

Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended September 30, 2016 and 2015

(Expressed in Canadian Dollars)

SECURE ENERGY SERVICES INC.
Condensed Consolidated Statements of Financial Position

(\$000's) (unaudited)	Notes	As at	
		September 30, 2016	December 31, 2015
Assets			
Current assets			
Cash		3,089	4,863
Accounts receivable and accrued receivables		162,456	125,358
Current tax assets		14,484	15,416
Prepaid expenses and deposits		6,329	8,427
Inventories		70,102	58,848
		256,460	212,912
Property, plant and equipment	4	1,034,521	1,007,626
Intangible assets		72,128	70,323
Goodwill		30,643	11,127
Deferred tax assets		12,889	13,432
Total Assets		1,406,641	1,315,420
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		130,865	86,785
Asset retirement obligations		112	1,476
Finance lease liabilities		5,759	8,873
		136,736	97,134
Long-term borrowings	5	200,952	260,683
Asset retirement obligations		89,203	84,511
Finance lease liabilities		4,535	7,041
Onerous lease liabilities		2,421	3,644
Deferred tax liabilities		43,235	37,895
Total Liabilities		477,082	490,908
Shareholders' Equity			
Issued capital	6	1,022,803	851,490
Share-based compensation reserve		45,511	37,194
Foreign currency translation reserve		28,036	36,403
Deficit		(166,791)	(100,575)
Total Shareholders' Equity		929,559	824,512
Total Liabilities and Shareholders' Equity		1,406,641	1,315,420

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

SECURE ENERGY SERVICES INC.
Consolidated Statements of Comprehensive Loss

(\$000's except per share and share data) (unaudited)	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2016	2015	2016	2015
Revenue		401,800	333,336	879,540	1,056,452
Operating expenses:					
Direct expenses		363,020	285,864	784,165	918,064
Depreciation, depletion and amortization		26,034	27,492	76,178	78,598
		389,054	313,356	860,343	996,662
General and administrative expenses		10,855	16,207	33,181	49,272
Share-based compensation		6,746	3,747	17,599	15,875
Business development expenses		1,185	2,694	4,136	9,238
		18,786	22,648	54,916	74,385
Operating loss		(6,040)	(2,668)	(35,719)	(14,595)
Interest, accretion and finance costs		2,448	2,665	8,876	9,634
Impairment		-	62,776	-	62,776
Loss before tax		(8,488)	(68,109)	(44,595)	(87,005)
Current tax recovery		(448)	(542)	(11,693)	(6,344)
Deferred tax expense (recovery)		81	(14,525)	5,966	(7,616)
		(367)	(15,067)	(5,727)	(13,960)
Net loss		(8,121)	(53,042)	(38,868)	(73,045)
Other comprehensive income (loss)					
Foreign currency translation adjustment		2,493	11,302	(8,367)	22,611
Total comprehensive loss		(5,628)	(41,740)	(47,235)	(50,434)
Basic and diluted loss per common share	6	(0.05)	(0.39)	(0.25)	(0.55)
Weighted average shares outstanding - basic and diluted	6	159,618,869	136,944,300	152,715,722	131,992,359

