

Condensed Consolidated Financial Statements (unaudited)

**For the three and six months ended June 30, 2018 and 2017**

*(Expressed in Canadian Dollars)*

**SECURE ENERGY SERVICES INC.**  
**Condensed Consolidated Statements of Financial Position**

(\$000's) (unaudited)	Notes	As at	
		June 30, 2018	December 31, 2017
<b>Assets</b>			
<b>Current assets</b>			
Cash		1,049	9,730
Accounts receivable and accrued receivables		249,741	308,690
Current tax assets		6,022	5,925
Prepaid expenses and deposits		8,527	8,838
Inventories		65,363	72,225
		<b>330,702</b>	<b>405,408</b>
Property, plant and equipment	4	1,147,704	1,088,151
Intangible assets		44,141	51,212
Goodwill		11,127	11,127
Deferred tax assets		4,327	6,848
<b>Total Assets</b>		<b>1,538,001</b>	<b>1,562,746</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		209,514	257,837
Asset retirement obligations		3,666	3,055
Finance lease liabilities		6,291	5,111
		<b>219,471</b>	<b>266,003</b>
Long-term borrowings	5	329,751	298,408
Asset retirement obligations		75,833	74,262
Finance lease liabilities		8,464	6,052
Onerous lease liabilities		1,343	1,761
Deferred tax liabilities		42,603	41,768
<b>Total Liabilities</b>		<b>677,465</b>	<b>688,254</b>
<b>Shareholders' Equity</b>			
Issued capital	6	1,061,897	1,057,505
Share-based compensation reserve	7	54,254	56,524
Foreign currency translation reserve		28,532	21,618
Deficit		(284,147)	(261,155)
<b>Total Shareholders' Equity</b>		<b>860,536</b>	<b>874,492</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,538,001</b>	<b>1,562,746</b>

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

**SECURE ENERGY SERVICES INC.**  
**Consolidated Statements of Comprehensive (Loss) Income**

(\$000's except per share and share data) (unaudited)	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2018	2017	2018	2017
<b>Revenue</b>	<b>8</b>	<b>719,923</b>	584,324	<b>1,425,368</b>	1,034,913
<b>Operating expenses:</b>					
Direct expenses		669,558	546,492	1,307,601	940,074
Depreciation, depletion and amortization		27,381	26,678	54,675	52,370
		<b>696,939</b>	573,170	<b>1,362,276</b>	992,444
General and administrative expenses		18,281	15,093	36,773	28,375
Share-based compensation		5,487	5,563	11,115	11,737
Business development expenses		1,241	2,312	2,547	3,952
		<b>25,009</b>	22,968	<b>50,435</b>	44,064
<b>Operating (loss) income</b>		<b>(2,025)</b>	(11,814)	<b>12,657</b>	(1,595)
Interest, accretion and finance costs		5,214	4,111	9,070	6,995
<b>(Loss) income before tax</b>		<b>(7,239)</b>	(15,925)	<b>3,587</b>	(8,590)
Current tax expense (recovery)		301	(3,307)	1,122	(3,332)
Deferred tax (recovery) expense		(639)	911	3,289	4,831
		<b>(338)</b>	(2,396)	<b>4,411</b>	1,499
<b>Net loss</b>		<b>(6,901)</b>	(13,529)	<b>(824)</b>	(10,089)
Other comprehensive income (loss)					
Foreign currency translation adjustment		3,264	(3,869)	6,914	(5,673)
<b>Total comprehensive (loss) income</b>		<b>(3,637)</b>	(17,398)	<b>6,090</b>	(15,762)
Basic and diluted loss per common share	<b>6</b>	<b>(0.04)</b>	(0.08)	<b>(0.01)</b>	(0.06)
Weighted average shares outstanding - basic and diluted	<b>6</b>	<b>164,524,360</b>	162,776,950	<b>164,268,516</b>	162,421,437

