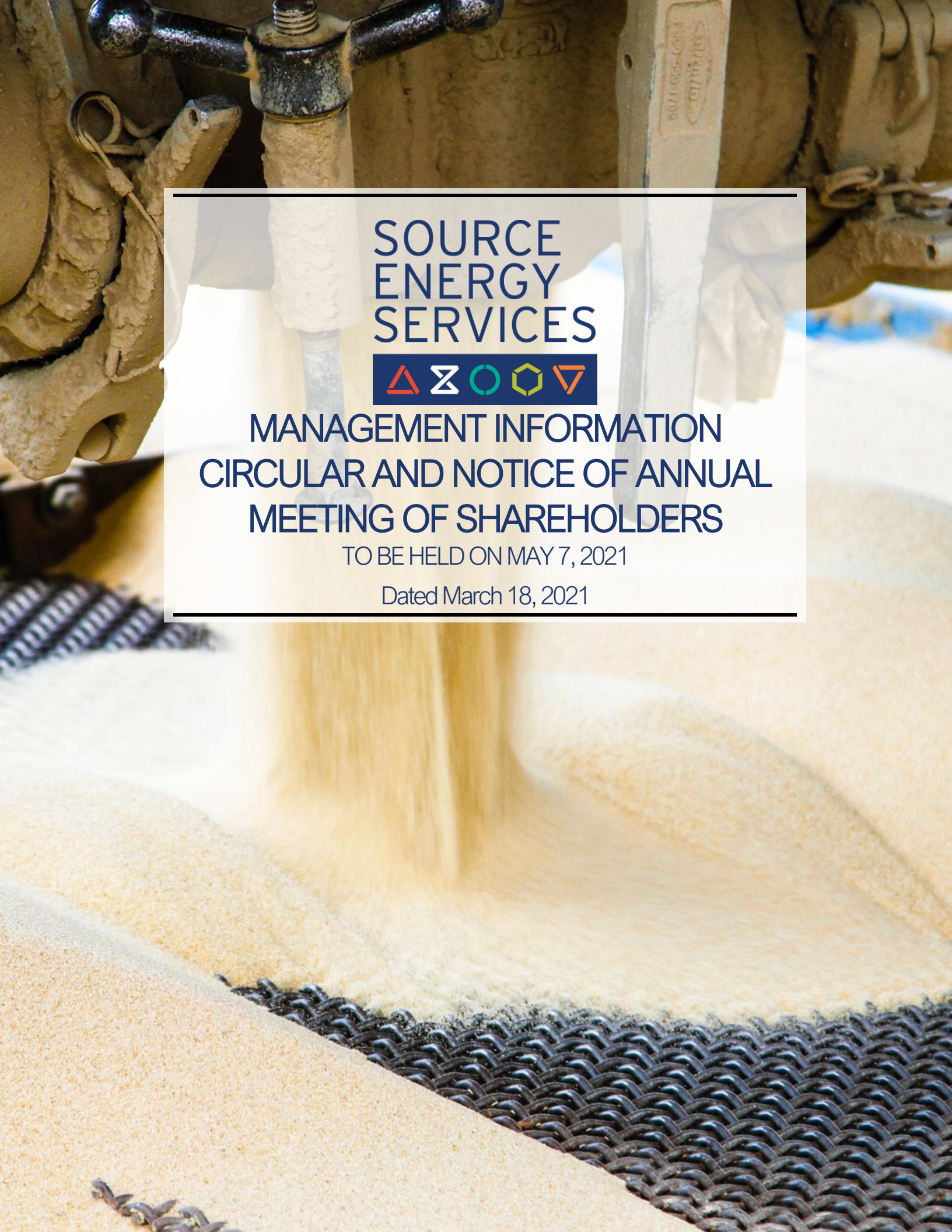




SOURCE ENERGY SERVICES



MANAGEMENT INFORMATION CIRCULAR AND NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 7, 2021

Dated March 18, 2021

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An aerial view of an industrial facility with large piles of orange-colored material and conveyor belts. The image is overlaid with a semi-transparent orange filter.

