Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2021

SECURE ENERGY

SECURE ENERGY SERVICES INC.
Consolidated Statements of Financial Position

As at (unaudited, in $ millions)	**Notes**	**September 30, 2021**	**December 31, 2020 Restated (Note 2)**	**January 1, 2020 Restated (Note 2)**
Assets				
Current assets				
Cash		13	7	9
Accounts receivable and accrued receivables		353	144	228
Inventories		77	48	65
Prepaid expenses and other current assets		18	9	12
		461	208	314
Property, plant and equipment	4	1,870	1,107	1,192
Right-of-use assets	5	74	32	50
Intangible assets	6	201	18	40
Goodwill	3	350	11	11
Deferred tax asset		163	-	-
Other assets	7	22	-	-
Total Assets		3,141	1,376	1,607
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		322	144	189
Interest payable	8	19	-	-
Lease liabilities	9	27	10	18
Asset retirement obligations	10	8	3	3
Other liabilties		4	-	-
		380	157	210
Revolving credit facility	8	442	399	453
Secured and unsecured notes	8	762	-	-
Lease liabilities	9	86	25	31
Asset retirement obligations	10	157	52	47
Deferred tax liabilities		-	24	48
Other liabilities		40	-	-
Total Liabilities		1,867	657	789
Shareholders' Equity				
Issued capital	11	1,670	1,038	1,018
Share-based compensation reserve		46	51	62
Foreign currency translation reserve		24	24	27
Non-controlling interest	7	-	30	33
Deficit		(466)	(424)	(322)
Total Shareholders' Equity		1,274	719	818
Total Liabilities and Shareholders' Equity		3,141	1,376	1,607

The accompanying notes are an integral part of these consolidated financial statements

SECURE ENERGY SERVICES INC.

Consolidated Statements of Comprehensive Loss

(unaudited, in $ millions except share and per share data)	Notes	2021	2020 Restated (Note 2)	2021	2020 Restated (Note 2)
Revenue	16	1,253	452	2,426	1,349
Cost of sales	13	1,196	435	2,329	1,324
Gross margin		57	17	97	25
General and administrative expenses	13	38	14	76	50
Transaction and restructuring costs	3, 13	18	1	29	11
Operating profit (loss)		1	2	(8)	(36)
Interest, accretion and finance costs		24	7	32	23
Other expense		7	-	9	-
Loss before tax		(30)	(5)	(49)	(59)
Current tax expense		-	1	-	1
Deferred tax recovery		(8)	(1)	(11)	(13)
Net loss		(22)	(5)	(38)	(47)
Net loss attributable to:					
Shareholders of SECURE		(22)	(5)	(37)	(46)
Non-controlling interest		-	-	(1)	(1)
Other comprehensive loss					
Foreign currency translation adjustment		3	(4)	(3)	5
Total comprehensive loss		(19)	(9)	(41)	(42)
Total comprehensive loss attributable to:					
Shareholders of SECURE		(19)	(8)	(38)	(41)
Non-controlling interest		-	(1)	(3)	(1)
Basic and diluted loss per common share	11	(0.07)	(0.03)	(0.18)	(0.30)
Weighted average shares outstanding - basic and diluted	11	306,474,523	158,577,224	209,329,456	158,526,801

The accompanying notes are an integral part of these consolidated financial statements

SECURE ENERGY SERVICES INC.
Consolidated Statements of Changes in Shareholders' Equity

(unaudited, in $ millions)	Note	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Non-controlling interest	Deficit	Total Shareholders' Equity
Balance at January 1, 2021 (Restated, Note 2)		**1,038**	**51**	**24**	**30**	**(424)**	**719**
Net loss		-	-	-	(1)	(37)	**(38)**
Dividends declared	**11**	-	-	-	-	(5)	**(5)**
Disposition of non-controlling interest	**7**	-	-	-	(26)	-	**(26)**
Foreign currency translation adjustment		-	-	-	(3)	-	**(3)**
Issue of share capital for business acquisition	**3**	621	-	-	-	-	**621**
Exercise of share units	**11**	11	(11)	-	-	-	**-**
Share-based compensation for equity-settled awards	**12**	-	6	-	-	-	**6**
Balance at September 30, 2021		**1,670**	**46**	**24**	**-**	**(466)**	**1,274**
Balance at January 1, 2020 (Restated, Note 2)		**1,018**	**62**	**27**	**33**	**(322)**	**818**
Net loss		-	-	-	(1)	(46)	**(47)**
Dividends declared		-	-	-	(1)	(16)	**(17)**
Foreign currency translation adjustment		-	-	5	-	-	**5**
Exercise of share units		21	(21)	-	-	-	**-**
Share-based compensation for equity-settled awards		-	8	-	-	-	**8**
Shares cancelled under normal course issuer bid ("NCIB")		(2)	-	-	-	-	**(2)**
Balance at September 30, 2020 (Restated, Note 2)		**1,037**	**49**	**32**	**31**	**(384)**	**765**

The accompanying notes are an integral part of these consolidated financial statements