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

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

<i>(\$000's) (unaudited)</i>	Note	Issued capital	Share-based compensation reserve	Foreign currency translation reserve	Deficit	Total Shareholders' Equity
<b>Balance at January 1, 2018</b>		<b>1,057,505</b>	<b>56,524</b>	<b>21,618</b>	<b>(261,155)</b>	<b>874,492</b>
Net loss		-	-	-	(824)	(824)
Dividends declared	6	-	-	-	(22,168)	(22,168)
Foreign currency translation adjustment		-	-	6,914	-	6,914
Exercise of options and share units	6	13,136	(13,081)	-	-	55
Share-based compensation		-	10,811	-	-	10,811
Shares cancelled under normal course issuer bid ("NCIB")	6	(8,744)	-	-	-	(8,744)
<b>Balance at June 30, 2018</b>		<b>1,061,897</b>	<b>54,254</b>	<b>28,532</b>	<b>(284,147)</b>	<b>860,536</b>
<b>Balance at January 1, 2017</b>		<b>1,030,033</b>	<b>51,441</b>	<b>32,049</b>	<b>(186,476)</b>	<b>927,047</b>
Net loss		-	-	-	(10,089)	(10,089)
Dividends declared		-	-	-	(19,667)	(19,667)
Shares issued through dividend reinvestment plan ("DRIP")		3,353	-	-	-	3,353
Foreign currency translation adjustment		-	-	(5,673)	-	(5,673)
Exercise of options and share units		19,780	(15,418)	-	-	4,362
Share-based compensation		-	11,543	-	-	11,543
<b>Balance at June 30, 2017</b>		<b>1,053,166</b>	<b>47,566</b>	<b>26,376</b>	<b>(216,232)</b>	<b>910,876</b>

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

**SECURE ENERGY SERVICES INC.**  
**Consolidated Statements of Cash Flows**

(\$000's) (unaudited)	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2018	2017	2018	2017
<b>Cash flows from (used in) operating activities</b>					
Net loss		(6,901)	(13,529)	(824)	(10,089)
Adjustments for non-cash items:					
Depreciation, depletion and amortization		27,381	26,678	54,675	52,370
Interest, accretion and finance costs	5	5,214	4,111	9,070	6,995
Current and deferred tax expense		(338)	(2,396)	4,411	1,499
Other non-cash (income) expense		59	(37)	(639)	(30)
Share-based compensation		5,487	5,563	11,115	11,737
Interest paid		(3,815)	(3,074)	(7,478)	(5,306)
Income taxes recovered (paid)		-	60	(1,200)	252
Change in non-cash working capital		47,418	23,184	38,136	26,174
Asset retirement costs incurred		67	(505)	60	(519)
<b>Net cash flows from operating activities</b>		<b>74,572</b>	<b>40,055</b>	<b>107,326</b>	<b>83,083</b>
<b>Cash flows (used in) from investing activities</b>					
Purchase of property, plant and equipment		(36,263)	(19,385)	(92,844)	(31,481)
Business acquisition		-	(30,303)	-	(30,303)
Change in non-cash working capital		(6,390)	2,130	(20,524)	(261)
<b>Net cash flows used in investing activities</b>		<b>(42,653)</b>	<b>(47,558)</b>	<b>(113,368)</b>	<b>(62,045)</b>
<b>Cash flows (used in) from financing activities</b>					
Shares issued, net of share issue costs	6	-	2,095	55	4,362
Repurchase and cancellation of shares under NCIB	6	(8,744)	-	(8,744)	-
(Repayment) draw on credit facilities		(13,187)	33,239	30,813	12,239
Financing fees		-	(1,061)	-	(1,061)
Capital lease obligation		(2,075)	(1,936)	(3,331)	(3,425)
Dividends paid	6	(11,111)	(9,967)	(22,168)	(16,314)
<b>Net cash flows (used in) from financing activities</b>		<b>(35,117)</b>	<b>22,370</b>	<b>(3,375)</b>	<b>(4,199)</b>
<b>Effect of foreign exchange on cash</b>		<b>433</b>	<b>210</b>	<b>736</b>	<b>(10)</b>
(Decrease) increase in cash		(2,765)	15,077	(8,681)	16,829
Cash, beginning of period		3,814	5,184	9,730	3,432
<b>Cash, end of period</b>		<b>1,049</b>	<b>20,261</b>	<b>1,049</b>	<b>20,261</b>

