovery volumes (in 000's m ³)	26	39	(33)
Crude oil terminalling and pipeline volumes (in 000's m ³)	835	970	(14)

Disposal volumes decreased 39% during the three months ended March 31, 2021, from the 2020 comparative period as a result of lower waste water volumes corresponding to reduced producer completion activity, limited overflow volumes from producers with capacity to handle their own product, and customer storage of production water for anticipated completions.

Processing volumes decreased 22% during the three months ended March 31, 2021, from the 2020 comparative period due primarily to lower waste processing volumes corresponding to the decrease in drilling and completion activity compared to the first two months of 2020. Emulsion treating volumes were also down due to lower overall production levels, particularly in North Dakota where activity levels have been slow to recover.

Oil volumes recovered through our processing operations decreased 33% during the three months ended March 31, 2021, from the 2020 comparative period, consistent with lower overall volumes received at the Corporation's midstream processing facilities as described above. The impact of lower volumes on recovered oil revenue was largely offset by a 32% improvement in benchmark oil pricing in the current year period.

Crude oil terminalling and pipeline volumes decreased 14% during the three months ended March 31, 2021, from the 2020 comparative period. The decrease was a result of reduced terminalling at certain facilities due to lower production, partially offset by the addition of the East Kaybob oil pipeline in June 2020, and stability of volumes associated with the contracted Kerrobert crude oil pipeline.

Oil purchase and resale revenue in the Midstream Infrastructure segment increased 22% to \$529.1 million for the three months ended March 31, 2021, from the 2020 comparative period. The increase corresponds to the increase in benchmark oil prices, partially offset by reduced marketing activities compared to the prior year comparative period.

Cost of Sales (Midstream Infrastructure segment)

Cost of sales from Midstream Infrastructure services, excluding depreciation, depletion and amortization, decreased 31% to \$21.2 million for the three months ended March 31, 2021, from the 2020 comparative period. The decrease in cost of sales is primarily a result of lower variable costs associated with the decrease in the Midstream Infrastructure segment's activity levels, consistent with the decrease in revenue, along with the impact of cost reduction measures taken since the first quarter of 2020 to align the segment's fixed cost structure with anticipated activity levels.

Operating depreciation, depletion and amortization ("DD&A") expense included in cost of sales relates primarily to the Midstream Infrastructure segment's facilities, and any gains or losses on the sale or disposal of equipment. In the three months ended March 31, 2021, operational DD&A decreased by 19% from the 2020 comparative period. The decrease of \$4.5 million is primarily a result of write-downs recorded for assets taken out of use or related to certain projects in development that were delayed or suspended in the prior year comparative period at the onset of the economic downturn.

Segment Profit Margin (Midstream Infrastructure segment)

The Midstream Infrastructure segment's profit margin decreased 31% to \$30.1 million for the three months ended March 31, 2021, from the 2020 comparative period due to the factors described above. As a percentage of Midstream Infrastructure services revenue, segment profit margin was 59% for both the three months ended March 31, 2021 and 2020. Lower revenue in the current year period was offset by fixed cost structure reductions.

General and Administrative Expenses (Midstream Infrastructure segment)

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
G&A expense excluding depreciation and amortization	3,895	4,575	(15)
Depreciation and amortization	700	2,093	(67)
Midstream Infrastructure G&A expense	4,595	6,668	(31)

G&A expense decreased by 31% to \$4.6 million for the three months ended March 31, 2021, from the 2020 comparative period. The decrease is mainly due to lower personnel costs resulting from the restructuring initiatives taken to right-size the Corporation's workforce to anticipated activity levels beginning at the end of March 2020, and strict cost control measures restricting discretionary spending. Excluding depreciation and amortization, G&A expense as a percentage of the segment's services revenue was 8% for the three months ended March 31, 2021, compared to 6% for the three months ended March 31, 2020, as a result of lower revenue.

Income Before Tax (Midstream Infrastructure segment)

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Midstream Infrastructure Income before Tax	6,274	9,905	(37)

Income before tax of \$6.3 million for the three months ended March 31, 2021, decreased \$3.6 million compared to the income before tax of \$9.9 million in the prior year comparative period. The decrease is a result of lower segment profit margin, partially offset by lower depreciation and amortization expense and G&A expense in the 2021 period, as well as a \$3.4 million restructuring charge incurred in the prior year period related to right sizing the Corporation's workforce to anticipated activity levels and streamlining business processes resulting in termination of certain functions.

ENVIRONMENTAL AND FLUID MANAGEMENT SEGMENT

The Environmental and Fluid Management segment includes a network of landfill disposal facilities; onsite abandonment, remediation and reclamation management; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and drilling, completion and production fluid operations management for oil and gas producers in western Canada. Environmental and Fluid Management services offered include secure disposal of oilfield and industrial solid wastes into SECURE's owned or managed landfill network located in western Canada and North Dakota; project assessment and planning; environmental construction projects; demolition and decommissioning; and remediation and reclamation.