SECURE ENERGY SERVICES INC.
Consolidated Statements of Cash Flows

(unaudited, in $ millions)	Notes	For the three months ended September 30, 2021	For the three months ended September 30, 2020 Restated (Note 2)	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020 Restated (Note 2)
Cash flows (used in) from operating activities					
Net loss		**(22)**	(5)	**(38)**	(47)
Adjustments for non-cash items:					
Depreciation, depletion and amortization	**13**	**83**	31	**144**	118
Interest, accretion and finance costs		**24**	7	**32**	23
Other expense		**7**	-	**9**	-
Current and deferred tax recovery		**(8)**	-	**(11)**	(12)
Other non-cash (recovery) expense		**-**	(1)	**1**	1
Share-based compensation	**12**	**3**	3	**10**	7
Interest paid		**(11)**	(5)	**(20)**	(14)
Income taxes (paid) recovered		**-**	2	**(1)**	2
Asset retirement costs incurred		**(2)**	-	**(4)**	-
Funds flow from operations		**74**	32	**122**	78
Change in non-cash working capital		**(73)**	6	**(76)**	29
Net cash flows from operating activities		**1**	38	**46**	107
Cash flows (used in) from investing activities					
Purchase of property, plant and equipment	**4**	**(13)**	(10)	**(26)**	(62)
Cash acquired through business acquisition	**3**	**10**	-	**10**	-
Proceeds from dispositions		**2**	2	**4**	3
Partnership distributions to non-controlling interest		**-**	-	**-**	(1)
Change in non-cash working capital		**4**	(2)	**4**	6
Net cash flows from (used in) investing activities		**3**	(10)	**(8)**	(54)
Cash flows (used in) from financing activities					
Repayment on credit facilities	**8**	**(50)**	(32)	**(66)**	(23)
Redemption of 2025 senior secured notes	**8**	**(132)**	-	**(132)**	-
Issuance of unsecured notes	**8**	**-**	-	**200**	-
Change in restricted cash	**8**	**206**	-	**-**	-
Financing fees	**8**	**(10)**	-	**(15)**	-
Settlement of debt-related derivatives		**(4)**	-	**(4)**	-
Lease liability principal payments		**(7)**	(4)	**(12)**	(13)
Dividends declared	**11**	**(2)**	-	**(5)**	(15)
Repurchase and cancellation under NCIB	**11**	**-**	-	**-**	(2)
Sublease payments received		**1**	-	**1**	-
Change in non-cash working capital		**1**	-	**1**	-
Net cash flows from (used in) financing activities		**3**	(36)	**(32)**	(53)
Effect of foreign exchange on cash		**(1)**	-	**-**	-
Increase (decrease) in cash		**6**	(8)	**6**	-
Cash, beginning of period		**7**	17	**7**	9
Cash, end of period		**13**	9	**13**	9

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

SECURE Energy Services Inc. ("SECURE" or "the Corporation") is incorporated under the Business Corporations Act of Alberta. The Corporation's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol "SES". On July 2, 2021, pursuant to a plan of arrangement under the Business Corporations Act (Alberta), SECURE acquired all of the issued and outstanding common shares of Tervita Corporation ("Tervita") and subsequently Tervita was amalgamated with SECURE.

SECURE provides industry leading midstream infrastructure and environmental and fluid management to upstream oil and natural gas companies operating in western Canada and certain regions in the United States ("U.S."). SECURE's Midstream Infrastructure business segment includes a network of midstream processing and storage facilities, crude oil and water pipelines, and crude by rail terminals located throughout key resource plays in western Canada, North Dakota and Oklahoma. SECURE's midstream infrastructure operations generate cash flows from oil production processing and disposal, produced water disposal, and crude oil storage, logistics, and marketing. SECURE's Environmental and Fluid Management business segment includes a network of industrial landfills, hazardous and non-hazardous waste management and disposal, onsite abandonment, environmental solutions for site remediation and reclamation, bio-remediation and technologies, water treatment & recycling, emergency response, rail services, metal recycling services, as well as fluid management for drilling, completion and production activities.

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 and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. This limits the movement of the heavy equipment required for drilling and well servicing activities, and the level of activity of the Corporation's customers may, consequently, be reduced. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up. Environmental management project activity tends to be lower in the first half of the year due to the previously described factors and challenges of completing excavation work on frozen terrain in the first quarter. 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.

Basis of Presentation

The condensed consolidated financial statements of SECURE have been prepared by management in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") in effect at the closing date of September 30, 2021. The condensed consolidated financial statements do not include all of the information required for full annual statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2020.

These consolidated financial statements are recorded and presented in Canadian dollars ($), which is SECURE's functional currency, and have been prepared on a historical cost basis, except for certain financial instruments and share-based compensation transactions that have been measured at fair value. Unless otherwise noted, all values are presented in millions of Canadian dollars ($millions).

These consolidated financial statements were approved by SECURE's Board of Directors on October 28, 2021.

Dollar amounts in millions unless otherwise noted

2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Significant Accounting Policies

The significant accounting policies adopted in the preparation of these condensed consolidated financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2020, except for as stated below. Unless otherwise stated, these policies have been consistently applied to all periods presented. Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

Voluntary Change in Accounting Policy

Under the Corporation's previous accounting policy, SECURE used a risk-free interest rate based on the Bank of Canada published bond rates in the measurement of the present value of its asset retirement obligations. Effective July 1, 2021, the Corporation elected to change its policy for the measurement of asset retirement obligations to utilize a credit-adjusted risk-free interest rate. The use of a credit-adjusted risk-free rate results in reliable and more relevant information for the readers of the Condensed Consolidated Financial Statements as this methodology provides a more accurate representation of the value at which such liabilities could be transferred to a third party, provides a better indication of the risk associated with such obligations, and increases the comparability of the Corporation's financial statements to those of its peers.