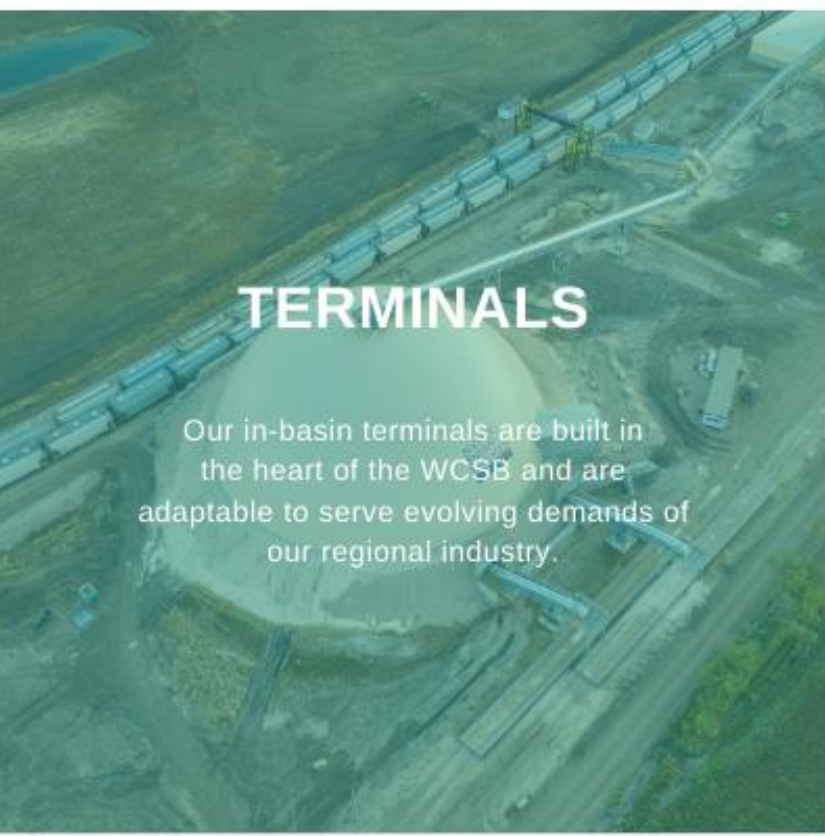
OILFIELD MATERIALS

We produce and manage the efficient and reliable delivery of high-quality proppants and other completion materials into the WCSB.

An aerial view of a long train of white railcars curving through a landscape. The image is overlaid with a semi-transparent blue filter.

LOGISTICS

We look beyond basic problem solving to offer full-service logistics solutions that meet our customers' present and future needs.

An aerial view of a terminal facility with a large circular storage tank and several railcars. The image is overlaid with a semi-transparent teal filter.

TERMINALS

Our in-basin terminals are built in the heart of the WCSB and are adaptable to serve evolving demands of our regional industry.

A view of large industrial storage tanks with a green hexagonal logo overlaid. The image is overlaid with a semi-transparent green filter.

CHEMICALS

Our terminals have the capacity to store, blend, and deliver well-completion chemicals throughout the WCSB - ensuring customers have what they need, when they need it.

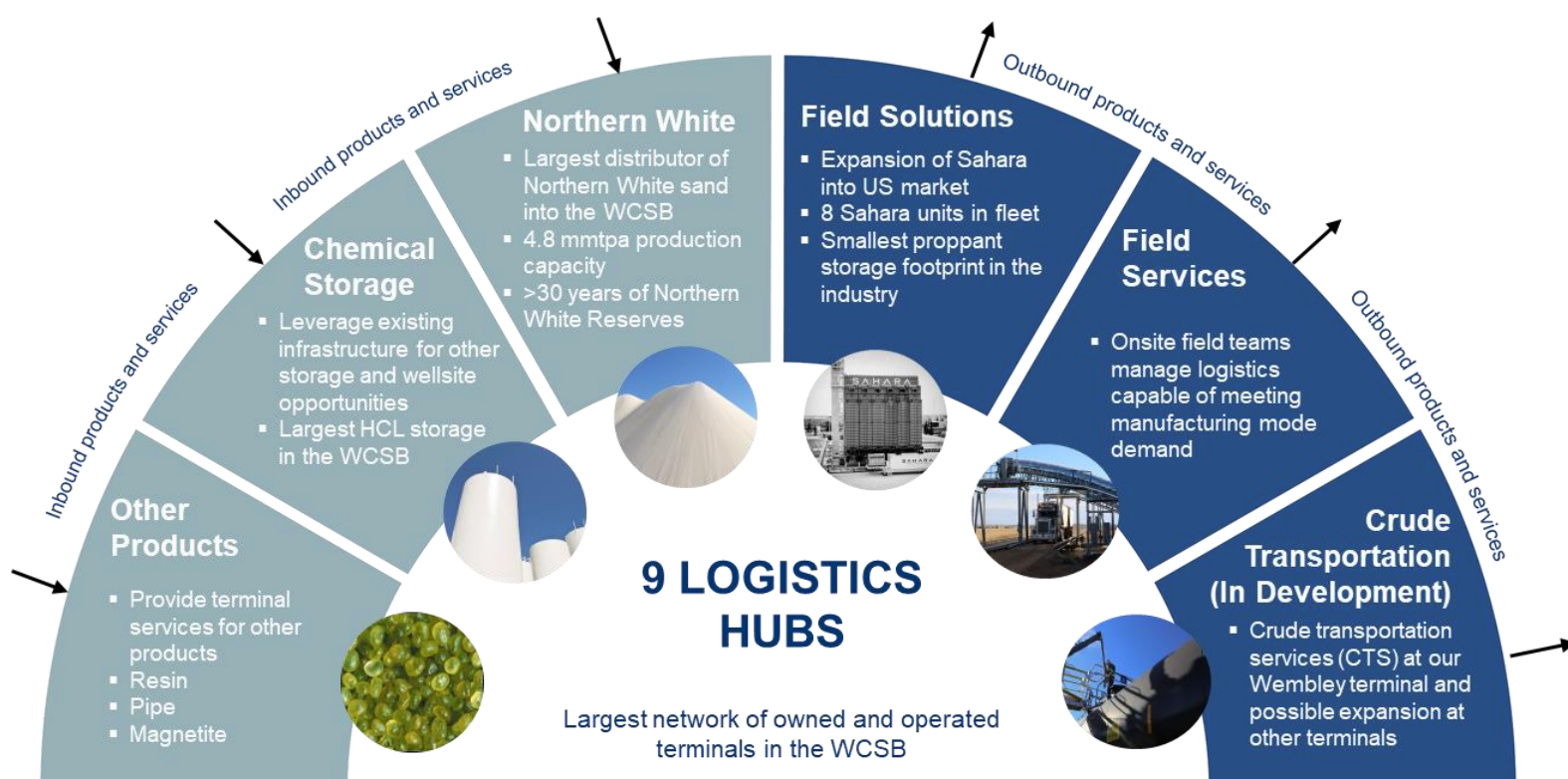
An aerial view of a large industrial facility with various structures and equipment. The image is overlaid with a semi-transparent orange filter.