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) retained earnings	Total Shareholders' Equity
Balance at January 1, 2016		851,490	37,194	36,403	(100,575)	824,512
Net loss		-	-	-	(38,868)	(38,868)
Dividends declared	6	-	-	-	(27,348)	(27,348)
Shares issued through dividend reinvestment plan ("DRIP")	6	9,765	-	-	-	9,765
Foreign currency translation adjustment		-	-	(8,367)	-	(8,367)
Bought deal equity financing	6	149,558	-	-	-	149,558
Share issue costs, net of tax	6	(4,906)	-	-	-	(4,906)
Issue of share capital for business acquisition	6	5,932	-	-	-	5,932
Exercise of options and Restricted Share Units ("RSUs")	6	10,964	(8,345)	-	-	2,619
Share-based compensation		-	16,662	-	-	16,662
Balance at September 30, 2016		1,022,803	45,511	28,036	(166,791)	929,559
Balance at January 1, 2015		631,229	25,227	14,629	91,210	762,295
Net loss		-	-	-	(73,045)	(73,045)
Dividends declared		-	-	-	(23,667)	(23,667)
Shares issued through DRIP		4,762	-	-	-	4,762
Foreign currency translation adjustment		-	-	22,611	-	22,611
Bought deal equity financing		198,000	-	-	-	198,000
Share issue costs, net of tax		(6,470)	-	-	-	(6,470)
Issue of share capital for business acquisition		3,957	-	-	-	3,957
Exercise of options and RSUs		16,291	(7,766)	-	-	8,525
Share-based compensation		-	16,498	-	-	16,498
Balance at September 30, 2015		847,769	33,959	37,240	(5,502)	913,466

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 September 30,		For the nine months ended September 30,	
		2016	2015	2016	2015
Cash flows from (used in) operating activities					
Net loss		(8,121)	(53,042)	(38,868)	(73,045)
Adjustments for non-cash items:					
Depreciation, depletion and amortization		26,034	27,492	76,178	78,598
Interest, accretion and finance costs		2,448	3,049	8,876	9,718
Current and deferred tax recovery		(367)	(15,067)	(5,727)	(13,960)
Other non-cash (income) expense		(241)	853	(1,456)	3,093
Impairment		-	62,776	-	62,776
Share-based compensation		6,746	3,747	17,599	15,875
Funds from operations		26,499	29,808	56,602	83,055
Change in non-cash working capital		(21,361)	(19,354)	18,541	27,276
Asset retirement obligations incurred		(215)	(185)	(533)	(299)
Cash generated from operations		4,923	10,269	74,610	110,032
Interest paid		(2,164)	(2,215)	(5,789)	(7,533)
Income taxes recovered (paid)		14,284	(1,468)	12,500	(11,248)
Net cash flows from operating activities		17,043	6,586	81,321	91,251
Cash flows (used in) from investing activities					
Purchase of property, plant and equipment		(12,889)	(24,149)	(47,241)	(84,887)
Business acquisitions	3	(26,735)	(3,272)	(88,228)	(3,272)
Change in non-cash working capital		1,224	2,493	(6,841)	(34,951)
Net cash flows used in investing activities		(38,400)	(24,928)	(142,310)	(123,110)
Cash flows from (used in) financing activities					
Shares issued, net of share issue costs	6	194	1,793	145,495	197,884
Draw (repayment) on credit facility		26,000	22,062	(60,000)	(140,500)
Financing fees		-	(525)	-	(525)
Capital lease obligation		(2,565)	(2,037)	(9,102)	(8,933)
Dividends paid	6	(5,561)	(6,092)	(17,583)	(18,905)
Net cash flows from financing activities		18,068	15,201	58,810	29,021
Effect of foreign exchange on cash		368	525	405	626
Decrease in cash		(2,921)	(2,616)	(1,774)	(2,212)
Cash, beginning of period		6,010	5,286	4,863	4,882
Cash, end of period		3,089	2,670	3,089	2,670

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 nine months ended September 30, 2016 and 2015

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 services 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, shipping and marketing of crude oil, oilfield waste disposal and recycling. More 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 and production services division ("DPS") provides equipment and product solutions for drilling, completion and production operations for oil and gas producers in Western Canada. The OnSite division ("OS") includes Projects which include pipeline integrity, demolition and decommissioning, and reclamation and remediation of former wellsites, facilities, commercial and industrial properties, and environmental construction projects; 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; and Integrated Fluid Solutions ("IFS") which include water management, recycling, pumping and storage solutions.

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 nine months ended September 30, 2016 and 2015

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 September 30, 2016. 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, 2015.

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 November 3, 2016.