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

## **SECURE ENERGY SERVICES INC.**

### **Notes to the Condensed Consolidated Financial Statements (unaudited)**

**For the three and six months ended June 30, 2018 and 2017**

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#### **1. NATURE OF BUSINESS AND BASIS OF PRESENTATION**

##### **Nature of Business**

Secure Energy Services Inc. ("Secure") is incorporated under the Business Corporations Act of Alberta. Secure operates through a number of wholly-owned subsidiaries (together referred to as the "Corporation") which are managed through three operating segments which provide innovative, efficient and environmentally responsible fluids and solids solutions to the oil and gas industry. The fluids and solids solutions are provided through an integrated service and product offering that includes midstream services, environmental services, systems and products for drilling, production and completion fluids, and other specialized services and products. The Corporation owns and operates midstream infrastructure and provides solutions and products to upstream oil and natural gas companies operating in western Canada and in certain regions in the United States ("U.S.").

The processing, recovery and disposal services division ("PRD") owns and operates midstream infrastructure that provides processing, storing, pipelines, shipping and marketing of crude oil, oilfield waste disposal and recycling. The PRD division services include clean oil terminalling, rail transloading, pipelines, crude oil marketing, custom treating of crude oil, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service. The drilling and production services division ("DPS") provides equipment, product solutions and chemicals for drilling, completion and production operations for oil and gas producers in western Canada. The OnSite division ("OS") includes Projects which include pipeline integrity (inspection, excavation, repair, replacement and rehabilitation), demolition and decommissioning, and reclamation and remediation of former wellsites, facilities, commercial and industrial properties, and environmental construction projects (landfills, containment ponds, subsurface containment walls, etc.); Integrated Fluid Solutions ("IFS") which include water management, recycling, pumping and storage solutions; and Environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, Naturally Occurring Radioactive Material ("NORM") management, waste container services and emergency response services.

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

**SECURE ENERGY SERVICES INC.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**

**For the three and six months ended June 30, 2018 and 2017**

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**1. NATURE OF BUSINESS AND BASIS OF PRESENTATION (continued)**

**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 June 30, 2018. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2017.

These condensed 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. All values are rounded to the nearest thousand dollars (\$000’s), except where otherwise indicated. Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

These condensed consolidated financial statements were approved by Secure’s Board of Directors on August 1, 2018.

**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, 2017, except as described in Note 3 of the Corporation’s condensed consolidated financial statements for the three months ended March 31, 2018. Unless otherwise stated, these policies have been consistently applied to all periods presented.

**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 doubtful accounts, purchase price equations, 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.

**SECURE ENERGY SERVICES INC.****Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2018 and 2017****3. RECENT ACCOUNTING PRONOUNCEMENTS*****Standards issued but not effective*****IFRS 16 Leases**

On January 13, 2016, the IASB issued IFRS 16 Leases which replaces IAS 17. The new standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

Secure will adopt IFRS 16 on the effective date of January 1, 2019, and has selected the modified retrospective transition approach. Secure has also elected to apply the optional exemptions for short-term and low-value leases. IFRS 16 is expected to increase the Corporation's assets and liabilities, increase depreciation, depletion and amortization expense, increase interest, accretion and finance costs and reduce direct expenses and general and administrative expenses. Cash payments associated with operating leases are currently presented within operating activities; under IFRS 16, the cash flows will be allocated between financing activities for the repayment of the principal liability and operating activities for the financing expense portion. The overall impact to cash flow is unchanged.

**4. PROPERTY, PLANT AND EQUIPMENT**

<b>Balance at December 31, 2017</b>	<b>1,088,151</b>
Additions	101,745
Change in asset retirement cost	848
Disposals	(2,860)
Depreciation and depletion	(46,747)
Foreign exchange effect	6,567
<b>Balance at June 30, 2018</b>	<b>1,147,704</b>

**5. LONG-TERM BORROWINGS**

(\$000's)	June 30, 2018	Dec 31, 2017
Amount drawn on credit facilities	330,813	300,000
Unamortized transaction costs	(1,062)	(1,592)
<b>Total long-term borrowings</b>	<b>329,751</b>	<b>298,408</b>
Credit facilities	600,000	600,000
Amount drawn on credit facilities	(330,813)	(300,000)
Letters of credit	(61,973)	(39,713)
<b>Available amount</b>	<b>207,214</b>	<b>260,287</b>

The Corporation has a \$470 million first lien credit facility ("First Lien Facility") with a syndicate of ten financial institutions and Canadian Chartered banks. In addition, the Corporation has a \$130 million second lien credit facility ("Second Lien Facility") with a syndicate of three financial institutions and Canadian Chartered banks. The combined facilities total \$600 million. At June 30, 2018, the full amount of the \$130 million Second Lien Facility was drawn.