Management has applied the voluntary change in accounting policy retrospectively. The Condensed Consolidated Financial Statements have been restated to reflect adjustments made as a result of this change. The tables below present the impact of the change in accounting policy to the consolidated statement of financial position, the consolidated statement of comprehensive loss and the statement of cash flows, for each of the line items impacted.

a) Impacts on the Consolidated Statements of Financial Position

As at	Sept 30, 2021	Dec 31, 2020			Jan 1, 2020		
	Adjustments	Previous policy	Adjustments	Restated	Previous policy	Adjustments	Restated
Assets							
Property, plant and equipment	(44)	1,155	(48)	1,107	1,233	(41)	1,192
Liabilities and equity							
Asset retirement obligations	(49)	108	(53)	55	94	(44)	50
Deferred tax liabilties	(1)	24	-	24	49	(1)	48
Deficit	6	(429)	5	(424)	(326)	4	(322)

b) Impacts on the Consolidated Statements of Comprehensive Loss

	For the nine months ended Sept 30, 2021	For the three months ended Sept 30, 2020			For the nine months ended Sept 30, 2020		
	Adjustments	Previous policy	Adjustments	Restated	Previous policy	Adjustments	Restated
Cost of sales [(1)]	(2)	436	(1)	435	1,326	(2)	1,324
Interest, accretion and finance costs	1	7	-	7	21	2	23
Deferred tax recovery	-	(1)	-	(1)	(13)	-	(13)
Net loss	1	(5)	-	(5)	(48)	1	(47)

[(1)] The change in accounting policy impacted depreciation and depletion which is included in cost of sales

c) Impacts on the Consolidated Statements of Cash Flow

	For the nine months ended Sept 30, 2021	For the three months ended Septr 30, 2020			For the nine months ended Sept 30, 2020		
	Adjustments	Previous policy	Adjustments	Restated	Previous policy	Adjustments	Restated
Net loss	1	(5)	-	(5)	(48)	1	(47)
Non-cash operating activities	(1)	37	-	37	126	(1)	125

2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

Significant Estimates and Judgments

The timely preparation of the Corporation's condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses, gains, losses, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The estimates and underlying assumptions are reviewed by management on an ongoing basis, with any adjustments recognized in the period in which the estimate is revised.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include those related to the determination of cash generating units, depreciation, depletion and amortization, recoverability of assets, asset retirement obligations and accretion, other provisions and contingent liabilities, inventories, share-based compensation, deferred income taxes, provision for expected credit losses, fair value of derivative financial instruments, purchase price allocations, and net investments in foreign subsidiaries. Readers are cautioned that the preceding list is not exhaustive and other items may also be affected by estimates and judgments.

3. BUSINESS ACQUISITION

a) Transaction Summary

On March 8, 2021, SECURE entered into an arrangement agreement with Tervita to combine in an all-share transaction pursuant to which SECURE would acquire all the issued and outstanding common shares of Tervita on the basis of 1.2757 common shares of SECURE for each outstanding common share of Tervita (the "Transaction"). On July 2, 2021, the Transaction closed, resulting in the issuance of approximately 147.6 million common shares of SECURE and following which Tervita amalgamated with SECURE. The common shares of Tervita were delisted by the Toronto Stock Exchange at the close of market on July 6, 2021.

The statutory waiting period for the completion of the Transaction under the Competition Act expired on June 30, 2021. SECURE continues to work cooperatively with the Competition Bureau and the Competition Tribunal to resolve any concerns relating to the Transaction, which it understands relate to certain waste disposal assets. A hearing of the Commissioner's application under Section 92 of the Competition Act is scheduled to occur before the Competition Tribunal in the second quarter of 2022. SECURE believes the resolution of such proceedings will not be material to the Corporation's financial results.

Prior to the Transaction, Tervita was an environmentally focused waste service provider in Canada, providing a broad and integrated array of services and environmental management solutions for customers in the energy, industrial, and natural resource sectors, predominantly in western Canada. Tervita provided a comprehensive suite of environmental solutions covering every stage of the customers' project life cycle, from development to reclamation, helping to minimize environmental impact while maximizing recovery of valuable resources.

The Transaction was accounted for using the acquisition method pursuant to International Financial Reporting Standards ("IFRS") 3, "*Business Combinations*". Under the acquisition method, assets and liabilities are measured at their estimated fair value on the date of acquisition with the exception of income tax, share-based compensation, lease liabilities and right-of-use assets.

With the closing of the Transaction, all litigation between SECURE and Tervita has been discontinued.

Dollar amounts in millions unless otherwise noted

3. BUSINESS ACQUISITION (continued)

b) Management Judgments and Estimation Uncertainty

The determination of fair value is estimated based on information available at the date of acquisition and requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment, intangible assets, asset retirement obligations, right-of-use assets and associated lease obligations, and deferred tax assets generally require significant judgment. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities, and goodwill. Future net income (loss) will be affected as the fair value on initial recognition impacts future depreciation, depletion and amortization, asset impairment or reversal, or goodwill impairment.

c) Purchase Price Allocation

As consideration for the Transaction, SECURE issued approximately 147.6 million common shares with a fair value of $621 million based on the June 30, 2021, closing share price of $4.21, as reported by the TSX. There was no contingent consideration applicable to the Transaction.