FIELD SOLUTIONS

Source offers last-mile logistics solutions that deliver and store proppant directly where it is needed the most.

ABOUT SOURCE: A LEADING OILFIELD LOGISTICS COMPANY

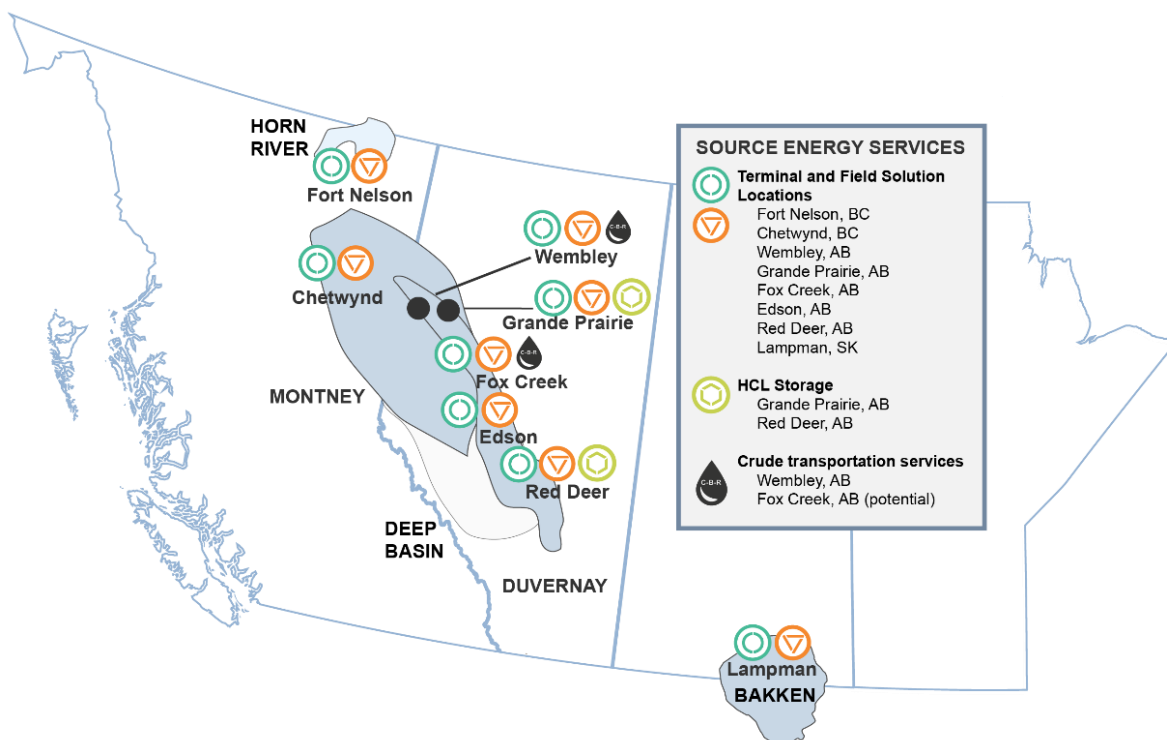
Source offers customers solutions that solve procurement and delivery challenges of proppant and bulk well-completion materials in the oil and gas industry. As the largest supplier of proppant into the Western Canadian Sedimentary Basin (WCSB), Source has the experience and knowledge to facilitate the smooth operation of the integrated supply chain. With the largest network of owned and operated terminals in the WCSB, Source's infrastructure functions as a logistics hub to support operational efficiencies in the WCSB.



SOURCE'S NETWORK OF OWNED AND OPERATED TERMINALS - THE LARGEST NETWORK IN THE WCSB



TRANSFORMING THE SUPPLY CHAIN FOR THE OIL AND GAS INDUSTRY



LETTER TO SHAREHOLDERS FROM YOUR CEO



March 18, 2021

Dear Fellow Shareholders:

On behalf of the Board of Directors, I am pleased to invite you to Source Energy Services Ltd.'s ("Source" or the "Company") 2021 Annual Meeting of Shareholders (the "Meeting") to be held on Friday, May 7, 2021 at 9:00 a.m. (MST) in a virtual, audio only, webcast format due to the COVID-19 pandemic and upon the recommendations of federal, provincial, and municipal governments to mitigate risks to public health and safety. As we do each year, we will review the voting items in the proxy form, take your questions and vote on a number of matters.

The attached Management Information Circular sets out the business to be addressed at this year's Meeting and provides important information about voting, the Directors who are standing for election this year, Director and executive compensation, corporate governance and environmental and social practices. Please take some time to read this document and submit your proxy or voting instruction form. **Your vote is very important to Source.**

2020 In Review

As you are all aware, 2020 presented a number of challenges to our families, to our communities and to our businesses. These challenges were exacerbated for companies operating in the Canadian oil and gas industry as the impacts of COVID-19 were compounded by a price war between the Organization of Petroleum Exporting Countries ("OPEC") and other oil exporting nations.

For Source, 2020 started strong with the Company setting a number of performance records in delivery of proppants and materials into the WCSB. Within a few short months this came to an abrupt end as our customers faced unprecedented challenges in their businesses, and many were forced to cease operation until they had a better understanding of the new world in which they were operating. Drilling and completion activity levels across North America dropped to all-time lows.