**SECURE ENERGY SERVICES INC.****Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2018 and 2017****5. LONG-TERM BORROWINGS (continued)**

At June 30, 2018 and December 31, 2017, the Corporation was in compliance with all financial covenants contained in the lending agreements.

**6. SHAREHOLDERS' EQUITY**

	Number of Shares	Amount (\$000's)
<b>Balance at December 31, 2017</b>	163,352,572	1,057,505
Options exercised	6,666	55
RSUs and PSUs exercised	1,265,069	-
Transfer from reserves in equity	-	13,081
Shares repurchased and cancelled under NCIB	(1,193,173)	(8,744)
<b>Balance at June 30, 2018</b>	<b>163,431,134</b>	<b>1,061,897</b>

As at June 30, 2018, there were 849,187 common shares of the Corporation held in escrow in conjunction with the Corporation's business acquisitions (December 31, 2017: 1,508,564).

The Corporation declared dividends to holders of common shares for the three and six months ended June 30, 2018 of \$11.1 million and \$22.2 million (three and six months ended June 30, 2017: \$10.0 million and \$19.7 million).

Subsequent to June 30, 2018, the Corporation declared dividends to holders of common shares in the amount of \$0.0225 per common share payable on July 16 and August 15, 2018 for shareholders of record on July 1 and August 1, 2018, respectively.

The following reflects the share data used in the basic and diluted loss per share computations:

	For the three months ended,		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Weighted average number of shares for basic loss per share	164,524,360	162,776,950	164,268,516	162,421,437
Effect of dilution:				
Options, RSUs, PSUs and CSUs	-	-	-	-
<b>Weighted average number of shares for diluted loss per share</b>	<b>164,524,360</b>	<b>162,776,950</b>	<b>164,268,516</b>	<b>162,421,437</b>

The above table excludes the effect of all options, restricted share units ("RSUs") and performance share units ("PSUs") for the three and six months ended June 30, 2018 and June 30, 2017, as they are considered to be anti-dilutive.

On May 28, 2018, the Corporation commenced a normal course issuer bid (the "NCIB"), under which the Corporation may purchase for cancellation up to a maximum of 8,227,359 common shares of the Corporation. The NCIB will terminate on May 27, 2019 or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or is terminated at the Corporation's election. For the three and six months ended June 30, 2018, a total of 1,193,173 common shares at a cost of \$8.7 million were purchased, cancelled and removed from share capital under the terms of the NCIB, representing an average repurchase price of \$7.33 per common share. Subsequent to June 30, 2018, the Corporation purchased 1,613,400 additional shares at a weighted average price per share of \$7.52 for a total \$12.1 million.

**SECURE ENERGY SERVICES INC.****Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2018 and 2017****7. SHARE-BASED COMPENSATION PLANS**

The Corporation has share-based compensation plans (the "Plans") under which the Corporation may grant share options, RSUs, PSUs and compensation share units ("CSUs") to its employees and consultants. In addition, the Corporation has a deferred share unit ("DSU") plan for non-employee directors of the Corporation. The terms of the Plans and aggregate number of common shares issuable remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2017.

A summary of the status of the Corporation's share options is as follows:

	June 30, 2018		Dec 31, 2017	
	Outstanding options	Weighted average exercise price (\$)	Outstanding options	Weighted average exercise price (\$)
Balance - beginning of year	6,153,925	13.71	7,209,139	13.17
Granted	-	-	50,000	11.48
Exercised	(6,666)	8.23	(547,524)	7.97
Expired	(1,243,681)	12.90	(337,778)	9.49
Forfeited	(202,539)	16.67	(219,912)	16.11
<b>Balance - end of period</b>	<b>4,701,039</b>	<b>13.81</b>	<b>6,153,925</b>	<b>13.71</b>
<b>Exercisable - end of period</b>	<b>4,064,181</b>	<b>14.70</b>	<b>4,534,175</b>	<b>15.07</b>