The preliminary purchase price allocation is based on management's best estimate of the assets acquired and liabilities assumed and is subject to change as SECURE is continuing to obtain and verify information to determine the fair value of certain assets and liabilities. The following table summarizes the details of the consideration and recognized amounts of assets acquired and liabilities assumed at the date of the Transaction:

As at	July 2, 2021
Consideration	
Common shares	621
Total Consideration	**621**
Identifiable Assets Acquired	
Cash	10
Accounts receivable and accrued receivables	128
Inventories	9
Prepaid expenses and other assets	24
Property, plant and equipment	856
Right-of-use assets	47
Intangible assets	224
Deferred tax asset	176
Liabilities Assumed	
Accounts payable and accrued liabilities	(141)
Interest payable	(7)
Revolving credit facility	(118)
Senior secured notes	(693)
Asset retirement obligations	(92)
Lease liabilities	(84)
Other liabilities	(57)
Total Net Identifiable Assets	**282**
Goodwill	339

The goodwill recognized from the Transaction reflects the value of synergies that are expected to be achieved as a result of combining SECURE and Tervita's operations. None of the goodwill is expected to be deductible for tax purposes.

d) Transaction Costs

The Corporation incurred and expensed transaction costs of $18 million and $29 million, respectively, for the three and nine months ended September 30, 2021, consisting of $21 million related to legal and advisory fees for the completion of the Transaction, including the competition review process, and $8 million of integration costs. The integration costs primarily related to severance.

Dollar amounts in millions unless otherwise noted

3. BUSINESS ACQUISITION (continued)

e) Revenue and Profit Contribution

The acquired business contributed revenue of $452 million and net loss before tax of $28 million for the three months ended September 30, 2021.

f) Proforma Revenue and Loss Before Tax

If the Transaction closed on January 1, 2021, pro forma revenue and net loss before tax for the nine months ended September 30, 2021, is estimated to be $3.3 billion and $67 million, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

	Sept 30, 2021	Dec 31, 2020 (Restated - Note 2)
Balance - beginning of period	**1,107**	**1,192**
Acquired upon close of Business Acquisition (Note 3)	856	-
Additions	26	74
Change in asset retirement cost	11	2
Disposals	(12)	(15)
Disposition of non-controlling interest (Note 7)	(26)	-
Depreciation and depletion	(93)	(109)
Impairment	-	(34)
Foreign exchange effect	1	(3)
Balance - end of period	**1,870**	**1,107**

5. RIGHT-OF-USE ASSETS

	Sept 30, 2021	Dec 31, 2020
Balance - beginning of period	32	50
Acquired upon close of business acquisition (Note 3)	47	-
Additions	9	4
Disposals	(2)	(3)
Depreciation	(12)	(18)
Foreign exchange effect	-	(1)
Balance - end of period	**74**	**32**

6. INTANGIBLE ASSETS

	Sept 30, 2021	Dec 31, 2020
Balance - beginning of period	18	40
Acquired upon close of business acquisition (Note 3)	224	-
Disposition of non-controlling interest (Note 7)	(14)	-
Additions	-	1
Amortization	(27)	(23)
Foreign exchange effect	-	-
Balance - end of period	**201**	**18**

Dollar amounts in millions unless otherwise noted

7. EQUITY-ACCOUNTED INVESTEE

On April 11, 2019, the Corporation acquired a 27% interest in a crude oil storage business which owns a crude oil storage facility located in Cushing, Oklahoma. SECURE had an option to purchase the remaining 73% interest in the business within two years of the acquisition. The call option provided SECURE with control due to substantive potential voting rights and as such, SECURE applied the acquisition method of accounting for business combinations and consolidated the statements of financial position and comprehensive income of the acquired business for the periods subsequent to the acquisition date.

On April 11, 2021, the option to acquire the remaining 73% interest in the business expired without being exercised. As a result of the call option expiry, SECURE lost control of this subsidiary for accounting purposes as the Corporation no longer has substantive potential voting rights.

In accordance with IFRS 10, "*Consolidated Financial Statements*", SECURE derecognized the assets, liabilities, and non-controlling interest of the former subsidiary from the consolidated statement of financial position, recognized the investment retained in the former subsidiary at its fair value as at April 11, 2021, and recognized a $2 million loss associated with the loss of control attributable to the former controlling interest. The loss has been recorded in other expense on the consolidated statement of comprehensive loss. The carrying amount of the investment retained in the former subsidiary will be increased or decreased to recognize SECURE's share of the investee's profit or loss, and distributions received will reduce the carrying amount of the investment. As at September 30, 2021, the 27% interest recognized on the consolidated statement of financial position was $11 million.

8. REVOLVING CREDIT FACILITY, SENIOR SECURED AND UNSECURED NOTES

a. Revolving Credit Facility

Prior to the closing of the Transaction, SECURE's senior secured credit facilities consisted of a $600 million first lien credit facility ("First Lien Facility") with a syndicate of ten financial institutions (with a maturity date of June 30, 2023), a $130 million second lien credit facility ("Second Lien Facility") with a syndicate of three financial institutions (with a maturity date of July 31, 2022) and two bilateral Letter of Credit Facilities totaling $75 million ("$75 million LC Facilities") with a financial institution.

On July 2, 2021, in connection with the closing of the Transaction, SECURE entered into an $800 million three-year revolving credit facility (the "Revolving Credit Facility") with nine financial institutions (with a maturity date of July 2, 2024). The Revolving Credit Facility was used to replace and repay SECURE's First Lien Facility and Second Lien Facility, Tervita's first lien credit facility, and letters of credit outstanding against the $75 million LC Facilities. SECURE also entered into a $30 million unsecured letter of credit facility guaranteed by Export Development Canada (the "new SECURE LC Facility"). At September 30, 2021, a total of $24 million of letters of credit have been issued against the new SECURE LC Facility.

