

Condensed Consolidated Financial Statements (unaudited)

**For the three months ended March 31, 2015 and 2014**

*(Expressed in Canadian Dollars)*

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

<i>(\$000's) (unaudited)</i>	Notes	March 31, 2015	December 31, 2014
<b>Assets</b>			
<b>Current assets</b>			
Cash		4,476	4,882
Accounts receivable and accrued receivables		170,382	228,642
Current tax asset		3,397	-
Prepaid expenses and deposits		7,393	8,396
Inventories	3	59,380	70,199
		<b>245,028</b>	<b>312,119</b>
Assets under construction	4	118,181	210,139
Property, plant and equipment	4	870,346	735,196
Intangible assets		117,508	124,102
Goodwill		112,662	111,650
Other assets		1,639	2,911
<b>Total Assets</b>		<b>1,465,364</b>	<b>1,496,117</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		107,091	193,121
Asset retirement obligations	6	1,714	1,800
Current tax liability		-	5,886
Finance lease liabilities		10,940	10,458
		<b>119,745</b>	<b>211,265</b>
Long term borrowings	5	246,461	397,385
Asset retirement obligations	6	76,335	70,639
Finance lease liabilities		10,923	12,060
Deferred income tax liability		43,690	42,473
<b>Total Liabilities</b>		<b>497,154</b>	<b>733,822</b>
<b>Shareholders' Equity</b>			
Issued capital	7	829,769	631,229
Share-based compensation reserve		29,647	25,227
Foreign currency translation reserve		28,098	14,629
Retained earnings		80,696	91,210
<b>Total Shareholders' Equity</b>		<b>968,210</b>	<b>762,295</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,465,364</b>	<b>1,496,117</b>

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

**SECURE ENERGY SERVICES INC.**  
**Condensed Consolidated Statements of Comprehensive Income**

(\$000's except per share and share data) (unaudited)	Notes	For the three months ended March 31,	
		2015	2014
<b>Revenue</b>		366,547	526,212
<b>Operating expenses:</b>			
Direct expenses		309,714	449,825
Depreciation, depletion and amortization		26,897	20,863
<b>Operating expenses</b>		<b>336,611</b>	<b>470,688</b>
<b>General and administrative expenses:</b>			
General and administrative		18,036	16,605
Share-based compensation		6,118	2,598
Business development		4,273	2,577
<b>General and administrative expenses</b>		<b>28,427</b>	<b>21,780</b>
<b>Operating earnings</b>		<b>1,509</b>	<b>33,744</b>
Interest, accretion and finance costs		3,953	1,916
<b>(Loss) earnings for the period before tax</b>		<b>(2,444)</b>	<b>31,828</b>
Current tax (recovery) expense		(451)	8,130
Deferred tax expense		1,230	709
		779	8,839
<b>Net (loss) earnings for the period</b>		<b>(3,223)</b>	<b>22,989</b>
Other comprehensive income			
Foreign currency translation adjustment		15,251	4,386
Tax on foreign currency translation adjustment		(1,782)	(559)
<b>Total comprehensive income for the period</b>		<b>10,246</b>	<b>26,816</b>
(Loss) earnings per share			
Basic, (loss) earnings for the period per common share		(0.03)	0.20
Diluted, (loss) earnings for the period per common share		(0.03)	0.19
Weighted average shares outstanding - basic	7	122,689,850	117,235,063
Weighted average shares outstanding - diluted	7	122,689,850	120,436,149