With global energy and capital markets in complete disarray, the Source team moved quickly to change the way that we operated. This meant adopting a work-from-home model for our office employees and implementing operational protocols to deal with COVID-19 for our employees in the field. It also meant that we needed to adjust our capital structure, renegotiate our leases and major supply contracts and slash our operating costs.

In order to be successful in all of these initiatives, individuals throughout our organization were asked to make personal sacrifices and to take on tasks that were never in their job descriptions. I am proud of the dedication and hard work demonstrated by the Source team through these difficult times. I am also thankful for the unwavering support that Source received from our shareholders, Noteholders, bankers, lessors, customers and major suppliers. All of these parties worked with Source to make our Company stronger as we exited 2020.

Recapitalization Transaction

A big piece of the work done in 2020 involved a recapitalization transaction (the "Recapitalization Transaction") which was completed pursuant to a plan of arrangement (the "Plan of Arrangement") under the *Canada Business Corporations Act*. The Plan of Arrangement was approved by the Court of Queen's Bench of Alberta on November 27, 2020.

With the completion of the Recapitalization Transaction, the Company extended the maturity under its senior secured credit agreement to 2023 and issued new senior secured first lien notes (the "New Secured Notes") that mature in 2025. The Recapitalization Transaction achieved a \$32.7 million reduction of principal obligations and reduced Source's near term cash

interest expense. Under the Plan of Arrangement, the Company's 10.5% senior secured first lien notes due 2021 were exchanged for New Secured Notes in the aggregate principal amount of \$142,238,201 and new common shares of Source constituting 62.5% of the common shares outstanding on a fully diluted basis immediately following completion of the Recapitalization Transaction. The Company has the option, for all quarterly interest payments on the New Secured Notes due on or before February 15, 2022, to pay interest in kind through the issuance of additional New Secured Notes rather than in cash.

Concurrently with the completion of the Recapitalization Transaction, Source and its lending syndicate amended and restated the Company's senior secured credit agreement to enable Source to access incremental liquidity under an additional revolving facility in an initial principal amount of \$20.0 million.

Under the Recapitalization Transaction, the common shares of Source outstanding immediately prior to the completion of the Recapitalization Transaction were consolidated on a twelve for one basis and represent 37.5% of the common shares outstanding on a fully diluted basis immediately following completion of the Recapitalization Transaction.

Board Succession and Governance

In connection with the completion of the Recapitalization Transaction, two new directors, Mr. Chris Johnson and Mr. Steven Sharpe, were appointed to Source's board of directors (the "Board"). With the appointment of these two new Directors, Mr. Jim McMahon and Mr. Mick MacBean resigned from the Board. Source was fortunate to have Jim and Mick on the Board and will miss the unique perspectives and experience that they provided as Board members. As a co-founder of Source, Jim had been on the Board for many years and Mick joined the Source Board in early 2019. These gentlemen provided unwavering support to Source through incredibly volatile times faced by the oilfield services sector. It was an honour and a privilege to have worked with them.

Demonstrating Sustainability Leadership

Over the last decade Source has made a conscious effort to operate its business the right way. As a result, Source has always been committed to being environmentally responsible in its operations, supporting employees in their social responsibility efforts, and fostering vibrant and resilient communities for all its stakeholders. Source strives to help employees feel engaged, inspired and passionate about making a difference.

Our work in this area will be detailed in our 2021 ESG report, which will be published in Spring 2021 and can be accessed at www.sourceenergyservices.com. Information about the Company's governance practices is provided in the Governance section of this Circular, beginning on page 47.

Again, your vote is important! Please use the proxy or voting instruction form provided to you in order to submit your vote prior to the deadline indicated on your proxy or voting instruction form.

Yours truly,

/s/ "Bradley J. Thomson"

Bradley J. Thomson
Chief Executive Officer and Director

On behalf of the Board of Directors

NOTICE OF 2021 ANNUAL MEETING OF SHAREHOLDERS



Friday, May 7, 2021



9:00 a.m. (MST)



<https://web.lumiagm.com/210563632>
password: source2021

To our Shareholders,

We are pleased to invite you to the 2021 annual meeting of the shareholders (the “Meeting”) of Source Energy Services Ltd. (“Source” or the “Company”). The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live audio webcast. This format will provide all shareholders, regardless of geographic location, an equal opportunity to participate at the meeting and engage with directors of the Company and Management as well as other shareholders. **Shareholders will not be able to attend the meeting physically in person.**

Business of the Meeting

1. Receive and consider the financial statements of the Company for the year ended December 31, 2020 and the auditor's report thereon;
2. Fix the number of directors of the Company to be elected at the Meeting at seven (7);
3. Elect the directors of the Company for the ensuing year;
4. Appoint the auditor of the Company for the ensuing year and authorize the Board to fix the remuneration of the auditor; and
5. Consider and, if thought advisable, pass an ordinary resolution approving the Company's RSU and PSU Long Term Incentive Plan, as more particularly described in the Management Information Circular of the Company dated March 18, 2021;
6. Consider and, if thought advisable, pass an ordinary resolution approving the Company's Stock Option Plan, as more particularly described in the Management Information Circular of the Company dated March 18, 2021; and
7. Transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof as ordinary business.

These matters are discussed in more detail in the accompanying Management Information Circular, which forms an integral part of this Notice of 2021 Annual Meeting of Shareholders.