The credit facility balances included on the statements of financial position at September 30, 2021, and December 31, 2020, were as follows:

	Sept 30, 2021	Dec 31, 2020
Amount drawn on Revolving Credit Facility	451	-
Amount drawn on First Lien Facility	-	269
Amount drawn on Second Lien Facility	-	130
Unamortized financing costs	(9)	-
Total credit facility	**442**	**399**

Dollar amounts in millions unless otherwise noted

8. REVOLVING CREDIT FACILITY, SENIOR SECURED AND UNSECURED NOTES (continued)

Amounts borrowed under the Revolving Credit Facility bear interest at SECURE's option of either the Canadian prime rate plus 1.50% to 3.00% or the banker acceptance rate plus 2.50% to 4.00%, depending, in each case, on the ratio of Total Debt to EBITDA as defined in the Revolving Credit Facility. Interest on $130 million of the Revolving Credit Facility has been fixed at 5.5% per annum through the use of interest rate swaps until July 31, 2022, as a result of the previous Second Lien Facility. The Revolving Credit Facility is subject to customary terms, conditions and covenants, including the following financial covenants:

- the Senior Debt to EBITDA ratio is not to exceed (i) 3.00 to 1.0 for the first fiscal quarter immediately following the effective date (September 30, 2021) and the next two fiscal quarters immediately thereafter (December 31, 2021, and March 31, 2022) and (ii) 2.75 to 1.0 at the end of each fiscal quarter thereafter;
- the Total Debt to EBITDA ratio is not to exceed (i) 4.75 to 1.0 for the first fiscal quarter immediately following the effective date and the next two fiscal quarters immediately thereafter and (ii) 4.50 to 1.0 at the end of each fiscal quarter thereafter; and
- the Interest Coverage Ratio (defined as EBITDA to Interest charges) is not to be less than 2.50 to 1.0.

The Revolving Credit Facility also requires that the aggregate principal amount of all unsecured, senior secured notes, and the principal amount outstanding under the Revolving Credit Facility, will not exceed $1.5 billion.

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

EBITDA is defined by the Revolving Credit Facility as earnings before interest, taxes, depreciation, depletion and amortization, and is adjusted for non-recurring losses, any non-cash impairment charges and any other non-cash charges, and acquisitions on a pro-forma basis. Interest charges are defined to include interest expense on Total Debt. At September 30, 2021, the Corporation was in compliance with all financial covenants contained in the Revolving Credit Facility. The following table outlines the Corporation's covenant ratios as at September 30, 2021:

	Sept 30, 2021	Covenant
Senior debt to EBITDA	1.6	3.00
Total debt to EBITDA	3.5	4.75
Interest coverage	3.1	2.50

b. Unsecured and senior secured notes

On close of the Transaction, SECURE assumed Tervita's US$500 million aggregate principal amount of 11.00% senior second lien secured notes due December 1, 2025 (the "2025 senior secured notes"). The senior secured notes were measured at fair value in the purchase price allocation in accordance with IFRS 3, *Business Combinations* and as a result a fair value premium was recognized which will be amortized over the term of the 2025 senior secured notes. The 2025 senior secured notes are secured by substantially all tangible and intangible assets owned by the Corporation.

On June 30, 2021, the Corporation closed the private placement of $200 million aggregate principal amount of 7.25% unsecured notes due December 30, 2026 ("2026 unsecured notes") with funds released from escrow on July 2, 2021. The proceeds of the 2026 unsecured notes were used to (i) fund the redemption of US$100 million of the US$500 million aggregate principal amount of 2025 senior secured notes at a redemption price of 105.50%, plus accrued and unpaid interest to, but not including, the redemption date of July 16, 2021; (ii) repay outstanding indebtedness under the Revolving Credit Facility; and (iii) pay fees and expenses incurred in connection with the note issuance and for general corporate purposes. The redemption of the US$100 million of 2025 senior secured notes resulted in a gain on extinguishment of debt of $8 million and has been recorded in other expense on the consolidated statement of comprehensive loss.

Dollar amounts in millions unless otherwise noted

8. REVOLVING CREDIT FACILITY, SENIOR SECURED AND UNSECURED NOTES (continued)

The unsecured notes and senior secured notes balances included on the statements of financial position at September 30, 2021, and December 31, 2020, were as follows:

	Principal	Issuance	Maturity	Sept 30, 2021	Dec 31, 2020
2026 unsecured notes	$200	July 2021	Dec 2026	**200**	-
2025 senior secured notes	US$400	Nov 2020	Dec 2025	**509**	-
Fair value premium on 2025 senior secured notes				**58**	-
Unamortized financing costs				**(5)**	-
Total unsecured and senior secured notes				**762**	**-**

As at September 30, 2021, the fair value of the unsecured and senior secured notes was $202 million and $578 million, respectively. The Corporation has entered into cross currency swaps to hedge foreign exchange exposure on U.S. denominated 2025 senior secured note, fixing the exchange rate on US$300 million principal repayments and a portion of the interest payments. The liability balance of these derivative contracts amounted to $19 million at September 30, 2021, and was recorded in other liabilities on the statements of financial position.

On October 4, 2021, the Corporation closed an additional private offering of $140 million aggregate principal amount of 2026 unsecured notes at an issue price of $100.75, representing a yield of approximately 7%. The proceeds were used to redeem another US$100 million in aggregate principal amount of 2025 senior secured notes at a redemption price of 105.50% plus accrued but unpaid interest to, but not including, the redemption date. The redemptions were completed on October 7 and 8, 2021.