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

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

<i>(\$000's) (unaudited)</i>	Notes	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total Shareholders' Equity
<b>Balance at January 1, 2015</b>		<b>631,229</b>	<b>25,227</b>	<b>14,629</b>	<b>91,210</b>	<b>762,295</b>
Net loss for the period		-	-	-	(3,223)	<b>(3,223)</b>
Dividends paid	7	-	-	-	(7,291)	<b>(7,291)</b>
Shares issued under dividend reinvestment plan ('DRIP')	7	955	-	-	-	<b>955</b>
Foreign currency translation adjustment, net of tax		-	-	13,469	-	<b>13,469</b>
Issue of share capital	7	198,000	-	-	-	<b>198,000</b>
Exercise of options and RSUs	7	5,743	(1,757)	-	-	<b>3,986</b>
Share issue costs, net of tax	7	(6,158)	-	-	-	<b>(6,158)</b>
Share-based compensation	7	-	6,177	-	-	<b>6,177</b>
<b>Balance at March 31, 2015</b>		<b>829,769</b>	<b>29,647</b>	<b>28,098</b>	<b>80,696</b>	<b>968,210</b>
<b>Balance at January 1, 2014</b>		<b>562,306</b>	<b>14,659</b>	<b>4,424</b>	<b>82,945</b>	<b>664,334</b>
Net earnings for the period		-	-	-	22,989	22,989
Dividends paid		-	-	-	(4,392)	(4,392)
Shares issued under DRIP		628	-	-	-	628
Foreign currency translation adjustment, net of tax		-	-	3,827	-	3,827
Issue of share capital for business combination		8,723	-	-	-	8,723
Exercise of options		4,248	(1,061)	-	-	3,187
Share issue costs, net of tax		(46)	-	-	-	(46)
Share-based compensation		-	2,526	-	-	2,526
<b>Balance at March 31, 2014</b>		<b>575,859</b>	<b>16,124</b>	<b>8,251</b>	<b>101,542</b>	<b>701,776</b>

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

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

(\$000's) (unaudited)	Notes	For the three months ended	
		March 31,	
		2015	2014
<b>Cash flows from operating activities</b>			
Net (loss) earnings for the period		(3,223)	22,989
Adjustments for non-cash items:			
Depreciation, depletion and amortization		26,897	20,863
Accretion	6	383	278
Interest expense		3,494	1,583
Current tax (recovery) expense		(451)	8,130
Deferred tax expense		1,230	709
Amortization of financing fees		76	55
Unrealized foreign exchange gain		(269)	(334)
Other income		-	(514)
Impairment of inventory	3	1,970	-
Share-based compensation		6,118	2,598
<b>Funds from operations</b>		<b>36,225</b>	<b>56,357</b>
Change in accounts receivable and accrued receivables, prepaid expenses and deposits and other assets		63,836	(75,531)
Change in inventories		9,240	4,509
Change in accounts payable and accrued liabilities related to operating activities		(112,961)	30,915
Asset retirement obligations incurred	6	(72)	-
<b>Cash (used in) generated from operations</b>		<b>(3,732)</b>	<b>16,250</b>
Interest paid		(3,559)	(1,835)
Income taxes paid		(8,870)	(8,634)
<b>Net cash flows (used in) from operating activities</b>		<b>(16,161)</b>	<b>5,781</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(45,673)	(50,316)
Business combinations		-	(16,421)
Change in non-cash working capital		24,751	(713)
<b>Net cash flows used in investing activities</b>		<b>(20,922)</b>	<b>(67,450)</b>
<b>Cash flows from financing activities</b>			
Shares issued, net of share issue costs	7	194,730	3,786
(Repayment) draw on credit facility		(151,000)	59,500
Dividends paid	7	(7,291)	(4,392)
<b>Net cash flows from financing activities</b>		<b>36,439</b>	<b>58,894</b>
<b>Effect of foreign exchange on cash</b>		<b>238</b>	<b>103</b>
Decrease in cash		(406)	(2,672)
Cash, beginning of period		4,882	12,019
<b>Cash, end of period</b>		<b>4,476</b>	<b>9,347</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 months ended March 31, 2015 and 2014**

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#### **1. NATURE OF BUSINESS**

Secure Energy Services Inc. ("Secure" or the "Corporation") provides 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 fluids and other specialized services and products. The Corporation also owns and operates midstream infrastructure and provides services and products to upstream oil and natural gas companies operating in the Western Canadian Sedimentary Basin ("WCSB") and the Rocky Mountain Region in the United States ("U.S.").