**Unit Incentive and DSU Plans**

The following table summarizes the units outstanding:

For the six months ended June 30, 2018:	RSUs	PSUs	DSUs
Balance - beginning of year	3,125,795	1,694,216	258,305
Granted	1,819,115	771,676	90,360
Reinvested dividends	62,194	37,837	5,141
Redeemed for common shares	(1,156,059)	(109,010)	-
Forfeited	(251,320)	(36,902)	-
<b>Balance - end of period</b>	<b>3,599,725</b>	<b>2,357,817</b>	<b>353,806</b>

As at June 30, 2018, \$2.6 million (December 31, 2017: \$2.3 million) was included in accounts payable and accrued liabilities for outstanding DSUs. Share-based compensation included in the consolidated statements of comprehensive (loss) income related to the DSUs was \$nil and an expense of \$0.3 million for the three and six months ended June 30, 2018 (recovery of \$0.2 million and expense of \$0.2 million for the three and six months ended June 30, 2017).

## SECURE ENERGY SERVICES INC.

### Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2018 and 2017

## 8. REVENUE

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

The following table disaggregates the Corporation's revenue by type of good or service:

(\$000's)					
Three months ended June 30, 2018	PRD division	DPS division	OS division	Corporate	Total
Oil purchase and resale service	578,674	-	-	-	578,674
Processing, recovery and disposal services	80,496	-	-	-	80,496
Drilling and production services	-	34,710	-	-	34,710
OnSite services	-	-	26,043	-	26,043
<b>Revenue from contracts with customers</b>	<b>659,170</b>	<b>34,710</b>	<b>26,043</b>	<b>-</b>	<b>719,923</b>

(\$000's)					
Six months ended June 30, 2018	PRD division	DPS division	OS division	Corporate	Total
Oil purchase and resale service	1,095,932	-	-	-	1,095,932
Processing, recovery and disposal services	167,840	-	-	-	167,840
Drilling and production services	-	103,389	-	-	103,389
OnSite services	-	-	58,207	-	58,207
<b>Revenue from contracts with customers</b>	<b>1,263,772</b>	<b>103,389</b>	<b>58,207</b>	<b>-</b>	<b>1,425,368</b>

(\$000's)					
Three months ended June 30, 2017	PRD division	DPS division	OS division	Corporate	Total
Oil purchase and resale service	468,952	-	-	-	468,952
Processing, recovery and disposal services	60,278	-	-	-	60,278
Drilling and production services	-	33,921	-	-	33,921
OnSite services	-	-	21,173	-	21,173
<b>Revenue from contracts with customers</b>	<b>529,230</b>	<b>33,921</b>	<b>21,173</b>	<b>-</b>	<b>584,324</b>

(\$000's)					
Six months ended June 30, 2017	PRD division	DPS division	OS division	Corporate	Total
Oil purchase and resale service	778,828	-	-	-	778,828
Processing, recovery and disposal services	127,748	-	-	-	127,748
Drilling and production services	-	84,389	-	-	84,389
OnSite services	-	-	43,948	-	43,948
<b>Revenue from contracts with customers</b>	<b>906,576</b>	<b>84,389</b>	<b>43,948</b>	<b>-</b>	<b>1,034,913</b>

At June 30, 2018 and 2017, the Corporation did not hold any contract assets or liabilities related to revenue from contracts with customers.

## 9. CONTRACTUAL OBLIGATIONS

As at June 30, 2018

(\$000's)	Payments due by period			Total
	1 year or less	1-5 years	5 years and thereafter	
Finance leases	6,768	8,221	-	14,989
Operating leases	12,873	26,219	7,824	46,916
Crude oil transportation <sup>(1)</sup>	21,780	123,625	118,521	263,926
Inventory purchases	11,663	4,569	-	16,232
Capital commitments	26,087	-	-	26,087
<b>Total contractual obligations</b>	<b>79,171</b>	<b>162,634</b>	<b>126,345</b>	<b>368,150</b>

<sup>(1)</sup> Crude oil transportation includes rail car operating lease commitments and crude oil transportation volumes for pipeline throughput at certain pipeline connected full service terminals.