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Environmental and Fluid Management Revenue	80,871	97,395	(17)
Cost of sales excluding items noted below	59,345	74,408	(20)
Depreciation, depletion, and amortization	8,361	12,089	(31)
Impairment	-	15,723	(100)
Environmental and Fluid Management Cost of Sales	67,706	102,220	(34)
Segment Profit Margin ⁽¹⁾	21,526	22,987	(6)
Segment Profit Margin ⁽¹⁾ as a % of revenue	27%	24%	

⁽¹⁾ Calculated as revenue less cost of sales excluding depreciation, depletion, amortization and impairment. Refer to "Non-GAAP Measures" for further information.

Revenue (Environmental and Fluid Management segment)

The Environmental and Fluid Management segment revenue decreased 17% to \$80.9 million for the three months ended March 31, 2021, from the 2020 comparative period. Reduced producer spending in the first quarter of 2021 decreased drilling and completion activity, lowering drilling waste volumes at the Corporation's landfills and demand for fluid management associated with drilling and completions. Additionally, project work was negatively impacted by job shut-downs or deferrals resulting from public health measures taken to limit the spread of COVID-19. New revenue generated from the government stimulus programs partially offset the impact of reduced project job volumes on the Corporation's Environmental business units.

The extent of the revenue decrease in the Environmental and Fluid Management segment was also partially mitigated by relatively stable revenue from production chemicals as the Corporation continues to win new bids and gain market share. SECURE has experience and expertise in key production fields where producers have been the most active in WCSB. As a result, the Corporation can provide tailored solutions and improved product formulations that optimize production, provide flow assurance and maintain the integrity of production assets.

Cost of Sales (Environmental and Fluid Management segment)

Cost of sales excluding DD&A decreased 20% to \$59.3 million for the three months ended March 31, 2021, from the 2020 comparative period. The majority of the Environmental and Fluid Management segment's cost of sales are variable and will fluctuate with corresponding changes in activity levels and job mix. For the current year period, the Corporation also benefited from a favourable product mix on drilling fluids and production chemicals, as well as lower expenses realized from initiatives reducing fixed costs beginning in the second quarter of 2020.

Operating DD&A expense decreased by 31% to \$8.4 million for the three months ended March 31, 2021, from the 2020 comparative period. The DD&A decrease relates primarily to lower landfill cell depletion resulting from reduced volumes in the current year period, and from the elimination of intangible asset amortization following the write-off of the segment's intangible asset balance at March 31, 2020.

Impairment expense of \$15.7 million in the prior year comparative period is a result of a non-cash impairment charge recorded against the Corporation's drilling services intangible assets resulting from the severe weakening in crude oil prices in March 2020 and the resulting decline in the demand for drilling services.

Segment Profit Margin (Environmental and Fluid Management segment)

Segment profit margin decreased 6% to \$21.5 million for the three months ended March 31, 2021, from the 2020 comparative period. For the three months ended March 31, 2021, segment profit margin as a percentage of revenue of 27% increased from 24% in the prior year comparative period. The profit margin increase was primarily a result of service mix, including higher production enhancement stimulation work, as well as fixed cost reductions following the first quarter of 2020 which also contributed to improvements in segment profit margin.

General and Administrative Expenses (Environmental and Fluid Management segment)

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
G&A expense excluding depreciation and amortization	4,752	7,489	(37)
Depreciation and amortization	404	568	(29)
Environmental and Fluid Management G&A Expense	5,156	8,057	(36)

G&A expenses decreased 36% to \$5.2 million for the three months ended March 31, 2021, from the 2020 comparative period. The decrease is primarily due to lower personnel related costs and reduced discretionary spending as the Corporation manages costs to correspond to current industry activity levels. Excluding depreciation and amortization, G&A expenses as a percentage of the segment's revenue was 6% for the three months ended March 31, 2021, compared to 8% in the prior comparative period.

Income Before Tax (Environmental and Fluid Management segment)

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Environmental and Fluid Management Income (Loss) before Tax	7,950	(17,793)	(145)

The Environmental and Fluid Management segment recorded income before tax of \$8.0 million for the three months ended March 31, 2021, compared to a loss before tax of \$17.8 million for the three months ended March 31, 2020. For the three months ended March 31, 2020, the segment's loss before tax included a non-cash impairment charge of \$15.7 million, as well as restructuring costs of \$4.8 million incurred related to organizational restructuring.