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, 2015. 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 nine months ended September 30, 2016 and 2015

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

Change in Accounting Estimate

Effective January 1, 2016, Secure reassessed the useful lives of certain intangible assets based on the current economic and operating climate and taking into consideration the operating history of the assets. As a result of this change, there was an increase in amortization expense for the three and nine months ending September 30, 2016 of \$0.9 million and \$2.8 million, respectively, and Secure anticipates an increase of \$3.8 million for each of the next five years, notwithstanding additions during any given year. The estimated useful lives of the intangible assets are as follows:

Non-competition agreements	3 to 5 years
Customer relationships	5 to 10 years
Licenses and patents	10 to 13 years

3. BUSINESS ACQUISITIONS

On June 1, 2016, the Corporation acquired all of the operating assets (excluding working capital) and inventory of PetroLama Energy Canada Inc. ("PetroLama"), for aggregate consideration of \$67.6 million, comprised of \$61.7 million in cash and the balance of \$5.9 million through the issuance of common shares of the Corporation.

The main asset acquired by the Corporation from PetroLama is a crude oil terminal in Alida, Saskatchewan which is connected to the Enbridge Pipelines (Saskatchewan) Inc. pipeline system and includes truck unload risers and storage tanks. Secure also acquired various marketing contracts relating to the purchase, sale and transportation of propane, butane and condensate, including access to crude oil storage at Cushing, Oklahoma. With the acquisition of PetroLama's assets, Secure has expanded its market presence and enhances its current service offering for continued midstream growth.

On July 12, 2016, Secure acquired the remaining 50% interest in all of the joint venture assets of the La Glace and Judy Creek facilities for aggregate cash consideration of \$26.6 million. The La Glace and Judy Creek facilities were initially constructed as a joint operation between Secure and other joint venture participants in 2008 and 2013, respectively, and have been owned and operated in accordance with their respective joint operating agreements since construction. This acquisition relieves Secure of the administrative requirements of operating these facilities under a joint venture structure, while adding additional cash flow from the increased ownership.

From the date of acquisition to September 30, 2016, the assets of the acquisitions contributed an estimated \$198.8 million of revenue and \$3.5 million of earnings before tax for the Corporation. If the business combinations had been completed on January 1, 2016, Secure's estimated revenue and loss before tax for the nine month period ending September 30, 2016 would have been \$1.1 billion and \$42.5 million, respectively.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and nine months ended September 30, 2016 and 2015****3. BUSINESS ACQUISITIONS (continued)**

The following summarizes the purchase price equations:

Balance at acquisition date	Amount (\$000's)
Cash paid	88,228
Shares issued	5,932
	94,160

Balance at acquisition date	Amount (\$000's)
Inventory	14,102
Net working capital	2,323
Property, plant and equipment	45,384
Intangible assets	16,022
Goodwill	19,516
Asset retirement obligations	(2,069)
Finance leases	(36)
Deferred tax liabilities	(1,082)
	94,160

The purchase price equations and determinations of the consideration described above are preliminary and subject to changes upon final adjustments.

The goodwill arises as a result of the synergies existing with the acquired business and also the synergies expected to be achieved as a result of combining the acquisitions with the rest of the Corporation.

The Corporation incurred costs related to the acquisitions of \$0.2 million relating to due diligence and external legal fees. These costs have been included in business development expenses on the consolidated statement of comprehensive loss.

The Corporation has entered into various futures, swaps and options to manage commodity price risk associated with sales, purchases and inventories of crude oil and natural gas liquids associated with the acquired PetroLama assets. These derivative instruments are not used for speculative purposes.

The contracts are fair valued at period end with the resulting asset or liability being recorded on the consolidated statement of financial position. Changes in fair value are recorded as part of revenue on the consolidated statement of comprehensive loss. At September 30, 2016, the fair value of these contracts are insignificant.