The processing, recovery and disposal services division ("PRD") owns and operates midstream infrastructure that provides processing, storing, shipping and marketing of crude oil, oilfield waste disposal and recycling. Specifically these services are clean oil terminalling and rail transloading, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service. The drilling services division ("DS") provides equipment and chemical solutions for building, maintaining, processing and recycling of drilling and completion fluids. The OnSite division ("OS") includes environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and 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.

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.

#### **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). 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.

The condensed consolidated financial statements of the Corporation are stated in and recorded in thousands of Canadian dollars (\$) which is the Corporation's presentation currency.

## SECURE ENERGY SERVICES INC.

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

For the three months ended March 31, 2015 and 2014

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Management reviews these judgments, estimates and assumptions on an ongoing basis, including those related to the determination of cash generating units, depreciation, depletion and amortization, recoverability of assets, asset retirement obligations and accretion, inventories, share-based compensation, deferred income taxes, provision for doubtful accounts, and purchase price allocations. Actual results may differ from these estimates.

These condensed consolidated financial statements were approved by the Board of Directors on May 7, 2015.

### 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, 2014. Unless otherwise stated, these policies have been consistently applied to all periods presented.

### Change in Accounting Estimate

Effective January 1, 2015, Secure reassessed the useful lives of property, plant and equipment based on the current condition of the assets and taking into consideration the operating history of the assets. As a result of this change, Secure anticipates a decrease in depreciation and depletion expense for the quarter of \$6.8 million and \$27.2 million for the year ending December 31, 2015, notwithstanding additions during the year. Secure could not determine the effect of the change in estimate for future periods beyond 2015 as the information will not be meaningful as capital expenditures for future periods and timing of new facilities being commissioned are subject to a high level of uncertainty. The estimated useful lives of the assets are as follows:

Buildings	10 to 45 years
Landfill cells	Units of total capacity utilized in the period
Mobile equipment	5 to 7 years
Plant infrastructure, equipment & disposal wells	2 to 25 years
Rental equipment	2 to 25 years
Furniture and fixtures	7.5 years
Leasehold improvements	10 years
Computer equipment and software	3 to 5 years

**SECURE ENERGY SERVICES INC.****Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three months ended March 31, 2015 and 2014****3. INVENTORIES**

<b>(\$000's)</b>	<b>Mar 31, 2015</b>	<b>Dec 31, 2014</b>
Drilling fluids	43,581	54,755
Minerals and specialty chemicals	10,968	11,374
Crude oil and natural gas liquids	3,289	2,539
Spare parts and supplies	1,542	1,531
<b>Total inventories</b>	<b>59,380</b>	<b>70,199</b>

Inventories are shown at the lower of cost and net realizable value. Crude oil, natural gas liquids, drilling fluids, minerals and specialty chemical inventories recognized as operating expenses in the condensed consolidated statements of comprehensive income for the three months ended March 31, 2015 were \$41.7 million (\$71.1 million for the three months ended March 31, 2014). Included in the expense is a \$2.0 million impairment of inventory held in the DS division to net realizable value (\$nil for the three months ended March 31, 2014).

Inventories are included in the general security agreements held by the banks as security for the Corporation's credit facility (Note 5).

**4. PROPERTY, PLANT AND EQUIPMENT**

Directly attributable capitalized salaries and overhead, and borrowing costs on projects with a substantial time to completion of \$1.4 million and \$0.2 million, respectively were added to assets under construction for the three months ended March 31, 2015 (\$2.2 million and \$0.3 million, respectively for the three months ended March 31, 2014).

During the three months ended March 31, 2015, \$121.3 million was transferred from assets under construction to property, plant and equipment for completed projects (\$38.4 million for the three months ended March 31, 2014).