CORPORATE INCOME AND EXPENSES

Corporate Cost of Sales

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Cost of Sales			
Share-based compensation expense	407	870	(53)

Corporate cost of sales of \$0.4 million for the three months ended March 31, 2021, is comprised of share-based compensation for employees directly associated with the revenue generating operations of the Corporation. Share-based compensation fluctuates based on the share price at the time of grant, any forfeitures of share-based awards, and the effects of vesting. The decrease for the three months ended March 31, 2021, is primarily due to timing of the 2021 grant of units.

Corporate General and Administrative Expenses

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
General and administrative expenses excluding items noted below	4,016	6,150	(35)
Depreciation and amortization	1,217	1,416	(14)
Share-based compensation expense	1,973	1,463	35
Total Corporate G&A expenses	7,206	9,029	(20)

Included in Corporate G&A expenses are all public company costs, salaries, and office costs relating to corporate employees and officers, any support services that are shared across all operational business segments, and share-based compensation for all employees, other than as recorded to Corporate cost of sales as noted above.

Corporate G&A expenses excluding depreciation and amortization and share-based compensation expense decreased 35% to \$4.0 million in the three months ended March 31, 2021, from the 2020 comparative period primarily as a result of lower personnel costs resulting from prior year restructuring efforts which began to take effect in the second quarter of 2020, and lower discretionary spending.

Share-based compensation included in G&A expenses of \$2.0 million for the three months ended March 31, 2021, increased \$0.5 million from the prior year comparative period, primarily as a result of revaluing the liability associated with cash-settled share units at a higher period end share price.

Transaction Costs and Restructuring

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Transaction costs	3,142	-	100
Restructuring costs	-	1,198	(100)

Transaction costs recorded to the Corporate segment were \$3.1 million for the three months ended March 31, 2021, related to legal and advisory costs associated with the Tervita Merger. In the prior year comparative period, the Corporation recorded \$1.2 million of restructuring costs related to severance paid to corporate employees or officers as a result of measures taken to reduce the Corporation's cost structure to align with expected industry activity levels.

Interest and Finance Costs

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Interest and finance costs	4,393	8,667	(49)

Interest and finance costs includes interest expense, amortization of financing fees, interest expense related to lease liabilities, all realized and unrealized foreign exchange differences arising from translation gains and losses that are not recorded to other comprehensive income and all realized and unrealized gains or losses related to interest rate swaps on the Corporation's credit facilities.

Overall interest and finance costs decreased 49% to \$4.4 million for the three months ended March 31, 2021, from the 2020 comparative period as a result of lower interest rates on the First Lien Facility and a lower average debt balance outstanding, as well as an unrealized gain of \$0.5 million associated with the Corporation's interest rate swap on the Corporation's second lien credit facility, compared to an unrealized loss of \$2.3 million in the comparative prior year period.

Foreign Currency Translation Adjustment

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Foreign currency translation loss (gain), net of tax	2,124	(15,688)	(114)

Included in other comprehensive loss for the three months ended March 31, 2021, is a foreign translation loss of \$2.1 million. This loss relates to foreign currency translation adjustments resulting from the conversion of the assets, liabilities and financial results of the Corporation's ongoing U.S. operations for the three months ended March 31, 2021, at a lower period end rate due to the appreciation of the Canadian dollar relative to the U.S. dollar during the period. In the prior year comparative period, the gain of \$15.7 million reflects the depreciation of the Canadian dollar relative to the U.S. dollar at March 31, 2020, compared to December 31, 2019. The foreign currency translation adjustment included in the consolidated statements of comprehensive loss does not impact net loss for the period.

Income Taxes

(\$000's)	Three months ended March 31,		
	2021	2020	% Change
Income taxes			
Current tax expense	275	529	(48)
Deferred tax recovery	(54)	(5,771)	(99)
Total income tax expense (recovery)	221	(5,242)	(104)

For the three months ended March 31, 2021, the Corporation's income tax expense was \$0.2 million, compared to income tax recovery of \$5.2 million for the prior year comparative period. The variance is as a result of higher pre-tax income in the current year period, particularly due to the non-cash impairment charge recorded in the prior year quarter.

SUMMARY OF QUARTERLY RESULTS

Seasonality

In Canada, the level of activity in the oilfield is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads. As a result, road bans are implemented prohibiting heavy loads from being transported in certain areas, limiting the movement of heavy equipment required for drilling, 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. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter over quarter analysis of performance.