**SECURE ENERGY SERVICES INC.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**

**For the three and six months ended June 30, 2018 and 2017**

**10. OPERATING SEGMENTS**

For management purposes, the Corporation is organized into divisions based on their products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment.

The Corporation has three reportable operating segments, as described in Note 1. The Corporation also reports activities not directly attributable to an operating segment under Corporate. Corporate division expenses consist of public company costs, as well as salaries, share-based compensation, interest and finance costs and office and administrative costs relating to corporate employees and officers.

<b>(\$000's)</b>					
<b>Three months ended June 30, 2018</b>	<b>PRD division</b>	<b>DPS division</b>	<b>OS division</b>	<b>Corporate</b>	<b>Total</b>
Revenue	659,170	34,710	26,043	-	719,923
Direct expenses	(616,470)	(31,988)	(21,100)	-	(669,558)
<b>Operating margin</b>	<b>42,700</b>	<b>2,722</b>	<b>4,943</b>	<b>-</b>	<b>50,365</b>
General and administrative expenses	(6,287)	(4,972)	(2,055)	(4,967)	(18,281)
Share-based compensation	-	-	-	(5,487)	(5,487)
Business development expenses	-	-	-	(1,241)	(1,241)
Depreciation, depletion and amortization	(18,942)	(5,625)	(2,454)	(360)	(27,381)
Interest, accretion and finance costs	(431)	-	-	(4,783)	(5,214)
<b>Earnings (loss) before tax</b>	<b>17,040</b>	<b>(7,875)</b>	<b>434</b>	<b>(16,838)</b>	<b>(7,239)</b>
<b>Six months ended June 30, 2018</b>	<b>PRD division</b>	<b>DPS division</b>	<b>OS division</b>	<b>Corporate</b>	<b>Total</b>
Revenue	1,263,772	103,389	58,207	-	1,425,368
Direct expenses	(1,173,668)	(87,304)	(46,629)	-	(1,307,601)
<b>Operating margin</b>	<b>90,104</b>	<b>16,085</b>	<b>11,578</b>	<b>-</b>	<b>117,767</b>
General and administrative expenses	(12,216)	(10,640)	(3,915)	(10,002)	(36,773)
Share-based compensation	-	-	-	(11,115)	(11,115)
Business development expenses	-	-	-	(2,547)	(2,547)
Depreciation, depletion and amortization	(37,660)	(11,140)	(5,196)	(679)	(54,675)
Interest, accretion and finance costs	(844)	-	-	(8,226)	(9,070)
<b>Earnings (loss) before tax</b>	<b>39,384</b>	<b>(5,695)</b>	<b>2,467</b>	<b>(32,569)</b>	<b>3,587</b>
<b>(\$000's)</b>					
<b>Three months ended June 30, 2017</b>	<b>PRD division</b>	<b>DPS division</b>	<b>OS division</b>	<b>Corporate</b>	<b>Total</b>
Revenue	529,230	33,921	21,173	-	584,324
Direct expenses	(497,661)	(31,878)	(16,953)	-	(546,492)
<b>Operating margin</b>	<b>31,569</b>	<b>2,043</b>	<b>4,220</b>	<b>-</b>	<b>37,832</b>
General and administrative expenses	(4,415)	(3,555)	(2,168)	(4,955)	(15,093)
Share-based compensation	-	-	-	(5,563)	(5,563)
Business development expenses	-	-	-	(2,312)	(2,312)
Depreciation, depletion and amortization	(17,690)	(5,794)	(2,939)	(255)	(26,678)
Interest, accretion and finance costs	(350)	-	-	(3,761)	(4,111)
<b>Earnings (loss) before tax</b>	<b>9,114</b>	<b>(7,306)</b>	<b>(887)</b>	<b>(16,846)</b>	<b>(15,925)</b>
<b>Six months ended June 30, 2017</b>	<b>PRD division</b>	<b>DPS division</b>	<b>OS division</b>	<b>Corporate</b>	<b>Total</b>
Revenue	906,576	84,389	43,948	-	1,034,913
Direct expenses	(835,190)	(70,745)	(34,139)	-	(940,074)
<b>Operating margin</b>	<b>71,386</b>	<b>13,644</b>	<b>9,809</b>	<b>-</b>	<b>94,839</b>
General and administrative expenses	(8,377)	(7,004)	(4,246)	(8,748)	(28,375)
Share-based compensation	-	-	-	(11,737)	(11,737)
Business development expenses	-	-	-	(3,952)	(3,952)
Depreciation, depletion and amortization	(35,087)	(10,668)	(5,983)	(632)	(52,370)
Interest, accretion and finance costs	(772)	-	-	(6,223)	(6,995)
<b>Earnings (loss) before tax</b>	<b>27,150</b>	<b>(4,028)</b>	<b>(420)</b>	<b>(31,292)</b>	<b>(8,590)</b>