**SECURE ENERGY SERVICES INC.**

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

**For the three months ended March 31, 2015 and 2014**

**4. PROPERTY, PLANT AND EQUIPMENT (continued)**

(\$000's)	Land and Buildings	Plant, Infrastructure, Equipment, Landfill Cells and Disposal Wells	Rental and Mobile Equipment	Office and Computer Equipment	Total
<b>Cost:</b>					
<b>December 31, 2014</b>	71,428	721,906	116,573	27,737	<b>937,644</b>
Additions	14,262	110,776	8,581	2,299	<b>135,918</b>
Change in asset retirement cost	-	3,725	-	-	<b>3,725</b>
Disposals	-	(1,369)	(563)	(146)	<b>(2,078)</b>
Foreign exchange effect	1,938	13,609	2,058	134	<b>17,739</b>
<b>March 31, 2015</b>	<b>87,628</b>	<b>848,647</b>	<b>126,649</b>	<b>30,024</b>	<b>1,092,948</b>
<b>Accumulated depreciation and depletion:</b>					
<b>December 31, 2014</b>	(9,204)	(159,424)	(25,583)	(8,237)	<b>(202,448)</b>
Depreciation and depletion	(667)	(12,622)	(3,580)	(1,722)	<b>(18,591)</b>
Disposals	-	360	327	100	<b>787</b>
Foreign exchange effect	(255)	(1,525)	(529)	(41)	<b>(2,350)</b>
<b>March 31, 2015</b>	<b>(10,126)</b>	<b>(173,211)</b>	<b>(29,365)</b>	<b>(9,900)</b>	<b>(222,602)</b>
<b>Net book value:</b>					
<b>March 31, 2015</b>	<b>77,502</b>	<b>675,436</b>	<b>97,284</b>	<b>20,124</b>	<b>870,346</b>
December 31, 2014	62,224	562,482	90,990	19,500	<b>735,196</b>

**SECURE ENERGY SERVICES INC.**  
**Notes to the Condensed Consolidated Financial Statements (unaudited)**  
**For the three months ended March 31, 2015 and 2014**

**5. LONG TERM BORROWINGS**

(\$000's)	Mar 31, 2015	Dec 31, 2014
Amount drawn on credit facility	247,500	398,500
Unamortized transaction costs	(1,039)	(1,115)
<b>Total long term borrowings</b>	<b>246,461</b>	<b>397,385</b>

The Corporation has a \$700.0 million syndicated credit facility (the "Credit Facility"). The Credit Facility consists of a \$675.0 million extendible revolving term credit facility and a \$25.0 million revolving operating facility. The Credit Facility includes an accordion feature which, if exercised and approved by the Corporation's lenders, would increase the Credit Facility by \$100.0 million.

As security for the Credit Facility, the Corporation granted its lenders a security interest over all of its present and after acquired property. A \$1.0 billion debenture provides a first fixed charge over the Corporation's real properties and a floating charge over all present and after acquired property not subject to the fixed charge.

The Corporation is subject to certain covenants under the credit facility which remain unchanged from those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2014. The Corporation was in compliance with all of its debt covenants as at March 31, 2015.

The amount available under the Credit Facility is reduced by any outstanding letters of credit. As at March 31, 2015, the Corporation has \$14.6 million (\$22.4 million as at December 31, 2014) in letters of credit issued by the Corporation's lenders. The letters of credit are issued to various government authorities for potential reclamation obligations in accordance with applicable regulations (Note 6) and crude oil marketing contracts.

(\$000's)	Mar 31, 2015	Dec 31, 2014
Credit facility	700,000	700,000
Amount drawn on credit facility	(247,500)	(398,500)
Letters of credit	(14,575)	(22,439)
<b>Available amount</b>	<b>437,925</b>	<b>279,061</b>

**6. ASSET RETIREMENT OBLIGATIONS**

(\$000's)	
<b>December 31, 2014</b>	<b>72,439</b>
Arising during the period through development activities	2,471
Revisions during the period	(2,351)
Accretion	383
Change in discount rate	3,605
Asset retirement obligations incurred	(72)
Foreign exchange effect	1,574
<b>March 31, 2015</b>	<b>78,049</b>

**SECURE ENERGY SERVICES INC.****Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three months ended March 31, 2015 and 2014****6. ASSET RETIREMENT OBLIGATIONS (continued)**

The Corporation expects to incur the majority of the costs over the next twenty-five years. The amount expected to be incurred within the next twelve months is related to the capping of a number of the Corporation's landfill cells & wells.