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

	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue (excluding oil purchase and resale)	132,135	118,606	103,499	65,546	172,022	156,998	149,097	134,230
Oil purchase and resale	529,077	356,109	348,674	225,644	433,555	596,073	577,877	654,618
Total revenue	661,212	474,715	452,173	291,190	605,577	753,071	726,974	788,848
Net (loss) income attributable to shareholders of SECURE	(630)	(37,794)	(4,588)	(20,889)	(21,952)	2,658	(500)	(1,678)
Per share - basic and diluted	0.00	(0.24)	(0.03)	(0.13)	(0.14)	0.02	0.00	(0.01)
Weighted average shares - basic	159,540,722	158,664,323	158,577,224	158,488,825	158,513,800	157,097,902	158,075,674	160,371,354
Weighted average shares - diluted	159,540,722	158,664,323	158,577,224	158,488,825	158,513,800	159,430,711	158,075,674	160,371,354
Adjusted EBITDA ⁽¹⁾	39,153	36,640	37,018	20,453	42,094	46,894	43,173	34,966

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

Quarterly Review Summary

As illustrated above, quarterly performance is affected by seasonal variation; however, with SECURE's historical growth and acquisitions, and fluctuating commodity prices impacting industry activity, variations in quarterly results are attributable to several other factors as well.

In the last several months of 2018, crude oil benchmark price and commodity price differential volatility resulting from a lack of pipeline egress out of the WCSB resulted in a pull back on producer budgets for 2019. Weather-related issues also had an impact on activity levels during 2019, with a prolonged spring break-up and an unusually wet third quarter. Producers were unwilling to incur additional costs due to weather related issues if the oil and gas activity could be delayed until ground conditions improved. The poor weather also impacted the execution of planned remediation and demolition programs and landfill disposal volumes in the Environmental and Fluid Management segment. The rapid and dramatic decline in crude oil prices at the end of the first quarter of 2020 resulting from oil demand destruction caused by COVID-19 and over supply concerns stemming from failed negotiations between OPEC+ countries on production curtailments began to have an additional adverse impact on the Corporation's results in March 2020, and resulted in negative quarter over quarter variances throughout 2020.

During the first quarter of 2021, higher crude oil prices resulted in improved activity levels across all business units and increased utilization at the Corporation's Midstream Infrastructure facilities and landfills as higher drilling, completion and production volumes from increased activity levels require treating, processing and disposal.

Each previous quarter was also impacted by the date at which an acquisition occurred or any one of the constructed or acquired facilities commenced operations. For a complete description of SECURE's assets and operations, please refer to the heading 'Description of Business' in the AIF which includes a description of the date of acquisitions or the dates on which each of SECURE's facilities commenced operations.

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

- In April 2019, SECURE acquired a 27% interest in a storage facility in Cushing, Oklahoma;
- In October 2019, the Corporation's Pipestone water disposal facility commenced operations. SECURE added three other produced water pipelines in 2019, connecting producer batteries/gas plants to SECURE's midstream infrastructure at Gold Creek (two) and Tony Creek (one); and
- In July 2020, the Corporation's East Kaybob oil pipeline commenced operations.

In addition to the above, SECURE has completed several improvements and expansions to increase capacity capabilities at existing facilities, including construction of produced water pipelines at existing facilities, primarily in the Montney and Duvernay regions of Alberta, and in the Bakken region of North Dakota.

LIQUIDITY AND CAPITAL RESOURCES

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

Management considers capital to be the Corporation's long-term borrowings less cash plus shareholders' equity. The Corporation's overall capital management strategy remains unchanged from prior periods. Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring planned capital and operating expenditures. This includes the Board of Directors reviewing the Corporation's results on a monthly basis, and capital spending to approved limits on a quarterly basis.

The key measures management uses to monitor its capital structure are actual capital expenditures compared to authorized limits, Adjusted EBITDA on all of its operations, and Senior and Total Debt to Adjusted EBITDA.

SECURE's credit facilities consist of a \$600 million first lien credit facility ("First Lien Facility"), a \$130 million second lien credit facility ("Second Lien Facility") and a \$75 million letter of credit facility. At March 31, 2021, the Corporation had drawn \$263.1 million on the First Lien Facility, resulting in available capacity of \$336.9 million, subject to covenant restrictions. The First Lien Facility matures June 30, 2023.

The Corporation's Second Lien Facility was fully drawn at March 31, 2021. In the prior year, the Corporation extended the term of the 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 has also entered into interest rate swaps to fix the interest rate for the Second Lien facility at 5.5% to the maturity date. The Second Lien Facility is secured by substantially all of the Corporation's assets, but is subordinate to the Corporation's First Lien Facility.

The Corporation had issued \$37.4 million of letters of credit against the letter of credit facility at March 31, 2021, relating primarily to transportation and regulatory obligations.

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

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

Senior and Total Debt and EBITDA are defined in the Corporation's lending agreements. Senior Debt is calculated as the amounts drawn on the Corporation's First Lien facility and finance leases entered into by the Corporation as defined by the old lease accounting standard International Accounting Standard 17 Leases ("IAS 17"), less cash balances above \$5 million. Total Debt is equal to Senior Debt plus amounts drawn under the Corporation's Second Lien Facility and any unsecured debt.