9. LEASE LIABILITIES

	Sept 30, 2021	Dec 31, 2020
Balance - beginning of period	35	49
Acquired upon close of business acquisition (Note 3)	84	-
Additions	4	2
Interest expense	3	2
Principal and interest payments	(12)	(19)
Foreign exchange effect	(1)	1
Balance - end of period	**113**	**35**
Current portion	**27**	10
Non-current portion	**86**	25

10. ASSET RETIREMENT OBLIGATIONS

	Sept 30, 2021	Dec 31, 2020 (Restated - Note 2)
Balance - beginning of period	55	50
Acquired upon close of business acquisition (Note 3)	92	-
Additions	-	2
Changes in discount rate and estimates	19	(1)
Accretion	3	4
Asset retirement obligations incurred	(4)	-
Foreign exchange effect	-	-
Balance - end of period	**165**	**55**
Current portion	8	3
Non-current portion	157	52

Dollar amounts in millions unless otherwise noted

10. ASSET RETIREMENT OBLIGATIONS (continued)

The Corporation's asset retirement obligations were estimated either by a third-party specialist or management based on the Corporation's estimated costs to remediate, reclaim, and abandon the Corporation's facilities and estimated timing of the costs to be incurred in future periods. The Corporation used a credit-adjusted risk-free interest rate ranging from 4.71% to 6.56% (December 31, 2020: 5.52% to 6.85%) and an inflation rate of 1.7% to calculate the net present value of its asset retirement obligations at September 30, 2021 (December 31, 2020: 1.5%).

11. SHAREHOLDERS' EQUITY

	Number of Shares	Amount
Balance at December 31, 2020	**158,700,373**	**1,038**
Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") exercised	1,858,484	11
Shares issued as consideration for business acquisition	147,551,572	621
Balance at September 30, 2021	**308,110,429**	**1,670**

The Corporation declared dividends to holders of common shares for the three and nine months ended September 30, 2021, of $2 million and $5 million, respectively (three and nine months ended September 30, 2020: nil and $15 million, respectively).

On September 15, 2021, the Corporation declared a dividend in the amount of $0.0075 (0.75 cents) per common share. Subsequent to September 30, 2021, the Corporation paid out this dividend to holders of common shares on record on October 1, 2021.

In May 2020, SECURE entered into an NCIB whereby the Corporation could purchase for cancellation up to a maximum of 10,796,069 common shares of the Corporation from May 28, 2020, to May 27, 2021, or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or terminated at the Corporation's election. The NCIB expired on May 27, 2021, and was not renewed. No shares were repurchased under the NCIB during the three and nine months ended September 30, 2021 (three and nine months ended September 30, 2020: 336,500 shares for a total cost of $2 million under a previous NCIB).

Basic and Diluted Earnings Per Share

The basic and diluted weighted average number of shares used in the basic and diluted income per share computations was 306,474,523 shares for the three months ended September 30, 2021, and 209,329,456 for the nine months ended September 30, 2021 (for the three and nine months ended September 30, 2020: 158,577,224 and 158,526,801 shares, respectively). The effect of all options, RSUs and PSUs for the three and nine months ended September 30, 2021, and 2020, have been excluded as they are considered to be anti-dilutive.

12. SHARE-BASED COMPENSATION PLANS

The Corporation has a Unit Incentive Plan ("UIP") under which the Corporation may grant incentive units, comprised of RSUs and PSUs (collectively, "Incentive Units") to employees and consultants, and a deferred share unit ("DSU") plan for non-employee directors of the Corporation. The terms of these plans remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2020.

Dollar amounts in millions unless otherwise noted

12. SHARE-BASED COMPENSATION PLANS (continued)

Incentive Units and DSUs

The following table summarizes the units outstanding:

	RSUs	PSUs	DSUs
Balance at December 31, 2020	**2,295,514**	**2,501,349**	**699,191**
Granted	568,014	1,613,663	641,772
Reinvested dividends	12,006	19,154	4,627
Redeemed for common shares	(1,184,533)	(673,951)	-
Forfeited	(84,247)	(37,986)	-
Balance at September 30, 2021	**1,606,754**	**3,422,229**	**1,345,590**

The fair value of the RSUs and PSUs issued were determined using the five-day volume weighted average share price at the grant date.

Options

The balance of share options outstanding was 50,000 at September 30, 2021, with a weighted average exercise price of $11.48, and 63,333 at December 31, 2020, with a weighted average exercise price of $10.80. All outstanding options are exercisable at September 30, 2021.

13. EXPENSES

The below table summarizes the disaggregation of cost of sales and general and administrative expenses for the three and nine months ended September 30, 2021, and 2020:

For the three months ended September 30, 2021	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	22	11	**33**
Share-based compensation	-	3	**3**
Depreciation, depletion and amortization	77	6	**83**
Oil purchase/resale services expense	936	-	**936**
Other [(1)]	161	18	**179**
Total	**1,196**	**38**	**1,234**

For the nine months ended September 30, 2021	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	57	25	**82**
Share-based compensation	1	9	**10**
Depreciation, depletion and amortization	133	11	**144**
Oil purchase/resale services expense	1,860	-	**1,860**
Other [(1)]	278	31	**309**
Total	**2,329**	**76**	**2,405**

[(1)] Other includes the remaining expenses not listed separately in the table above. The majority of these expenses are cost of products, repairs and maintenance, trucking and disposal and utilities, net of tariff fees associated with oil pipelines.