(\$000's)	March 31, 2015	Dec 31, 2014
Current	1,714	1,800
Non-current	76,335	70,639
	<b>78,049</b>	<b>72,439</b>

The Corporation has issued \$12.6 million (\$16.0 million as at December 31, 2014) of performance bonds and letters of credit in relation to the Corporation's asset retirement obligations (Note 5).

**7. SHAREHOLDERS' EQUITY**

	Number of Shares	Amount (\$000's)
<b>Balance, December 31, 2014</b>	121,367,451	631,229
Options exercised	867,165	3,986
Restricted Share Units ("RSU") exercised	9,727	196
Transfer from reserves in equity	-	1,561
Bought-deal equity financing (Note 7a)	13,515,370	198,000
Shares issued through DRIP (Note 7b)	64,884	955
Share issue costs, net of tax of \$2.1M	-	(6,158)
<b>Balance, March 31, 2015</b>	<b>135,824,597</b>	<b>829,769</b>

As at March 31, 2015 there were 9,380,869 (9,528,483 as at December 31, 2014) common shares of the Corporation held in escrow in conjunction with the Corporation's business combinations.

- a) On March 4, 2015, the Corporation entered into an agreement on a bought deal basis (the "offering") with a syndicate of underwriters, pursuant to which the underwriters agreed to purchase for resale to the public 13,515,370 common shares (including overallotment) of the Corporation at a price of \$14.65 per common share for gross proceeds of \$198.0 million. In connection with the offering, the Corporation incurred approximately \$8.2 million in transaction costs which included \$7.9 million in agent fees. Total transaction costs, net of tax, were applied against the proceeds in share capital during the three months ended March 31, 2015.
- b) The Corporation declared dividends to holders of common shares for the three months ended March 31, 2015, as follows:

	Dividend record date	Dividend payment date	Per common share (\$)	Amount (\$000's)
January	Jan 1, 2015	Jan 15, 2015	0.02	2,429
February	Feb 1, 2015	Feb 16, 2015	0.02	2,429
March	Mar 1, 2015	Mar 16, 2015	0.02	2,433
<b>Total dividends paid during the period</b>			<b>0.06</b>	<b>7,291</b>

Of the dividends declared, \$1.0 million for the three months ended March 31, 2015 was reinvested in additional common shares through the Dividend Reinvestment Plan ("DRIP") (\$0.6 million for the three months ended March 31, 2014). The Corporation has 337,382 common shares reserved for issue under the DRIP as at March 31, 2015.

**SECURE ENERGY SERVICES INC.**

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

**For the three months ended March 31, 2015 and 2014**

**7. SHAREHOLDERS' EQUITY (continued)**

Subsequent to March 31, 2015, the Corporation declared dividends to holders of common shares in the amount of \$0.02 per common share payable on April 15, 2015 and May 15, 2015, for shareholders of record on April 1, 2015 and May 1, 2015, respectively.

The basic and diluted number of common shares used to calculate (loss) earnings per share amounts are as follows:

	For the three months ended	
	March 31, 2015	March 31, 2014
Weighted average number of shares for basic earnings (loss) per share	122,689,850	117,235,063
Effect of dilution:		
Options, RSUs & Performance Share Units ("PSUs")	-	3,201,086
Weighted average number of shares for diluted earnings per share	122,689,850	120,436,149

The above table excludes all options, RSUs and PSUs for the three months ended March 31, 2015 (96,127 options, RSUs and PSUs for the three months ended March 31, 2014) as they are considered to be anti-dilutive.

**8. SHARE-BASED COMPENSATION PLANS**

The Corporation has share-based compensation plans (the "Plans") under which the Corporation may grant share options, RSUs and PSUs to its employees and employee directors. 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, 2014.