Record Date

You are entitled to vote at the Meeting, and any adjourned or postponed meeting, if you were a shareholder as of 5:00 p.m. (MST) on March 26, 2021.

Voting

Your vote is important. If you're unable to attend the virtual Meeting, you can vote by proxy. A proxy is a document that authorizes someone else to attend the Meeting and cast votes for you. The proxy form contains instructions on how to complete and send your voting instructions. **We encourage our shareholders to vote their shares prior to the proxy deposit deadline of 9:00 a.m. (MST) on Wednesday, May 5, 2021, as indicated below.** If you hold your Shares through a broker or other intermediary, you should follow the procedures provided by your broker or intermediary.

If you are a Registered Holder, our transfer agent, Computershare Trust Company of Canada, must receive your proxy or voting instructions no later than 9:00 a.m. (MST) on Wednesday, May 5, 2021, or if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturday, Sundays and holidays) before any adjourned or postponed Meeting. **If you are a Registered Holder** and have any questions or need assistance voting your Shares, please call Computershare Trust Company of Canada, toll-free in Canada and the United States, at 1-866-732-8683.

If you are a Beneficial Holder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or applicable voting instruction form in accordance with the instructions provided to you by your broker or other intermediary with respect to the procedures to be followed for voting at the Meeting. **Beneficial Holders will be subject to earlier voting deadlines as specified in their proxy or voting instructions.**

Source's Board of Directors considers all of the items of business described in the enclosed materials to be in the best interests of the Company. Accordingly, the Board unanimously recommends that you cast your vote **FOR** all of these items of business.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ “Bradley J. Thomson”

Bradley J. Thomson
Chief Executive Officer and Director
March 18, 2021

ABOUT THIS CIRCULAR AND RELATED PROXY MATERIALS



We are providing this Circular and proxy materials to you in connection with our 2021 Annual Meeting of Shareholders to be held on Friday, May 7, 2021 at 9:00 a.m. (MST). We encourage shareholders to vote well in advance of the deposit deadline indicated on your proxy or voting instruction form.

This Management Information Circular (“Circular”) describes the items to be voted on at the Meeting and the voting process and contains additional information about the directors who are standing for election this year, director and executive compensation, corporate governance and environmental and social practices.

Please see the “*Voting Information*” section of this Circular for an explanation of how you can vote on the matters to be considered at the Meeting.

Information contained on our website or any other websites identified in this Circular does not form part of this Circular. All websites listed in this Circular are intended to be inactive, textual references only. Source’s logo, trademarks, trade names and services names mentioned in this Circular are the property of Source Energy Services Ltd.

Throughout this Circular, the terms “we”, “us”, “our”, “Source” or the “Company” refer to Source Energy Services Ltd. either alone or together with its subsidiaries, as applicable in the context. All references to “dollars” or “\$” in this Circular are to Canadian dollars, unless otherwise noted. Words importing the singular number include the plural and vice versa, and words importing any gender include all genders.

Except as otherwise specified herein, the financial information in this Circular has been presented in accordance with IFRS. Please see the “*Additional Information*” section of this Circular for definitions of certain non-IFRS measures.

Capitalized terms represent frequently used concepts that have been specifically defined herein for ease of use in reading this Circular. Non-capitalized terms used throughout the document represent commonly used industry terms and measurements.

ANNUAL AND QUARTERLY FINANCIAL STATEMENTS AND RELATED MD&A

Our annual and quarterly reports and earnings releases are available in the “Investors” section of our website, www.sourceenergyservices.com. Please also see the “*Electronic Delivery of Shareholder Communications*” section of this Circular for information about electronic delivery of these reports and other shareholder communications.

PRINCIPAL VOTING SHAREHOLDERS

As at the date hereof, Source’s directors and executive officers, as a group, directly or indirectly beneficially owned, or exercised control or direction over, 1,710,079 Shares, representing approximately 12.63% of the issued and outstanding Shares.

To the knowledge of Source’s directors and executive officers, no person, firm or corporation directly or indirectly beneficially owns, or exercises control or direction over, more than 10% of the Shares except as set out below:

Name	Number of Common Shares ⁽¹⁾	Percentage of Common Shares
TriWest IV	1,389,776	10.26%
Mackenzie Financial Corporation	2,060,905	15.22%

Notes:

- (1) Source has solely relied upon reports filed on the System for Electronic Disclosure by Insiders (“SEDI”), at www.sedi.ca, in order to ascertain whether any person other than TriWest IV beneficially owns, or controls or directs, directly or indirectly, Shares carrying more than 10% of the voting rights attached to the voting securities of Source.
- (2) The Company understands that Mackenzie Financial Corporation (Mackenzie) owns or controls such Common Shares on behalf of client accounts over which Mackenzie has discretionary trading authority.

BUSINESS OF THE MEETING

1. Source's Financial Statements

Receipt of our 2020 audited financial statements together with the auditor's report on such statements, but no vote of the shareholders with respect thereto is required or proposed to be taken.

2. Fix Number of Directors to be Elected

Pursuant to the Company's articles, the maximum number of directors that the Company may elect is nine (9). There are presently seven (7) directors nominated for election. It is proposed that the number of directors to be elected to the Board of Directors at the Meeting be fixed at seven (7).



The Board recommends a vote FOR fixing the number of directors to be elected at seven (7).

If Brad Thomson or Derren Newell is your proxyholder and you have not given instructions on how to vote your Shares, he will vote "FOR" fixing the number of directors to be elected at seven (7).