EBITDA is defined in the lending agreement as earnings before interest, taxes, depreciation, depletion and amortization, less any operating lease payments as defined by IAS 17, minority interest losses, non-recurring losses, non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis.

At March 31, 2021, SECURE was in compliance with all covenant requirements under the Corporation's credit facilities. The following table outlines the Corporation's financial covenant ratios as at March 31, 2021 and December 31, 2020.

	Mar 31, 2021	Dec 31, 2020	% Change
Senior Debt to EBITDA	2.1	2.2	(5)
Total Debt to EBITDA	3.1	3.2	(3)
Interest coverage	6.5	6.4	2

Issued capital of \$1.0 billion increased 1% at March 31, 2021, compared to December 31, 2020, as a result of capital issued through the conversion of restricted share units and performance share units into common shares under the Corporation's Unit Incentive Plan during the three months ended March 31, 2021.

Liquidity risk is the risk that the Corporation will not be able to meet our financial obligations at the point at which they are due. The Corporation manages its liquidity risk through cash and debt management. Management's assessment of the Corporation's liquidity reflects estimates, assumptions and judgments relating to current market conditions.

Market events that resulted in low and volatile oil prices beginning in March 2020 resulted in lower revenue and cash flows for the Corporation due to reduced drilling, completion and production volumes and demand for associated services as customer's reduced spending levels and shut-in uneconomic production and naturally declining production due to reduced reinvestment. SECURE's business is highly concentrated on production volumes or related services that represent approximately 75% of the Corporation's Adjusted EBITDA. A portion of these production volumes are contracted and/or fee-for-service contracts that are expected to provide a degree of cash flow stability.

Additionally, prudent measures were taken at the end of March 2020 to reduce the Corporation's cost structure to align with expected activity levels for the remainder of the year. As a result, the Corporation expects sufficient liquidity to fund its operations, working capital requirements, dividends and capital program with cash flow from operations, with excess cash flow available to pay down debt. However, the ultimate duration and magnitude of the impact on the economy of COVID-19 and the financial effect to the Corporation is not known at this time, creating a significant level of uncertainty in our industry which may challenge the assumptions and estimates used in the Corporation's forecasts.

On March 24, 2020, the Corporation announced that the monthly dividend would be reduced to \$0.0025 (0.25 cents) per common share, effective for the May 2020 dividend. This reduction of the dividend results in annualized cash savings of approximately \$38 million. Additionally, following the June 2020 dividend, the Corporation has moved to a quarterly dividend, with the first payment of \$0.0075 (0.75 cents) per common share made in October 2020. SECURE believes the sharing of excess cash flows with shareholders is a core business principle; as a result, management and the Board of Directors of the Corporation will continue to monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease, tax, transaction and implementation costs, and will look for opportunities to increase the dividend after the successful integration with Tervita and as business conditions warrant.

To meet financial obligations, the Corporation may further adjust the amount of its dividends, draw on its First Lien Facility up to the covenant restrictions, divest assets, issue subordinated debt, or obtain equity financing. The declaration and payment of dividends is at the discretion of the Board and is dependent upon, among other things, financial performance, compliance with debt covenants and the factors referred to under the heading "Risk Factors" in the AIF. While the Corporation has had success in obtaining financing in the past, access to capital may be more difficult in the current or future economic and operating environment. Refer to the 'Access to Capital' discussion in the 'Risk Factors' section of the Corporation's AIF.

Refer to Note 18 of the Annual Financial Statements for further disclosure of the Corporation's liquidity risk and Note 10 of the Interim Financial Statements for details of the Corporation's contractual obligations and contingencies at March 31, 2021.

The following provides a summary and comparison of the Corporation's operating, investing and financing cash flows for the three months ended March 31, 2021 and 2020.

Net Cash Flows from Operating Activities

(\$000's)	Three months ended Mar 31,		
	2021	2020	% Change
Net cash flows from operating activities	24,585	45,850	(46)

Net cash flows from operating activities decreased 46% in the three months ended March 31, 2021, from the comparative period of 2020. The variance was primarily a result of a \$21.3 million change in non-cash working capital. In the prior year comparative period, the Corporation had a large working capital recovery as a result of reduced accounts receivable and accrued receivables at March 31, 2020 compared to December 31, 2019, following the decline in crude oil prices in March 2020. At March 31, 2021, SECURE carried total net working capital, excluding cash, of \$58.4 million, relatively consistent with the balance at December 31, 2020.

