FORM 51-102F3

MATERIAL CHANGE REPORT

1 Name and Address of Company

Source Energy Services Ltd. (the **Company**)
500, 438 – 11th Avenue S.E.
Calgary, Alberta T2G 0Y4

2 Date of Material Change

May 24, 2018

3 News Release

A news release disclosing the nature and substance of the material change was issued on May 24, 2018 through the news wire facilities of CNW and filed on SEDAR.

4 Summary of Material Change

On May 24, 2018, two wholly-owned subsidiaries of the Company, Source Energy Services Canada LP and Source Energy Services Canada Holdings Ltd. (together, the **Issuers**, and collectively with the Company and each of their respective subsidiaries, **Source**) entered into an underwriting agreement with a syndicate of underwriters to issue and sell an additional $50 million aggregate principal amount of 10.5% senior secured first lien notes due December 15, 2021 (**Notes**) by way of private placement (the **Offering**).

The Offering closed on May 31, 2018.

5 Full Description of Material Change

5.1 Full Description of Material Change

On May 24, 2018, the Issuers entered into an underwriting agreement with a syndicate of underwriters, with BMO Nesbitt Burns Inc. and Scotia Capital Inc. acting as joint book-running managers, and including AltaCorp Capital Inc., Cormark Securities Inc., Cannaccord Genuity Corp. and CIBC World Markets Inc. as co-managers, relating to the issue and sale of $50 million aggregate principal amount of Notes by way of private placement. The Notes were issued (a) in Canada to (i) "accredited investors"' (as defined in National Instrument 45-106 – *Prospectus Exemptions*) and (ii) persons who are a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer, founder or control person of the Issuers; and (b) in the United States to “qualified institutional buyers” as defined in Rule 144A promulgated under the United States Securities Act of 1933 (as amended).

The Notes are being issued pursuant to an indenture dated as of December 8, 2016, by and among the Issuers and Computershare Trust Company of Canada (**Computershare**) as trustee and as collateral agent, as supplemented by a supplemental indenture, dated May 31, 2018, by and among the Issuers and Computershare.

The Notes are being issued at a price of $1,057.50 per $1,000 principal amount of Notes, which represents an effective yield of 7.953% to 2020. Interest on the Notes will accrue at the rate of 10.5% per annum and will be payable semi-annually in arrears on December 15 and June 15 of each year, commencing on June 15, 2018. The additional Notes will form a single series with the previously issued Notes. There is approximately $107 million of existing Notes that will remain outstanding after completion of the Offering. The single series Notes will carry a S&P rating of B+ and a DBRS rating of B(high).

Source used the net proceeds from the Offering to repay drawn amounts under its credit facility, which in turn may be redrawn for general corporate purposes and to fund working capital and capital expenditures.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7 Omitted Information

Not applicable.

8 Executive Officer

For further information, contact Derren Newell, Chief Financial Officer at (403) 262-1312 (ext. 233).

9 Date of Report

June 4, 2018

Forward-Looking Statements

Certain statements contained in this material change report constitute "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws regarding, without limitation, the Company's expectations, intentions, plans and beliefs, including information as to the future financial or operating performance of Source. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "contemplates", "expects" or "does not expect", "is expected", "budget", "goal", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements reflect management's beliefs, estimates and opinions regarding Source's future growth, results of operations, performance, and business prospects and opportunities at the time such statements are made, and Source takes 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 that, while considered reasonable by Source, 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 material change report contains forward-looking statements pertaining to, but not limited to, the use of proceeds from the Offering.

By their nature, forward-looking statements involve numerous 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 forward-looking statements.

With respect to forward-looking statements contained in this material change report, various assumptions have been made. A number of factors, risks and uncertainties could cause results to differ materially from those anticipated and described herein.

Although Source has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will 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 material change report are expressly qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. These statements speak only as of the date of this material change report. Except as required by law, neither the Company nor any of the underwriters undertakes any obligation to publicly update or revise any forward-looking statements.