3. Elect Directors

At the Meeting, seven (7) individuals are proposed to be elected to our Board of Directors:

1. Mr. Jeff Belford;
2. Mr. Stew Hanlon;
3. Mr. Chris Johnson;
4. Mrs. Carrie Lonardelli;
5. Mr. Ken Seitz;
6. Mr. Steven Sharpe; and
7. Mr. Brad Thomson.

All are currently directors of Source.



The Board recommends a vote FOR each of the seven (7) director nominees.

If Brad Thomson or Derren Newell is your proxyholder and you have not given instructions on how to vote your Shares, he will vote "FOR" the election of each of the seven (7) nominees named in this Circular. If a proposed nominee is unable to serve as a director or withdraws his or her name, the individuals named in your form of proxy or voting instruction form reserve the right to nominate and vote for another individual in their discretion.

4. Appoint the Auditor

We are proposing to re-appoint PricewaterhouseCoopers LLP ("PwC") as our independent auditor until the 2022 annual meeting of shareholders. Our Audit Committee is directly responsible for overseeing the independent auditor during the year.



The Board recommends a vote FOR the appointment of PwC as Source's auditor.

If Brad Thomson or Derren Newell is your proxyholder and you have not given instructions on how to vote your Shares, he will vote "FOR" the appointment of PwC as Source's auditor.

5. Approve 2021 LTIP

In accordance with TSX rules regarding security-based compensation, we are seeking approval of the Company's 2021 RSU and PSU Long Term Incentive Plan ("2021 LTIP"), which entitles officers, employees and consultants of Source to receive RSUs and PSUs that may be settled in Common Shares (issued from treasury or purchased on the secondary market) or cash.

Please see the "Compensation Discussion and Analysis" section of this Circular for additional information.



The Board recommends a vote FOR the approval of the 2021 LTIP.

If Brad Thomson or Derren Newell is your proxyholder and you have not given instructions on how to vote your Shares, he will vote "FOR" the approval of the 2021 LTIP.

6. Approve 2021 Option Plan

In accordance with TSX rules regarding security-based compensation, we are seeking approval of the Company's 2021 Stock Option Plan ("2021 Option Plan"), which entitles officers, employees of Source to receive Options that may be settled in Common Shares (issued from treasury or purchased on the secondary market).

Please see the "Compensation Discussion and Analysis" section of this Circular for additional information.



The Board recommends a vote FOR the approval of the 2021 Option Plan.

If Brad Thomson or Derren Newell is your proxyholder and you have not given instructions on how to vote your Shares, he will vote "FOR" the approval of the 2021 Option Plan.

7. Other Business

If any other items of business are properly brought before the Meeting (or any adjourned or postponed Meeting), shareholders and proxyholders will be asked to vote on that item of business. We are not aware of any other items of business at this time.

MEETING INFORMATION

Meeting Procedures

Attending the Meeting



Friday, May 7, 2021



9:00 a.m. (MST)



<https://web.lumiagm.com/210563632>
password: source2021

Quorum for the Meeting

A quorum of shareholders will be present for the transaction of business at the Meeting if two persons are present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder for an absent shareholder so entitled, and together holding or representing by proxy more than 25% of the outstanding Shares. If a quorum of shareholders is not present at the beginning of the Meeting, the shareholders present virtually or represented by proxy may adjourn or postpone the Meeting to a fixed time and place but may not transact any other business.

Who can vote at the Meeting?

As of March 18, 2021, there were 13,545,055 common shares ("Shares") issued and outstanding. Registered Holders as of March 26, 2021, the Record Date, are entitled to attend and to vote at the Meeting. Shareholders will be entitled to one vote for each Share held as at the Record Date. If you receive more than one proxy form because you own Shares registered in different names or addresses, then each proxy form will need to be completed and returned.

How many votes are required for approval?

A simple majority (more than 50%) of votes cast, virtually or by proxy at the Meeting, is required to approve each item of business.

Proxy Solicitation and Meeting Materials

How we solicit proxies

Management and directors of Source are soliciting your proxy for use at the Meeting and any adjourned or postponed Meeting. Our Management and directors may solicit proxies by mail and in person. The costs incurred in connection with the preparation and mailing of this Circular and of soliciting proxies will be borne by Source.

How Meeting materials are delivered to shareholders

The proxy materials are sent to our Registered Holders through our transfer agent, Computershare Trust Company of Canada. We are paying for intermediaries to send proxy-related materials to both non-objecting Beneficial Holders and objecting Beneficial Holders.

VOTING INFORMATION

Voting Procedures

How do I vote?

Please follow the voting instructions based on whether you are a **Registered Holder** or a **Beneficial Holder**:

Registered Holders



You are a **Registered Holder** ("Registered Holder") if your name appears directly on your share certificate(s), or if you hold your Shares in book-entry form through the direct registration system (DRS) on the records of our transfer agent, Computershare Trust Company of Canada.

Beneficial Holders



You are a **Beneficial Holder** ("Beneficial Holder") if you own Shares indirectly and the Shares are registered in the name of an intermediary. For example, you are a Beneficial Holder if your Shares are held in the name of a bank, trust company, securities broker, trustee or custodian. In Canada, the majority of shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc.), which acts as nominee for many Canadian brokerage firms.

How can I vote if I am a Registered Holder?

Registered Holders: Option 1 – By Proxy



Internet:

You will need your 15-digit control number, which can be found on your proxy form:
www.investorvote.com



Telephone:

You will need your 15-digit control number, which can be found on your proxy form.
1-866-732-8683 (toll-free in Canada and the United States)



Facsimile:

Complete, sign and date your proxy form and submit via facsimile to:
416-263-9524 or (long distance charges may apply)
1-866-249-7775 (toll-free in Canada and the United States).