Investing Activities

(\$000's)	Three months ended Mar 31,		
	2021	2020	% Change
Capital expenditures ⁽¹⁾			
Growth and expansion capital expenditures	4,496	37,999	(88)
Sustaining capital expenditures	1,931	3,361	(43)
Total capital expenditures	6,427	41,360	(84)

The Corporation's capital expenditures of \$6.4 million for the three months ended March 31, 2021, decreased \$34.9 million from the 2020 comparative period. During the three months ended March 31, 2021, SECURE's largest capital expenditures related to connecting an additional segment of the East Kaybob oil pipeline. In the prior year comparative period, costs incurred related to progressing construction of the East Kaybob oil pipeline system; certain carryover costs related to the tie in of two disposal wells drilled and completed in 2019 in North Dakota; and increasing processing and disposal capacity and creating efficiencies at various other facilities.

There were no business acquisitions completed during the three months ended March 31, 2021 or 2020.

Financing Activities

(\$000's)	Three months ended Mar 31,		
	2021	2020	% Change
Repurchase and cancellation of shares under NCIB	-	(1,531)	(100)
Repayment on credit facility	(6,357)	(2,550)	149
Lease liability principal payment	(3,420)	(4,415)	(23)
Dividends	(1,201)	(10,606)	(89)
Changes in non-cash working capital	11	-	100
Net cash flows used in financing activities	(10,967)	(19,102)	(43)

As at March 31, 2021, the Corporation had drawn \$393.1 million on its credit facilities compared to \$399.5 million as at December 31, 2020. Subject to covenant restrictions, as at March 31, 2021, the Corporation had \$336.9 million of available credit capacity under its First Lien Facility, and \$37.6 million available under its letter of credit facility. At March 31, 2021, the Corporation was in compliance with all covenants related to its credit facilities.

During the three months ended March 31, 2021, the Corporation paid a quarterly dividend payment of \$0.0075 (0.75 cents) on January 15, 2021, to shareholders of record on January 1, 2021. On March 15, 2021, the Corporation declared the next quarterly dividend of \$0.0075 (0.75 cents), which was paid to shareholders of record on April 15, 2021.

Management and the Board of Directors of the Corporation will monitor the Corporation's dividend policy with respect to forecasted Adjusted EBITDA, debt, capital expenditures and other investment opportunities, as well as expected interest, lease, tax and transaction and implementation costs associated with the Tervita Merger.

During the second quarter of 2020, SECURE renewed the normal course issuer bid ("NCIB") whereby the Corporation can repurchase up to a maximum of 10,796,069 common shares of the Corporation from May 28, 2020 to May 27, 2021, subject to daily limits in accordance with the terms of the NCIB. Transactions under the NCIB will depend on future market conditions. SECURE retains the discretion whether to make purchases under the NCIB, and to determine the timing, amount and acceptable price of any such purchases, subject at all times to applicable TSX and other regulatory requirements. There were no repurchases under the NCIB during the three months ended March 31, 2021. For the three months ended March 31, 2020, the Corporation repurchased and cancelled 336,500 common shares.

CONTRACTUAL OBLIGATIONS

Refer to Note 10 of the Interim Financial Statements for disclosure related to contractual obligations.

BUSINESS RISKS

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

Oil Prices and the COVID-19 Pandemic

The dramatic decline in oil prices in March 2020, and the ongoing COVID-19 pandemic has resulted in an unprecedented situation. The prudent response from SECURE's customers was to significantly reduce capital spending in 2020. This decision impacted both drilling and completions activity in 2020 and production volumes that were shut-in due to uneconomic crude oil prices or that naturally declines due to lower capital spending. While oil prices have stabilized and demand is normalizing, ongoing uncertainty with respect to the pandemic may continue to have significant adverse impacts on the Corporation in 2021, 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 situation is dynamic and the ultimate duration and magnitude of the impact of the COVID-19 pandemic on the economy and the financial effect on the Corporation is not known at this time. Estimates and judgments made by management in the preparation of the Interim Financial Statements are subject to a higher degree of measurement uncertainty during this volatile period.

Credit Ratings

On April 12, 2021, SECURE received its first public credit rating following the announcement of the Tervita Merger. Credit ratings are intended to provide an independent measure of the credit quality of an issue 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.

OUTSTANDING SHARE CAPITAL

As at April 27, 2021, there are 160,147,114 common shares issued and outstanding. In addition, as at April 27, 2021, the Corporation had the following share-based awards outstanding and exercisable or redeemable:

Balance as at April 27, 2021	Issued	Exercisable
Share Options	63,333	63,333
Restricted Share Units	1,702,762	-
Performance Share Units	3,685,749	-

OFF-BALANCE SHEET ARRANGEMENTS

At March 31, 2021 and December 31, 2020, the Corporation did not have any material off-balance sheet arrangements.

