

Source Energy Services Ltd. Announces Duvernay Agreement

TSX: SHLE

CALGARY, March 7, 2018 /CNW/ - Source Energy Services Ltd. (TSX: SHLE) ("Source" or the "Company") is pleased to announce it has entered into an agreement with a multinational exploration and production company whereby Source will provide for the term of the contract: I) Northern White frac sand from Source's recently commissioned unit train capable terminal in Fox Creek Alberta; II) logistics management services; and III) wellsite storage services.

The agreement involves a commitment to acquire substantial volumes of Northern White frac sand under a firm, long-term, fixed price agreement. Further, the agreement ensures the customer has a reliable supply of frac sand to support its robust Duvernay development program, expected to commence in Q2 2018. The agreement also includes the dedicated use of a Sahara unit for the duration of the term.

Brad Thomson, CEO of Source, explained, "For operators targeting the Duvernay, our Fox Creek unit train terminal, as well as our three Wisconsin production facilities, provides the industry with certainty of frac sand supply for their completion programs. In the past, oil and gas companies primarily focused on processing and take-away infrastructure. But today, as companies move into manufacturing mode, they need to ensure adequate infrastructure exists for the reliable supply of bulk materials like frac sand. Without the certainty of supply, development programs are at risk."

Brad went on to say, "We're proud that another company with aggressive plans for growth in Alberta has selected Source to be a part of their development program."

With this agreement in place, Source has the majority of its frac sand production capacity secured under long-term contracts, consistent with its long-term strategy.

ABOUT SOURCE ENERGY SERVICES

Source is a fully integrated producer, supplier and distributor of high quality Northern White frac sand primarily to the WCSB. Source provides its customers with a full end-to-end solution through its Wisconsin mine, processing facilities, rail assets, strategically located terminal network and "last mile" logistics operations. In addition, Source provides storage and logistics services for other bulk oil and gas well completion materials that are not produced by Source. Source's full service approach allows customers to rely on its logistics capabilities to increase reliability of supply and to ensure the timely delivery of their growing requirements for frac sand and other bulk completion materials.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute "forward-looking statements" or "forward-looking information" (collectively, "forward-looking statements") within the meaning of applicable Canadian and United States securities laws relating to, without limitation, expectations, intentions, plans and beliefs, including information as to the future events, results of operations and Source's future performance (both operational and financial) and business prospects. In certain cases, forward-looking statements can be identified by the use of words such as "expects", "estimates", "forecasts", "intends", "anticipates", "believes", "plans", "seeks", "projects" or variations of such words and phrases, or state that certain actions, events or results "may" or "will" be taken, occur or be achieved. Such forward-looking statements reflect Source's beliefs, estimates and opinions regarding its future growth, results of operations, future performance (both operational and financial), and business prospects and opportunities at the time such statements are made, and Source undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. Forward-looking statements are necessarily based upon a number of estimates and assumptions made by Source that are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Forward-looking statements are not guarantees of future performance. In particular, this press release contains forward-looking statements pertaining, but not limited, to: expectations around frac sand sales and the operational impact of opening new terminals; outlook for operations; industry activity levels; industry conditions pertaining to the frac sand industry; increased sales volumes of sand in 2018; and Source's objectives, strategies and competitive strengths.

By their nature, forward-looking statements involve numerous current assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Source to differ materially from those anticipated by Source and described in the forward-looking statements.

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: proppant market prices; future oil, natural gas and natural gas liquids prices; future global economic and financial conditions; future commodity prices, demand for oil and gas and the product mix of such demand; levels of activity in the oil and gas industry in the areas in which Source operates; the continued availability of timely and safe transportation for Source's products, including without limitation, rail accessibility; the maintenance of Source's key customers and the financial strength of its key customers; the maintenance of Source's significant contracts or their replacement with new contracts on substantially similar terms and that contractual counterparties will comply with current contractual terms; operating costs; that the regulatory environment in which Source operates will be maintained in the manner currently anticipated by Source; future exchange and interest rates; geological and engineering estimates in respect of Source's resources; the recoverability of Source's resources; the accuracy and veracity of information and projections sourced from third parties respecting, among other things, future industry conditions and product demand; demand for horizontal drilling and hydraulic fracturing and the maintenance of current techniques and procedures, particularly with respect to the use of proppants; Source's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which Source conducts its business; future capital

expenditures to be made by Source; future sources of funding for Source's capital program; Source's future debt levels; the impact of competition on Source; and Source's ability to obtain financing on acceptable terms.

A number of factors, risks and uncertainties could cause results to differ materially from those anticipated and described herein including, among others: the effects of competition and pricing pressures; risks inherent in key customer dependence; effects of fluctuations in the price of proppants; risks related to indebtedness and liquidity, including Source's leverage, restrictive covenants in Source's debt instruments and Source's capital requirements; risks related to interest rate fluctuations and foreign exchange rate fluctuations; changes in general economic, financial, market and business conditions in the markets in which Source operates; changes in the technologies used to drill for and produce oil and natural gas; Source's ability to obtain, maintain and renew required permits, licenses and approvals from regulatory authorities; the stringent requirements of and potential changes to applicable legislation, regulations and standards; the ability of Source to comply with unexpected costs of government regulations; liabilities resulting from Source's operations; the results of litigation or regulatory proceedings that may be brought against Source; the ability of Source to successfully bid on new contracts and the loss of significant contracts; uninsured and underinsured losses; risks related to the transportation of Source's products, including potential rail line interruptions or a reduction in rail car availability; the geographic and customer concentration of Source; the ability of Source to retain and attract qualified management and staff in the markets in which Source operates; labour disputes and work stoppages and risks related to employee health and safety; general risks associated with the oil and natural gas industry, loss of markets, consumer and business spending and borrowing trends; limited, unfavourable, or a lack of access to capital markets; uncertainties inherent in estimating quantities of mineral resources; sand processing problems; and the use and suitability of Source's accounting estimates and judgments.

Although Source has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in its forward-looking statements, there may be other factors, including those described under the heading "Risk Factors" in the latest Prospectus, that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will materialize or prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. Readers should not place undue reliance on forward-looking statements. These statements speak only as of the date of this press release. Except as may be required by law, Source expressly disclaims any intention or obligation to revise or update any forward-looking statements or information whether as a result of new information, future events or otherwise.

SOURCE Source Energy Services

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