Mail:

Complete, sign and date your proxy form, and return it in the envelope provided or one addressed to:
Computershare Trust Company of Canada, Proxy Department
135 West Beaver Creek
P.O. Box 300
Richmond Hill ON L4B 4R5



Hand Delivery:

Complete, sign and date your proxy form and deliver it to:
Computershare Trust Company of Canada
8th Floor, 100 University Avenue
Toronto ON M5J 2Y1

Registered Holders: Option 1 – By Proxy



Registered Holders have the right to appoint another person or company to attend the Meeting and vote their Shares for them:

Registered Holders who wish to appoint a third-party proxyholder to attend, participate and vote at the Meeting as their proxyholder and vote their Shares must follow the 2-step process below. Failure to do so will result in such proxyholder not receiving a control number which is required to vote at the Meeting, and only being able to attend as a guest.

1. **Submit your form of proxy or voting instruction form:** To appoint a third-party proxyholder, insert that person's name in the blank space provided in the form of proxy or voting instruction form and follow the instructions for submitting such form to the Transfer Agent prior to the voting deadline. This must be completed before registering such proxyholder, which is an additional step to be completed by the third-party proxyholder once you have submitted your form of proxy or voting instruction form.
2. **Registration of proxyholder and obtaining control number:** You must also register the third-party proxyholder by visiting <http://www.computershare.com/SourceEnergy> by no later than the voting deadline, and provide Computershare with your appointee's email, so that Computershare may email the appointee their control number.

For more information, please see “How will my Shares be voted if I appoint a proxyholder?”, below.

Registered Holders: Option 2 – At the Meeting



You do not need to do anything except attend the Meeting:

You will need your 15-digit control number, which can be found on your proxy form.

<https://web.lumiagm.com/210563632>

For more information, please see “How to Attend the Virtual-Only Meeting”, below.

If you wish to vote Shares registered in the name of a legal entity, that entity must submit a properly executed proxy form to Computershare Trust Company of Canada, which appoints you to vote the Shares on its behalf, by the proxy cut-off time.

How can I vote if I am a Beneficial Holder?

If you are a Beneficial Holder who receives a proxy form, you should follow your intermediary's instructions for completing the form.

Without specific instructions, brokers and other intermediaries (and their agents and nominees) are prohibited from voting Shares for their clients. Source does not know for whose benefit Shares registered in the name of CDS & Co. are held. **Beneficial Holders can only be recognized at the Meeting for the purposes of voting Shares electronically on the day of the Meeting or by way of proxy by following the 2-step process as set forth below.**

Often the form of proxy supplied to a Beneficial Holder by their broker/intermediary (or the agent of the broker) is very similar to the form of proxy provided to Registered Holders; however, its purpose is limited to instructing the broker/intermediary (or the agent of the broker) how to vote on behalf of the Beneficial Holder. The majority of brokers/intermediaries now delegate responsibility for obtaining instructions from its clients to Broadridge Investor Communication Solutions, Canada (“Broadridge”). Broadridge typically mails a form of proxy return form to Beneficial Holders and requests the Beneficial Holders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **A Beneficial Holder receiving a proxy from Broadridge cannot use that proxy to vote Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order for the Shares to be voted. Please carefully follow the voting instructions received in order to have your Shares voted at the Meeting.**

Beneficial Holders: Option 1 – By Proxy



Internet:

You will need your 16-digit control number, which can be found on your proxy form.

www.proxyvote.com



Telephone:

You will need your 16-digit control number, which can be found on your proxy form.

English: 1-800-474-7493

French: 1-800-474-7501



Mail:

Complete, sign and date your proxy form, and return it in the envelope provided or one addressed to:

**Data Processing Centre
PO Box 3700 STN Industrial Park
Markham ON L3R 0H9**



Beneficial Holders have the right to appoint another person or company to attend the Meeting and vote their Shares for them.

Beneficial Holders who wish to appoint a third-party proxyholder to attend, participate and vote their Shares at the Meeting must follow the 2-step process below. Failure to do so will result in such proxyholder not receiving a control number which is required to vote at the Meeting, and only being able to attend as a guest.

- 1. Submit your form of proxy or voting instruction form:** To appoint a third-party proxyholder, insert that person's name in the blank space provided in the form of proxy or voting instruction form and follow the instructions for submitting such form to your Intermediary prior to the voting deadline. This must be completed before registering such proxyholder, which is an additional step to be completed by the third-party proxyholder once you have submitted your form of proxy or voting instruction form.
- 2. Registration of proxyholder and obtaining control number:** You must also register the third-party proxyholder by visiting <http://www.computershare.com/SourceEnergy> by no later than the voting deadline, and provide Computershare with your appointee's email, so that Computershare may email the appointee their control number.

For more information, please see “How will my Shares be voted if I appoint a proxyholder?”, below.

Beneficial Holders: Option 2 – At the Meeting



Beneficial Holders who wish to attend, participate and vote their Shares at the Meeting must appoint themselves as proxyholder by following the 2-step process below. Failure to do so will result in the Beneficial Holder not receiving a control number which is required to vote at the Meeting, and only being able to attend as a guest.