4. PROPERTY, PLANT AND EQUIPMENT

During the three and nine months ended September 30, 2016, \$0.4 million and \$4.1 million (\$3.0 million and \$8.0 million for the three and nine months ended September 30, 2015) of directly attributable capitalized salaries and overhead were added to property, plant and equipment. The amount of borrowing costs capitalized to property, plant and equipment for the three and nine months ended September 30, 2016 was \$0.1 million and \$0.2 million, respectively (\$nil and \$0.4 million for the three and nine months ended September 30, 2015).

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended September 30, 2016 and 2015

4. PROPERTY, PLANT AND EQUIPMENT (continued)

(\$000's)	Assets Under Construction	Land and Buildings	Plant Equipment, Landfill Cells and Disposal Wells	Rental and Mobile Equipment	Office and Computer Equipment	Total
Cost:						
December 31, 2015	60,257	103,884	974,061	131,338	32,591	1,302,131
Additions from business acquisitions (Note 3)	-	3,051	42,233	100	-	45,384
Additions ⁽¹⁾	(7,624)	3,725	51,494	4,446	1,732	53,773
Change in asset retirement cost	-	-	3,954	-	-	3,954
Disposals	-	(1,536)	(3,528)	(6,338)	(71)	(11,473)
Foreign exchange effect	(432)	(1,124)	(8,026)	(969)	(67)	(10,618)
September 30, 2016	52,201	108,000	1,060,188	128,577	34,185	1,383,151
Accumulated depreciation and depletion:						
December 31, 2015	-	(20,301)	(223,003)	(37,550)	(13,651)	(294,505)
Depreciation and depletion	-	(2,509)	(43,184)	(11,489)	(3,934)	(61,116)
Disposals	-	13	1,236	4,076	50	5,375
Foreign exchange effect	-	113	1,200	274	29	1,616
September 30, 2016	-	(22,684)	(263,751)	(44,689)	(17,506)	(348,630)
Net book value:						
September 30, 2016	52,201	85,316	796,437	83,888	16,679	1,034,521
December 31, 2015	60,257	83,583	751,058	93,788	18,940	1,007,626

⁽¹⁾ Costs related to assets under construction are transferred to property, plant and equipment and classified by nature of the asset when available for use in the manner intended by management.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and nine months ended September 30, 2016 and 2015****5. LONG-TERM BORROWINGS**

(\$000's)	Sept 30, 2016	Dec 31, 2015
Amount drawn on credit facility	202,000	262,000
Unamortized transaction costs	(1,048)	(1,317)
Total long-term borrowings	200,952	260,683

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.

At September 30, 2016 and December 31, 2015, the Corporation was in compliance with all financial covenants contained in the lending agreement.

The amount available under the Credit Facility is reduced by any outstanding letters of credit, which at September 30, 2016 amounted to \$35.6 million (December 31, 2015: \$16.4 million).

(\$000's)	Sept 30, 2016	Dec 31, 2015
Credit facility	700,000	700,000
Amount drawn on credit facility	(202,000)	(262,000)
Letters of credit	(35,614)	(16,371)
Available amount	462,386	421,629

6. SHAREHOLDERS' EQUITY

	Number of Shares	Amount (\$000's)
Balance at December 31, 2015	137,708,127	851,490
Options exercised	307,362	2,619
RSUs and CSUs exercised	474,588	-
Transfer from reserves in equity	-	8,345
Bought deal equity financing	19,550,000	149,558
Shares issued through DRIP	1,225,399	9,765
Shares issued as consideration for business acquisition	664,972	5,932
Share issue costs, net of tax	-	(4,906)
Balance at September 30, 2016	159,930,448	1,022,803

As at September 30, 2016, there were 2,763,196 common shares of the Corporation held in escrow in conjunction with the Corporation's business acquisitions (December 31, 2015: 5,959,456).