FINANCIAL AND OTHER INSTRUMENTS

As at March 31, 2021, the Corporation's financial instruments include cash, accounts receivables and accrued receivables, accounts payable and accrued liabilities, long-term borrowings, lease liabilities and derivative instruments. The fair values of these financial instruments approximate their carrying amount due to the short-term maturity of these instruments except long-term borrowings and derivative instruments. Long-term borrowings approximate their fair values due to the variable interest rates applied, which approximate market interest rates. Derivative instruments are fair valued at each period end in accordance with their classification of fair value through profit or loss. The Corporation utilizes derivative financial instruments to manage its exposure to market risks relating to commodity prices, foreign currency exchange rates and interest rates. Fair values of derivative contracts fluctuate depending on the underlying estimates of future commodity price curves, foreign currency exchange rates and interest rates.

The estimated fair value of all derivative financial instruments is based on observable market data. The use of financial instruments exposes the Corporation to credit, liquidity, foreign currency, interest rate and market risk. A discussion of how these and other risks are managed can be found in the AIF under the heading '*Risk Factors*' and a discussion of the corresponding classification and amounts of income, expenses, gains and losses associated with these financial instruments and their fair value can be found in Note 18 of the Corporation's Annual Financial Statements.

Of the Corporation's financial instruments, cash, accounts receivable, and derivative instruments contain credit risk. The credit risk associated with cash is minimized as all cash is held at major financial institutions. The Corporation provides credit to customers in the normal course of operations. The Corporation's credit risk policy includes performing credit evaluations of its customers. Substantially all of the Corporation's accounts receivable are due from companies in the oil and natural gas industry and are subject to normal industry credit risks. Given the policies and procedures in place, management is appropriately managing its credit risk.

The Corporation's exposure to losses in the event that counterparties to derivative instruments are unable to meet the terms of the contracts is considered very low as commodity derivative trades are all done with a large commodity futures exchange, and interest rate and foreign exchange hedges are done with major financial institutions.

Funds drawn under the First Lien Facility are managed through a combination of bankers' acceptance loans and U.S. dollar London Inter-bank 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 the \$130 million Second Lien Facility until July 31, 2022.

ACCOUNTING POLICIES

SECURE's significant accounting policies are set out in Note 2 of the Annual Financial Statements. There were no revised standards or amendments to IFRS issued that impacted the Interim Financial Statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING & DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") means the controls and other procedures of SECURE that are designed to provide reasonable assurance that information required to be disclosed by SECURE in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by SECURE in its annual filings or other reports filed or submitted under securities legislation is accumulated and communicated to SECURE's management including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate to allow timely decisions regarding required disclosure.

Internal control over financial reporting ("ICFR"), as defined in NI 52-109 means a process designed by, or under the supervisions of SECURE's CEO and CFO, and effected by the Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Corporation used the Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission in the design of its ICFR. SECURE's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of SECURE;
- Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of SECURE are being made only in accordance with authorizations of management; and
- Are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of SECURE's assets that could have a material effect on the financial statements.

There was no change to the Corporation's ICFR that occurred during the most recent interim or annual period ended March 31, 2021, that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

In accordance with the requirements of NI 52-109, an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at March 31, 2021. Based on this evaluation, the CEO and CFO have concluded that the Corporation's DC&P and ICFR were effective as at March 31, 2021.

Management, including the CEO and CFO, does not expect that the Corporation's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Corporation have been detected.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

RELATED PARTIES

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements" and/or "forward-looking information" within the meaning of applicable securities laws (collectively referred to as "forward-looking statements"). When used in this document, the words "achieve", "advance", "anticipate", "believe", "commit", "could", "deliver", "drive", "enhance", "estimate", "execute", "expect", "focus", "integrate", "intend", "may", "opportunity", "plan", "position", "prioritize", "realize", "result", "strategy", "target" "will", and similar expressions, as they relate to SECURE, its management, or the combined company, are intended to identify forward-looking statements. Such statements reflect the current views of SECURE and speak only as of the date of this document.