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

	Mar 31, 2015		Dec 31, 2014	
	Outstanding options	Weighted average exercise price (\$)	Outstanding options	Weighted average exercise price (\$)
Balance - beginning of period	7,665,806	12.45	7,519,300	9.03
Granted	1,618,194	15.52	2,211,571	19.29
Exercised	(867,165)	4.58	(1,775,400)	6.22
Forfeited	(275,071)	14.28	(289,665)	13.92
Balance - end of period	8,141,764	13.85	7,665,806	12.45
Exercisable - end of period	2,831,059	10.36	3,210,619	8.34

**SECURE ENERGY SERVICES INC.****Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three months ended March 31, 2015 and 2014****8. SHARE-BASED COMPENSATION PLANS (continued)**

The fair value of options granted to employees, and employee directors was estimated at the date of grant using the Black-Scholes Option Pricing Model, including the following assumptions:

	Mar 31, 2015	Dec 31, 2014
Volatility factor of expected market price (%)	40.00	38.00
Weighted average risk-free interest rate (%)	1.08	1.34
Weighted average expected life in years	3.94	3.98
Weighted average expected annual dividends per share (%)	1.64	1.05
Weighted average fair value per option (\$)	4.36	5.54
Weighted average forfeiture rate (%)	5.53	5.53

**RSU plan**

The Corporation has an RSU plan which allows the Corporation to issue RSUs that are redeemable for the issuance of common shares. The Corporation has granted RSUs to employees.

The following table summarizes the RSUs outstanding:

	Mar 31, 2015	Dec 31, 2014
<b>Balance - beginning of period</b>	<b>843,913</b>	171,932
Granted	909,480	783,010
Redeemed for common shares	(9,727)	(50,357)
Forfeited	(190,570)	(60,672)
<b>Balance - end of period</b>	<b>1,553,096</b>	<b>843,913</b>

The fair value of the RSUs issued is determined on the grant date based on the market price of the common shares on the grant date, and includes the following assumptions:

	Mar 31, 2015	Dec 31, 2014
Weighted average expected life in years	2.11	2.04
Weighted average expected annual dividends per share (%)	1.64	0.98
Weighted average fair value per RSU (\$)	15.04	20.11
Weighted average forfeiture rate (%)	12.06	7.65

**PSU plan**

The Corporation has a PSU plan which allows the Corporation to issue PSUs to senior officers that are redeemable for the issuance of common shares. The Board of Directors shall designate, at the time of grant, the date or dates which all or a portion of the PSUs shall vest and any performance conditions to such vesting.

The following table summarizes the PSUs outstanding:

	Mar 31, 2015	Dec 31, 2014
<b>Balance - beginning of period</b>	<b>21,620</b>	-
Granted	130,420	21,620
<b>Balance - end of period</b>	<b>152,040</b>	<b>21,620</b>

**SECURE ENERGY SERVICES INC.****Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three months ended March 31, 2015 and 2014****8. SHARE-BASED COMPENSATION PLANS (continued)**

The fair value of the PSUs issued is determined on the grant date based on the market price of the common shares on the grant date, is adjusted for the estimate of the performance conditions and includes the following assumptions:

	Mar 31, 2015	Dec 31, 2014
Weighted average expected life in years	2.00	2.00
Weighted average expected annual dividends per share (%)	1.64	0.90
Weighted average fair value per PSU (\$)	15.04	18.12
Weighted average forfeiture rate (%)	2.00	0.00

**DSU Plan**

The Corporation has a DSU plan for non-employee members of the Board of Directors.

A summary of the status of the Corporation's DSU plan is as follows:

	Mar 31, 2015	Dec 31, 2014
<b>Balance - beginning of period</b>	<b>79,427</b>	52,220
Granted	322	27,207
<b>Balance - end of period</b>	<b>79,749</b>	<b>79,427</b>
<b>Exercisable - end of period</b>	<b>79,749</b>	<b>79,427</b>