Dollar amounts in millions unless otherwise noted

13. EXPENSES (continued)

For the three months ended September 30, 2020	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	11	6	**17**
Share-based compensation	1	2	**3**
Depreciation, depletion and amortization [(2)]	28	3	**31**
Oil purchase/resale services expense	349	-	**349**
Other [(1)]	46	3	**49**
Total	**435**	**14**	**449**

For the nine months ended September 30, 2020	Cost of Sales	General and Administrative Expense	Total
Employee compensation and benefits	54	25	**79**
Share-based compensation	3	4	**7**
Depreciation, depletion and amortization [(2)]	109	9	**118**
Oil purchase/resale services expense	1,008	-	**1,008**
Other [(1)]	150	12	**162**
Total	**1,324**	**50**	**1,374**

[(1)] Other includes the remaining expenses not listed separately in the table above. The majority of these expenses are cost of products, repairs and maintenance, trucking and disposal and utilities, net of tariff fees associated with oil pipelines.

[(2)] Prior year amounts have been restated, refer to Note 2 for additional information

Transaction costs and restructuring

During the three and nine months ended September 30, 2021, the Corporation recorded $18 million and $29 million, respectively, of costs related to the Transaction. Refer to Note 3 for additional information.

During the three and nine months ended September 30, 2020, the Corporation recorded $1 million and $11 million, respectively, of restructuring costs, primarily associated with severance and related costs as a result of measures taken to reduce the Corporation's fixed cost structure to align with industry activity declines resulting from the COVID-19 pandemic and decreased oil demand.

14. CAPITAL MANAGEMENT

	Sept 30, 2021	Dec 31, 2020
Current assets	461	208
Current liabilities	(380)	(157)
Amount drawn on Revolving Credit Facility	451	399
2025 senior secured notes (principal)	509	-
2026 unsecured notes	200	-
Shareholders' equity	1,274	719
	2,515	**1,169**

The Corporation's objective in capital management is to ensure adequate sources of capital are available to carry out its planned capital program, while maintaining operational growth, payment of dividends and stable cash flow so as to sustain the business for the long-term. Management considers the Corporation's current assets less current liabilities, total amounts drawn on debt facilities, amounts outstanding on the unsecured and senior secured notes and shareholders' equity as the components of capital to be managed.

Dollar amounts in millions unless otherwise noted

15. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

	1 year or less	1-5 years	5 years and thereafter	Total
Crude oil transportation	35	113	19	167
Crude oil storage	11	41	43	95
Capital commitments	3	-	-	3
Total contractual obligations	**49**	**154**	**62**	**265**

Crude oil transportation commitments

Included in this number are committed crude oil volumes for pipeline throughput at certain of the Corporation's pipeline connected full service terminals. This amount reflects the total payment that would have to be made should the Corporation not deliver the committed pipeline volumes.

Crude oil storage commitment

SECURE has an arrangement for crude oil storage capacity at a major oil hub in western Canada and in Cushing, Oklahoma.

Capital commitments and other

The amounts relate to various capital purchases for use in the Corporation's current and future capital projects. All amounts are current and due within one year.

16. SEGMENT REPORTING

As at September 30, 2021, the Corporation reports results in the following two reportable segments:

- **Midstream Infrastructure** includes a network of midstream processing and storage facilities, crude oil and water pipelines, and crude by rail terminals located throughout key resource plays in western Canada, North Dakota and Oklahoma. Midstream Infrastructure services include clean oil terminalling and storage, crude oil marketing, pipeline transportation, 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 industrial landfills, hazardous and non-hazardous waste management and disposal; onsite abandonment, environmental solutions for site remediation and reclamation management, bio-remediation and technologies, water treatment and recycling, emergency response, rail services, metal recycling services; a suite of comprehensive environmental management solutions provided by the Corporation to a diversified customer base; and fluid management for drilling, completion and production activities.

These reportable segments of the Corporation have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the Corporation's chief operating decision maker, identified as the Corporation's President and Chief Executive Officer, to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available. The Corporation has aggregated certain operating segments into the above noted reportable segments through examination of the Corporation's performance which is based on the similarity of services and goods provided and economic characteristics exhibited by the operating segments.

Dollar amounts in millions unless otherwise noted

16. SEGMENT REPORTING (continued)

The Corporation reports activities not directly attributable to an operating segment under Corporate. Corporate division expenses consist of public company costs, share-based compensation, interest and finance costs, and personnel, office and other administrative costs relating to corporate employees and officers.

Accounting policies used for segment reporting are consistent with the accounting policies used for the preparation of the Corporation's condensed consolidated financial statements.

The Corporation disaggregates revenue from contracts with customers by type of service or good to reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following tables present the financial performance by reportable segment and includes a measure of segment profit or loss regularly reviewed by management for the three and nine months ended September 30, 2021, and 2020.

Three months ended Sept 30, 2021	**Midstream Infrastructure**	**Environmental and Fluid Management**	**Corporate**	**Total**
Revenue from services	132	185	-	317
Oil purchase and resale service	936	-	-	936
Total revenue	**1,068**	**185**	**-**	**1,253**
Cost of sales excluding items listed separately below	(983)	(136)	-	(1,119)
Segment profit margin	**85**	**49**	**-**	**134**
G&A expenses excluding items listed separately below	(9)	(7)	(13)	(29)
Depreciation, depletion and amortization (1)	(55)	(25)	(3)	(83)
Share-based compensation (1)	-	-	(3)	(3)
Interest, accretion and finance costs	-	(2)	(22)	(24)
Transaction costs	-	-	(18)	(18)
Other expense	-	-	(7)	(7)
Income (loss) before tax	**21**	**15**	**(66)**	**(30)**

Nine months ended Sept 30, 2021	**Midstream Infrastructure**	**Environmental and Fluid Management**	**Corporate**	**Total**
Revenue from services	231	335	-	566
Oil purchase and resale service	1,860	-	-	1,860
Total revenue	**2,091**	**335**	**-**	**2,426**
Cost of sales excluding items listed separately below	(1,947)	(248)	-	(2,195)
Segment profit margin	**144**	**87**	**-**	**231**
G&A expenses excluding items listed separately below	(18)	(16)	(22)	(56)
Depreciation, depletion and amortization (1)	(96)	(42)	(6)	(144)
Share-based compensation (1)	-	-	(10)	(10)
Interest, accretion and finance costs	(1)	(2)	(29)	(32)
Transaction costs	-	-	(29)	(29)
Other expense	(2)	-	(7)	(9)
Income (loss) before tax	**27**	**27**	**(103)**	**(49)**

(1) Depreciation, depletion and amortization, share-based compensation and impairment 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.