On March 22, 2016, the Corporation closed a bought deal financing (the "Offering") with a syndicate of underwriters, pursuant to which the underwriters agreed to purchase for resale to the public 19,550,000 common shares (including overallotment) of the Corporation at a price of \$7.65 per common share for gross proceeds of \$149.6 million. In connection with the Offering, the Corporation incurred approximately \$6.6 million in transaction costs which included \$6.0 million in agent fees. Total transaction costs, net of tax, were applied against the proceeds in share capital.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and nine months ended September 30, 2016 and 2015****6. SHAREHOLDERS' EQUITY (continued)**

The Corporation declared dividends to holders of common shares for the nine months ended September 30, 2016, as follows:

	Dividend record date	Dividend payment date	Per common share (\$)	Amount (\$000's)
January	Jan 1, 2016	Jan 15, 2016	0.02	2,754
February	Feb 1, 2016	Feb 15, 2016	0.02	2,760
March	Mar 1, 2016	Mar 15, 2016	0.02	2,763
April	April 1, 2016	April 15, 2016	0.02	3,159
May	May 1, 2016	May 16, 2016	0.02	3,162
June	June 1, 2016	June 15, 2016	0.02	3,178
July	July 1, 2016	July 15, 2016	0.02	3,186
August	Aug 1, 2016	Aug 15, 2016	0.02	3,190
September	Sept 1, 2016	Sept 15, 2016	0.02	3,196
Total declared during the period				27,348

Subsequent to September 30, 2016, the Corporation declared dividends to holders of common shares in the amount of \$0.02 per common share payable on or about October 15 and November 15 for shareholders of record on October 1 and November 1, 2016.

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

	For the three months ended		For the nine months ended	
	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
Weighted average number of shares for basic loss per share	159,618,869	136,944,300	152,715,722	131,992,359
Effect of dilution:				
Options, RSUs, PSUs and CSUs	-	-	-	-
Weighted average number of shares for diluted loss per share	159,618,869	136,944,300	152,715,722	131,992,359

The above table excludes all options, restricted share units ("RSUs"), performance share units ("PSUs") and Compensation Share Units ("CSUs") for the three and nine months ended September 30, 2016 and 2015 as they are considered to be anti-dilutive.

7. 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 consultants. In addition the Corporation has a deferred share unit "DSU" plan for non-employee directors of the Corporation. The terms of the RSU and PSU Plans were amended following shareholder approval in the second quarter of 2016 to redesignate them as the "Unit Incentive Plan", add the ability of the Board to issue CSUs, remove the ability of the Corporation to pay out PSUs and RSUs with cash, and modify the determination of the fair market value of the Corporation's common shares in certain circumstances. The ability to grant CSUs provides the Corporation with an equity compensation mechanism to increase the pay at risk and ownership for all employees. The Corporation allowed employees in 2016 to elect to reduce the cash compensation paid to them in exchange for a grant of CSUs. CSUs granted will vest in January of the following calendar year from which they are issued. Secure will contribute an additional 20% to 35% of the CSU award in recognition of the delay in payment, the time value of money of the delayed compensation and the benefit to the Corporation of increased employee ownership.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and nine months ended September 30, 2016 and 2015****7. SHARE-BASED COMPENSATION PLANS (continued)**

The Corporation follows the fair value method to record share-based compensation expense with respect to the CSUs granted. The fair value of each CSU granted is estimated on the date of grant and is expensed over the vesting term.

Other than as noted above, 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, 2015.

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

	Sept 30, 2016		Dec 31, 2015	
	Outstanding options	Weighted average exercise price (\$)	Outstanding options	Weighted average exercise price (\$)
Balance - beginning of period	8,608,870	12.88	7,665,806	12.45
Granted	20,000	8.23	3,558,968	11.59
Exercised	(307,362)	8.52	(1,502,471)	6.08
Expired	(191,802)	9.19	-	-
Forfeited	(585,990)	14.69	(1,113,433)	15.13
Balance - end of period	7,543,716	13.00	8,608,870	12.88
Exercisable - end of period	4,205,465	13.69	3,516,903	12.06