In particular, this document contains or implies forward-looking statements pertaining but not limited to: expectations with respect to the strength of the combined company; the combined company's access to capital markets and the resulting effect on its future growth and acquisition plans; the relevance of SECURE's credit rating to debt investors and capital market participants; the complementary nature of the combined company's asset base and environmental service lines, and the ability to enhance scale and increase utilization as a result thereof; the combined company's expected discretionary free cash flow profile; expected annual integration cost savings of the combined company and the timing thereof; debt repayment plans; the ability to achieve the combined company's target debt to EBITDA ratio of less than 2.5x and the timing thereof; anticipated closing conditions and regulatory approvals required pursuant to the Tervita Merger; future ESG goals and the ability of the Tervita Merger to accelerate Tervita's environmental and social sustainability initiatives; the meetings of each of SECURE's and Tervita's shareholders; the joint information circular prepared in connection therewith and the expected publication date thereof; the timing and completion of the Tervita Merger, including the expected closing date of the Tervita Merger; management's expectations with respect to the duration of the COVID-19 pandemic and related restrictions and the related effect on demand for oil, supply and demand balance, and our operations generally; the outlook for oil and liquids prices; the oil and natural gas industry in Canada and the U.S., including drilling, completion and production activity levels for 2021 and beyond in the Corporation's operating areas, and the related impact on SECURE's business, operations and financial results; increased year over year discretionary free cash flow; the effect of the current economic conditions on the future demand for SECURE's services and the impact on SECURE's cash flows and impairment charges on long-term assets; SECURE's financial resiliency and corporate priorities, including debt repayment, and strategies to achieve such priorities; the benefits of contracted and/or fee-for-service contracts on SECURE's cash flow and the expected stability of such sources; capacity at the Corporation's existing facilities; increases to the Corporation's throughput at existing facilities and costs thereof; the impact the Canadian Federal Government's orphan and inactive well fund may have to the business, operations and results of the Corporation; increased abandonment and reclamation activity in the oil and gas industry and the related effect on SECURE's results of operations and the timing thereof; the Corporation's 2021 capital budget and the future evaluation of SECURE's and Tervita's combined capital project opportunities following close of the Tervita Merger; future dividend plans and opportunities to increase dividend payments after the successful integration with Tervita; debt service and the Corporation's ability to meet obligations and commitments and operate within any credit facility restrictions, including the financial covenants related to our debt facilities; the sufficiency of the Corporation's liquidity and expectations that our capital investment, working capital, debt repayment, share repurchases and cash dividends will be funded from

internally generated cash flows; the Corporation's credit risk levels; expected benefits customers will receive from our midstream and environmental solutions; key factors driving the Corporation's success; demand for the Corporation's services and products; industry fundamentals driving the success of SECURE's core operations; future capital needs; and access to capital.

Forward-looking statements are based on certain assumptions that SECURE has made in respect thereof as at the date of this document regarding, among other things: the satisfaction of the conditions to closing of the Tervita Merger in a timely manner, including the entering into of the new credit facility and the receipt of all necessary approvals under the *Competition Act* (Canada) on terms acceptable to SECURE and Tervita; the satisfaction of the conditions to entering into the new credit facility; the combined company's ability to successfully integrate the businesses of SECURE and Tervita; sources of funding that each of SECURE and Tervita have relied upon in the past continue to be available to the combined company on terms favorable to the combined company; the impact of COVID-19, including related government responses related thereto and lower global energy pricing on oil and gas industry exploration and development activity levels and production volumes (including as a result of demand and supply shifts caused by COVID-19 and the actions of OPEC and non-OPEC countries); the success of SECURE'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; 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; increases to the combined company's share price and market capitalization over the long term; the ability of the combined company to repay debt and return capital to shareholders; the combined company's ability to obtain and retain qualified staff and equipment in a timely and cost-efficient manner; and other risks and uncertainties described from time to time in filings made by SECURE with securities regulatory authorities.

Forward-looking statements involve significant known and unknown risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including but not limited to: the ability of SECURE and Tervita to receive, in a timely manner, the necessary regulatory, court, shareholder, lender, stock exchange and other third-party consents and approvals and to satisfy the other conditions to the closing of the Tervita Merger; the ability to satisfy the conditions to the new credit facility becoming effective; interloper risk; the ability to complete the Tervita Merger on the terms contemplated by SECURE and Tervita or at all; the ability of the combined company to realize the anticipated benefits of, and synergies and savings from, the Tervita Merger and the timing thereof; consequences of not completing the Tervita Merger, including the volatility of the share prices of SECURE, negative reactions from the investment community and the required payment of certain costs related to the Tervita Merger; actions taken by government entities or others seeking to prevent or alter the terms of the Tervita Merger; the potential that a significant number of Tervita shareholders exercise dissent or appraisal rights; the ongoing evaluation of the credit rating of the combined company; legal claims resulting from the announcement or completion of the Tervita Merger; negative reactions to the Tervita Merger, including from customers, suppliers or employees; potential undisclosed liabilities unidentified during the due diligence process; the accuracy of the pro forma financial information of the combined company; the interpretation of the Tervita Merger by tax authorities; the success of business integration; the entry into new business activities and the resulting business mix of the combined company; the focus of management's time and attention on the Tervita Merger and other disruptions arising from the Tervita Merger; and those factors referred to under the heading "Risk Factors" in the AIF. In addition, the effects and impacts of the COVID-19 outbreak, the rapid decline in global energy prices and the length of time to significantly reduce the global threat of COVID-19 on SECURE's business, the global economy and markets are unknown at this time and could cause SECURE's or the combined company's actual results to differ materially from the forward-looking statements contained in this document.

Although forward-looking statements contained in this document are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this document are expressly qualified by this cautionary statement. Unless otherwise required by applicable securities laws, SECURE does not intend, or assume any obligation, to update these forward-looking statements.

ADDITIONAL INFORMATION

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