Dollar amounts in millions unless otherwise noted

16. SEGMENT REPORTING (continued)

Three months ended Sept 30, 2020	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue from services	45	58	-	103
Oil purchase and resale service	349	-	-	349
Total revenue	**394**	**58**	**-**	**452**
Cost of sales excluding items listed separately below	(362)	(44)	-	(406)
Segment profit margin	**32**	**14**	**-**	**46**
G&A expenses excluding items listed separately below	(4)	(2)	(3)	(9)
Depreciation, depletion and amortization (1)(2)	(22)	(8)	(1)	(31)
Share-based compensation (1)	-	-	(3)	(3)
Interest, accretion and finance costs (2)	(1)	-	(6)	(7)
Restructuring costs	-	(1)	-	(1)
Income (loss) before tax	**5**	**3**	**(13)**	**(5)**

Nine months ended Sept 30, 2020	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Revenue from services	154	187	-	341
Oil purchase and resale service	1,008	-	-	1,008
Total revenue	**1,162**	**187**	**-**	**1,349**
Cost of sales excluding items listed separately below	(1,065)	(147)	-	(1,212)
Segment profit margin	**97**	**40**	**-**	**137**
G&A expenses excluding items listed separately below	(12)	(12)	(13)	(37)
Depreciation, depletion and amortization (1)(2)	(69)	(45)	(4)	(118)
Share-based compensation (1)	-	-	(7)	(7)
Interest, accretion and finance costs (2)	(3)	-	(20)	(23)
Restructuring costs	(4)	(6)	(1)	(11)
Income (loss) before tax	**9**	**(23)**	**(45)**	**(59)**

(1) Depreciation, depletion and amortization, share-based compensation and impairment 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.

(2) Prior year amounts have been restated, refer to Note 2 for additional information.

Assets and liabilities

As at September 30, 2021	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Current assets	229	224	8	**461**
Property, plant and equipment	1,535	317	18	**1,870**
Equity-accounted investee	11	-	-	**11**
Right-of-use assets	22	39	13	**74**
Intangible assets	166	29	6	**201**
Total assets excluding goodwill	1,970	603	218	**2,791**
Current liabilities	219	112	49	**380**
Total liabilities	348	217	1,302	**1,867**

As at December 31, 2020	Midstream Infrastructure	Environmental and Fluid Management	Corporate	Total
Current assets	107	101	-	**208**
Property, plant and equipment (1)	938	164	5	**1,107**
Right-of-use assets	15	17	-	**32**
Intangible assets	18	-	-	**18**
Goodwill	-	11	-	**11**
Total assets excluding goodwill (1)	1,079	282	4	**1,365**
Current liabilities	112	45	-	**157**
Total liabilities (1)	162	85	410	**657**

(1) Prior year amounts have been restated, refer to Note 2 for additional information

Dollar amounts in millions unless otherwise noted

16. SEGMENT REPORTING (continued)

Information about geographic areas

	Canada		U.S.		Total	
Three months ended September 30,	**2021**	2020	**2021**	2020	**2021**	2020
Revenue	**1,218**	409	**35**	43	**1,253**	452
Nine months ended September 30,	**2021**	2020	**2021**	2020	**2021**	2020
Revenue	**2,330**	1,212	**96**	137	**2,426**	1,349
As at September 30, 2021 and December 31, 2020	**2021**	2020	**2021**	2020	**2021**	2020
Total non-current assets	**2,563**	999	**117**	169	**2,680**	1,168

CORPORATE INFORMATION

DIRECTORS

Rene Amirault
Grant Billing – Chairman
Michael Colodner (1) (3)
Brad Munro (2) (4)
Kevin Nugent (1) (4)
Susan Riddell Rose (2) (4)
Jay Thornton (2) (3)
Deanna Zumwalt (1) (3)

1 Audit Committee
2 Compensation Committee
3 Corporate Governance & Nominating Committee
4 Environment, Social & Governance Committee

STOCK EXCHANGE

Toronto Stock Exchange
Symbol: SES

AUDITORS

KPMG LLP
Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Calgary, Alberta

LEAD BANKERS

ATB Financial
National Bank of Canada

TRANSFER AGENT AND REGISTRAR

Odyssey Trust Company
Calgary, Alberta

OFFICERS

Rene Amirault
President & Chief Executive Officer

Allen Gransch
Chief Operating Officer

Chad Magus
Chief Financial Officer

Michael Callihoo
General Counsel and Corporate Secretary

James Anderson
Senior Vice President, Fluids Management

David Engel
Senior Vice President, Landfill Solutions

Corey Higham
Senior Vice President, Midstream Operations

David Mattinson
Senior Vice President, Environmental Solutions

Mike Mikuska
Senior Vice President, Commercial & Transportation