Unit Incentive and DSU Plans

The following table summarizes the units outstanding:

For the nine months ended Sept 30, 2016:	RSUs	PSUs	CSUs	DSUs
Balance - beginning of period	1,348,879	154,708	-	113,010
Granted	1,701,877	652,850	602,176	58,070
Reinvested dividends	51,057	15,600	4,941	3,460
Redeemed for common shares	(473,603)	-	(985)	-
Forfeited	(314,552)	-	(1,079)	-
Balance - end of period	2,313,658	823,158	605,053	174,540

As at September 30, 2016, \$1.6 million (December 31, 2015: \$0.7 million) was included in accounts payable and accrued liabilities for outstanding DSUs. Share-based compensation included in the consolidated statements of comprehensive loss related to the DSUs was an expense of \$0.1 million and \$0.9 million for the three and nine months ended September 30, 2016, respectively (recovery of \$0.3 million and \$0.6 million for the three and nine months ended September 30, 2015).

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended September 30, 2016 and 2015

8. CONTRACTUAL OBLIGATIONS

As at September 30, 2016

(\$000's)	Payments due by period			Total
	1 year or less	1-5 years	5 years and thereafter	
Finance leases	5,970	4,657	-	10,627
Operating leases	12,804	37,191	6,476	56,471
Crude oil transportation ⁽¹⁾	29,976	148,273	161,987	340,236
Inventory purchases	14,819	29,278	-	44,097
Capital commitments	2,698	-	-	2,698
Total contractual obligations	66,267	219,399	168,463	454,129

⁽¹⁾ Crude oil transportation includes rail car operating lease commitments and crude oil transportation volumes for pipeline throughput at certain pipeline connected FSTs.

9. 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.

(\$000's)	PRD division	DPS division	OS division	Corporate	Total
Three months ended Sept 30, 2016					
Revenue	352,309	26,824	22,667	-	401,800
Direct expenses	(324,962)	(21,617)	(16,441)	-	(363,020)
Gross margin	27,347	5,207	6,226	-	38,780
General and administrative expenses	(3,963)	(2,652)	(1,729)	(2,511)	(10,855)
Share-based compensation	-	-	-	(6,746)	(6,746)
Business development expenses	-	-	-	(1,185)	(1,185)
Depreciation, depletion and amortization	(17,596)	(5,030)	(3,132)	(276)	(26,034)
Interest, accretion and finance costs	(349)	-	-	(2,099)	(2,448)
Earnings (loss) before tax	5,439	(2,475)	1,365	(12,817)	(8,488)
Nine months ended Sept 30, 2016					
Revenue	747,790	73,266	58,484	-	879,540
Direct expenses	(676,780)	(63,740)	(43,645)	-	(784,165)
Gross margin	71,010	9,526	14,839	-	95,375
General and administrative expenses	(9,965)	(8,355)	(4,628)	(10,233)	(33,181)
Share-based compensation	-	-	-	(17,599)	(17,599)
Business development expenses	-	-	-	(4,136)	(4,136)
Depreciation, depletion and amortization	(48,725)	(16,423)	(10,130)	(900)	(76,178)
Interest, accretion and finance costs	(1,283)	-	-	(7,593)	(8,876)
Earnings (loss) before tax	11,037	(15,252)	81	(40,461)	(44,595)

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three and nine months ended September 30, 2016 and 2015
9. OPERATING SEGMENTS (continued)