**9. COMMITMENTS AND CONTINGENCIES**

(\$000's)	Payments due by period			Total
	1 year or less	1-5 years	5 years and thereafter	
Finance leases	10,940	10,923	-	21,863
Operating leases	9,035	24,970	7,576	41,581
Crude oil transportation	24,763	94,216	70,255	189,234
Inventory purchases	8,775	35,100	-	43,875
Capital commitments	2,905	-	-	2,905
Earn out payments	1,274	-	-	1,274
<b>Total commitments</b>	<b>57,692</b>	<b>165,209</b>	<b>77,831</b>	<b>300,732</b>

**Crude oil transportation**

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

**Commodity contract purchase commitments**

In the normal course of operations, the Corporation is committed to volumes of commodities for use in the Corporation's crude oil marketing activities. In addition, the Corporation is committed over the next 12 months to purchasing oil and non-oil commodities for use in the normal course of operations of the DS and PRD divisions.

## SECURE ENERGY SERVICES INC.

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

For the three months ended March 31, 2015 and 2014

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#### 9. COMMITMENTS AND CONTINGENCIES (continued)

##### Litigation

On December 21, 2007, Tervita Corporation (formerly known as CCS Inc.) ("Tervita") filed a statement of claim commencing Action No. 0701-13328 (the "Tervita Action") in the Judicial District of Calgary of the Court of Queen's Bench of Alberta (the "Court") against the Corporation, certain of the Corporation's employees who were previously employed by Tervita (collectively, the "Secure Defendants") and others in which Tervita alleges that the defendants misappropriated business opportunities, misused confidential information, breached fiduciary duties owed to Tervita, and conspired with one another. Tervita seeks damages in the amount of \$110.0 million, an accounting and disgorgement of all profits earned by the Corporation since its incorporation and other associated relief. The matters raised in the lawsuit are considered by the Corporation to be unfounded and unproven allegations that will be vigorously defended, although no assurances can be given with respect to the outcome of such proceedings. The Corporation believes it has valid defences to this claim and accordingly has not recorded any related liability.

A statement of defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, the Corporation claims damages in the amount of \$37.9 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the Competition Act (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. As a result of the Corporation's application to the Chief Justice of the Alberta Queen's Bench, the Corporation has received permission of the Court to increase the Counterclaim to \$97.8 million. The amended counterclaim will now include damages related to Tervita's acquisition of Complete Environmental Inc., the previous owner of the Babkirk landfill in northeast British Columbia. The Corporation contends that Tervita purchased the landfill with the intention of maintaining its geographic monopoly and conspiring to cause injury to the Corporation. A decision to that effect by the Competition Tribunal of Canada was reviewed by the Supreme Court of Canada. On January 22, 2015 the Supreme Court of Canada overturned the Federal Court of Appeal and decided in Tervita's favour. The conclusion of the action taken by the Competition Bureau does not bar Secure from pursuing the civil remedies available to it on its counterclaim as filed in the Queen's Bench of Alberta.

The Corporation is a defendant and plaintiff in legal actions that arise in the normal course of business. The Corporation believes that any liabilities that might arise pertaining to such matters would not have a material effect on its consolidated financial position.

#### 10. OPERATING SEGMENTS

The Corporation has three reportable operating segments as follows:

- PRD division owns and operates midstream infrastructure that provides processing, storing, shipping and marketing of crude oil, oilfield waste disposal and recycling. Specifically these services are clean oil terminalling and rail transloading, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal, and oil purchase/resale service.

**SECURE ENERGY SERVICES INC.**
**Notes to the Condensed Consolidated Financial Statements (unaudited)**
**For the three months ended March 31, 2015 and 2014**
**10. OPERATING SEGMENTS (continued)**

- DS division provides equipment and chemical solutions for building, maintaining, processing and recycling of drilling and completion fluids.
- OS division includes environmental services which provide pre-drilling assessment planning, drilling waste management, remediation and reclamation assessment services, laboratory services, and "CleanSite" waste container services; integrated fluid solutions which include water management, recycling, pumping and storage solutions; and 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.