**SECURE ENERGY SERVICES INC.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**

**For the three and six months ended June 30, 2018 and 2017**

**10. OPERATING SEGMENTS (continued)**

(\$000's)

<b>As at June 30, 2018</b>	<b>PRD division</b>	<b>DPS division</b>	<b>OS division</b>	<b>Corporate</b>	<b>Total</b>
Current assets	211,654	91,177	27,871	-	330,702
Property, plant and equipment	1,005,970	106,323	29,314	6,097	1,147,704
Intangible assets	6,720	35,626	1,795	-	44,141
Goodwill	-	-	11,127	-	11,127
Total assets	1,224,344	237,453	70,107	6,097	1,538,001
Current liabilities	177,889	26,093	15,489	-	219,471
Total liabilities	293,796	37,447	16,470	329,752	677,465

<b>As at December 31, 2017</b>	<b>PRD division</b>	<b>DPS division</b>	<b>OS division</b>	<b>Corporate</b>	<b>Total</b>
Current assets	239,253	121,147	45,008	-	405,408
Property, plant and equipment	934,896	109,311	37,488	6,456	1,088,151
Intangible assets	6,422	41,367	3,423	-	51,212
Goodwill	-	-	11,127	-	11,127
Total assets	1,180,570	278,674	97,046	6,456	1,562,746
Current liabilities	214,144	29,536	22,323	-	266,003
Total liabilities	319,674	46,410	23,762	298,408	688,254

**Geographical Financial Information**

<b>(\$000's)</b>	<b>Canada</b>		<b>US</b>		<b>Total</b>	
<b>Three months ended June 30,</b>	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017
Revenue	<b>700,808</b>	572,311	<b>19,115</b>	12,013	<b>719,923</b>	584,324
<b>Six months ended June 30,</b>	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017
Revenue	<b>1,389,005</b>	1,010,888	<b>36,363</b>	24,025	<b>1,425,368</b>	1,034,913
<b>As at June 30, 2018 and December 31, 2017</b>						
Total non-current assets	<b>1,077,103</b>	1,027,962	<b>130,196</b>	129,376	<b>1,207,299</b>	1,157,338

## SECURE ENERGY SERVICES INC.

### Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2018 and 2017

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#### CORPORATE INFORMATION

##### DIRECTORS

Rene Amirault - Chairman

Brad Munro <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>

David Johnson <sup>(2)</sup> <sup>(3)</sup> <sup>(4)</sup>

Daniel Steinke <sup>(4)</sup>

Kevin Nugent <sup>(1)</sup> <sup>(3)</sup>

Michele Harradence

Murray Cobbe <sup>(1)</sup> <sup>(2)</sup> <sup>(5)</sup>

Shaun Paterson <sup>(1)</sup> <sup>(4)</sup>

<sup>1</sup> Audit Committee

<sup>2</sup> Compensation Committee

<sup>3</sup> Corporate Governance Committee

<sup>4</sup> Health, Safety & Environment Committee

<sup>5</sup> Lead Director

##### 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

*Executive Vice President, Corporate  
Development*

Chad Magus

*Executive Vice President & Chief Financial  
Officer*

Daniel Steinke

*Executive Vice President, New Ventures &  
Government Affairs*

Corey Higham

*Executive Vice President, Processing, Recovery  
& Disposal*

Brian McGurk

*Executive Vice President, Human Resources &  
Strategy*

George Wadsworth

*Executive Vice President, Drilling & Production  
Services*

Mike Mikuska

*Executive Vice President, Commercial &  
Transportation*

David Mattinson

*Executive Vice President, OnSite Services*

David Engel

*Executive Vice President, Technical Services*