(\$000's)					
Three months ended Sept 30, 2015					
	PRD division	DPS division	OS division	Corporate	Total
Revenue	245,274	52,020	36,042	-	333,336
Direct expenses	(213,321)	(45,354)	(27,189)	-	(285,864)
Gross margin	31,953	6,666	8,853	-	47,472
General and administrative expenses	(5,788)	(7,271)	(2,049)	(1,099)	(16,207)
Share-based compensation	-	-	-	(3,747)	(3,747)
Business development expenses	-	-	-	(2,694)	(2,694)
Depreciation, depletion and amortization	(18,124)	(5,757)	(3,471)	(140)	(27,492)
Interest, accretion and finance costs	(418)	-	-	(2,247)	(2,665)
Impairment	(57,262)	(5,514)	-	-	(62,776)
Earnings (loss) earnings before tax	(49,639)	(11,876)	3,333	(9,927)	(68,109)
Nine months ended Sept 30, 2015					
	PRD division	DPS division	OS division	Corporate	Total
Revenue	812,887	149,923	93,642	-	1,056,452
Direct expenses	(717,984)	(129,733)	(70,347)	-	(918,064)
Gross margin	94,903	20,190	23,295	-	138,388
General and administrative expenses	(18,753)	(20,270)	(6,325)	(3,924)	(49,272)
Share-based compensation	-	-	-	(15,875)	(15,875)
Business development expenses	-	-	-	(9,238)	(9,238)
Depreciation, depletion and amortization	(50,443)	(17,682)	(10,078)	(395)	(78,598)
Interest, accretion and finance costs	(1,169)	-	-	(8,465)	(9,634)
Impairment	(57,262)	(5,514)	-	-	(62,776)
Earnings (loss) earnings before tax	(32,724)	(23,276)	6,892	(37,897)	(87,005)

(\$000's)					
As at Sept 30, 2016					
	PRD division	DPS division	OS division	Corporate	Total
Current assets	154,912	79,435	22,113	-	256,460
Total assets	1,083,473	240,973	75,881	6,314	1,406,641
Goodwill	19,516	-	11,127	-	30,643
Intangible assets	18,477	46,121	7,530	-	72,128
Property, plant and equipment	890,568	102,528	35,111	6,314	1,034,521
Current liabilities	109,839	15,787	11,110	-	136,736
Total liabilities	227,934	34,440	13,756	200,952	477,082
As at December 31, 2015					
	PRD division	DPS division	OS division	Corporate	Total
Current assets	90,200	92,720	29,992	-	212,912
Total assets	944,915	273,457	88,030	9,018	1,315,420
Goodwill	-	-	11,127	-	11,127
Intangible assets	4,222	55,556	10,545	-	70,323
Property, plant and equipment	850,493	111,750	36,365	9,018	1,007,626
Current liabilities	60,905	22,078	14,151	-	97,134
Total liabilities	168,710	44,829	16,686	260,683	490,908

Geographical Financial Information

(\$000's)						
	Canada		US		Total	
	2016	2015	2016	2015	2016	2015
Three months ended Sept 30,						
Revenue	392,826	316,584	8,974	16,752	401,800	333,336
Nine months ended Sept 30,						
Revenue	852,403	998,217	27,137	58,235	879,540	1,056,452
As at Sept 30, 2016 and December 31, 2015						
Total non-current assets	1,244,257	930,713	162,384	171,795	1,406,641	1,102,508

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended September 30, 2016 and 2015

CORPORATE INFORMATION

DIRECTORS

Rene Amirault - Chairman

Brad Munro ⁽¹⁾ ⁽²⁾ ⁽³⁾

David Johnson ⁽²⁾ ⁽³⁾ ⁽⁴⁾

Daniel Steinke ⁽⁴⁾

Kevin Nugent ⁽¹⁾ ⁽³⁾

Murray Cobbe ⁽¹⁾ ⁽²⁾ ⁽⁵⁾

Shaun Paterson ⁽¹⁾ ⁽⁴⁾

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

Daniel Steinke

Executive Vice President, Processing, Recovery & Disposal

David Mattinson

Executive Vice President, OnSite Services

George Wadsworth

Executive Vice President, Drilling & Production Services

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

¹ Audit Committee

² Compensation Committee

³ Corporate Governance Committee

⁴ Health, Safety & Environment Committee

⁵ Lead Director