Three Months Ended March 31, 2015	PRD division	DS division	OS division	Corporate	Total
Revenue	266,389	68,864	31,294	-	366,547
Direct expenses	(230,725)	(57,164)	(21,825)	-	(309,714)
Operating Margin	35,664	11,700	9,469	-	56,833
General and administrative	(7,249)	(7,103)	(2,197)	(1,487)	(18,036)
Share-based compensation	-	-	-	(6,118)	(6,118)
Business development	-	-	-	(4,273)	(4,273)
Depreciation, depletion and amortization	(17,482)	(6,048)	(3,241)	(126)	(26,897)
Interest, accretion and finance costs	(383)	-	-	(3,570)	(3,953)
(Loss) earnings before tax	10,550	(1,451)	4,031	(15,574)	(2,444)

Three Months Ended March 31, 2014	PRD division	DS division	OS division	Corporate	Total
Revenue	383,882	118,683	23,647	-	526,212
Direct expenses	(344,315)	(88,381)	(17,129)	-	(449,825)
Operating Margin	39,567	30,302	6,518	-	76,387
General and administrative	(5,561)	(7,057)	(1,632)	(2,355)	(16,605)
Share-based compensation	-	-	-	(2,598)	(2,598)
Business development	-	-	-	(2,577)	(2,577)
Depreciation, depletion and amortization	(13,739)	(4,996)	(1,885)	(243)	(20,863)
Interest, accretion and finance costs	(278)	-	-	(1,638)	(1,916)
(Loss) earnings before tax	19,989	18,249	3,001	(9,411)	31,828

As at March 31, 2015	PRD division	DS division	OS division	Corporate	Total
Current assets	84,174	122,118	38,736	-	245,028
Total assets	978,523	377,489	99,968	9,384	1,465,364
Goodwill	31,409	70,125	11,128	-	112,662
Intangible assets	42,960	60,061	14,487	-	117,508
Property, plant and equipment and assets under construction	819,981	123,546	35,616	9,384	988,527
Current liabilities	78,926	22,367	18,452	-	119,745
Total liabilities	182,907	45,548	22,238	246,461	497,154

As at December 31, 2014	PRD division	DS division	OS division	Corporate	Total
Current assets	104,874	169,084	38,161	-	312,119
Total assets	959,980	426,002	100,183	9,952	1,496,117
Goodwill	30,397	70,125	11,128	-	111,650
Intangible assets	45,809	62,536	15,757	-	124,102
Property, plant and equipment and assets under construction	778,899	121,347	35,137	9,952	945,335
Current liabilities	141,569	45,628	24,068	-	211,265
Total liabilities	239,102	68,778	28,557	397,385	733,822



**SECURE ENERGY SERVICES INC.****Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three months ended March 31, 2015 and 2014****10. OPERATING SEGMENTS (continued)****Geographical Financial Information**

(\$000's)	Canada		US		Total	
	2015	2014	2015	2014	2015	2014
<b>Three Months Ended March 31,</b>						
Revenue	342,851	510,453	23,696	15,759	366,547	526,212
<b>As at March 31, 2015 and Dec 31, 2014</b>						
Total non-current assets	1,029,983	1,006,518	190,353	177,480	1,220,336	1,183,998

## 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>

George Wadsworth <sup>(4)</sup>

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

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

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

### OFFICERS

Rene Amirault

*President & Chief Executive Officer*

Allen Gransch

*Executive Vice President & Chief Financial Officer*

Brian McGurk

*Executive Vice President, Human Resources & Strategy*

Corey Higham

*Executive Vice President, Midstream*

Dan Steinke

*Executive Vice President, Operations, PRD*

David Mattinson

*Executive Vice President, OnSite Services*

George Wadsworth

*Executive Vice President, Drilling Services & USA Operations*

### STOCK EXCHANGE

Toronto Stock Exchange

Symbol: SES

### AUDITORS

KPMG LLP

Calgary, Alberta

### LEGAL COUNSEL

Bennett Jones LLP

Calgary, Alberta

### BANKERS

Alberta Treasury Branches

### TRANSFER AGENT AND REGISTRAR

Computershare

Calgary, Alberta

<sup>1</sup> Audit Committee

<sup>2</sup> Compensation Committee

<sup>3</sup> Corporate Governance Committee

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