- 1. Submit your form of proxy or voting instruction form:** To appoint yourself proxyholder, insert your name in the blank space provided in the form of proxy or voting instruction form and follow the instructions for submitting such form to your Intermediary prior to the voting deadline. This must be completed before registering yourself as proxyholder, which is an additional step to be completed by you once you have submitted your form of proxy or voting instruction form.
- 2. Registration of proxyholder and obtaining control number:** You must also register yourself by visiting <http://www.computershare.com/SourceEnergy> by no later than the voting deadline, and provide Computershare with your email, so that Computershare may email you your control number.

For more information, please see “How to Attend the Virtual-Only Meeting”, below.

How will my Shares be voted if I appoint a proxyholder?

Your proxyholder must vote your Shares on each matter according to your instructions if you have properly completed and returned a proxy form. If you have not specified how to vote on a particular matter, your proxyholder can vote your Shares as he or she sees fit. If you have appointed our Management named on the proxy form as your proxyholder, and you have not specified how you want your Shares to be voted, your Shares will be voted **FOR** each of the items of business described in this Circular.

What is the deadline for receiving my proxy or voting instructions?

Registered Holders



If you are a Registered Holder, your proxy must be received by **9:00 a.m. (MST) on Wednesday, May 5, 2021**.

Beneficial Holders



Beneficial Holders may be subject to earlier deadlines as specified in their proxy voting instructions.

If the Meeting is adjourned or postponed, the proxy cut-off deadline will be no later than 48 hours before any adjourned or postponed meeting (excluding Saturdays, Sundays, and holidays). The Chair of the meeting may waive or extend the proxy cut-off without notice.

What happens if any amendments are properly made to the items of business to be considered or if other matters are properly brought before the Meeting?

Your proxyholder will have discretionary authority to vote your Shares as he or she sees fit. As of the date of this Circular, Management is not aware of any such amendment, variation or other matter expected to come before the Meeting.

If I change my mind, how do I revoke my proxy or voting instructions if I am a Registered Holder?

Registered Holders: Option 1 – Submit a new Proxy



By completing and signing a proxy form with a later date than the proxy form you previously returned, and delivering it to Computershare Trust Company of Canada at any time before 9:00 a.m. (MST) on Wednesday, May 5, 2021 (or no later than 48 hours before any adjourned or postponed Meeting (excluding Saturdays, Sundays, and holidays)).

Registered Holders: Option 2 – Provide Written Notice



By completing a written statement revoking your instructions, which is signed by you or your attorney authorized in writing, and delivering it:

1. **to the offices of Computershare Trust Company of Canada at any time before 9:00 a.m. (MST) on Wednesday, May 5, 2021 (or no later than 48 hours before any adjourned or postponed Meeting (excluding Saturdays, Sundays, and holidays)); or**
2. **in any other manner permitted by law.**

If I change my mind, how do I revoke my proxy or voting instructions if I am a Beneficial Holder?

Beneficial Holders: Option 1 – Provide Written Notice



By sending written notice to your intermediary, so long as the intermediary receives your notice at least seven (7) days before the Meeting (or as otherwise instructed by your intermediary). This gives your intermediary time to submit the revocation to Computershare Trust Company of Canada. **If your revocation is not received in time, your intermediary is not required to act on it.**

How to attend the Virtual-Only Meeting

Attending the Meeting online enables Registered Holders or their duly appointed proxyholders, and Beneficial Holders who have duly appointed themselves as proxyholder, or their duly appointed proxyholders, to participate at, submit questions in writing to, and vote at the Meeting, all in real time. We recommend that you log in at least one hour before the Meeting is scheduled to begin.

Attending the Virtual-Only Meeting



It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You will need the latest version of Chrome, Safari, Edge or Firefox. You should allow ample time to check into the Meeting online and complete the related procedure.



You can participate online using your smartphone, tablet or computer. You may log in as follows:

<https://web.lumiagm.com/210563632>



To proceed to the Meeting, you will need to read and accept the Terms and Conditions, then proceed as follows:

Click “Login” and then enter your username and case sensitive password “source2021”

For Registered Shareholders, **the 15-digit control number located on your form of proxy is your username.**

For appointed proxyholders, including Beneficial Holders who have appointed themselves as proxyholder, **your username can be found in the email sent to you from Computershare**, provided the proxyholder appointment has been registered.

Guests, and Beneficial Holders who have not duly appointed themselves or a third-party as proxyholder, can log in as ‘guests’ to the Meeting as set out below. Guests can listen to the Meeting and submit questions in writing, but are not able to vote at the Meeting:

Click “Guest” and then complete the online form



Participants can ask a question at any time during the Meeting by selecting the messaging icon at the top of their screen, typing your question and submitting it. Please note that all questions are moderated before going to the Chair in order to eliminate repeated questions and to ensure normal meeting protocol for appropriateness is applied. As your question may be similar in nature to that of another participant, please be aware that the question may be presented to the Meeting in a more generic format.



If you experience technical or logistical issues related to accessing the virtual meeting, technical support is available:

1-800-564-6253 (toll-free in Canada and the United States)

514-982-7555 (long distance charges may apply)

Is my vote confidential?

Yes.

Our registrar, Computershare Trust Company of Canada, independently counts and tabulates the proxies to preserve the confidentiality of individual shareholder votes. Proxies are referred to Source only in cases where:

- a shareholder clearly intends to communicate with Management;
- there are questions as to the validity of a proxy; or
- it is necessary to do so to meet applicable legal requirements.

Can I vote my Shares by filling out and returning the notice?

No.

The notice sets forth the items to be voted on at the Meeting, but you cannot vote by marking the notice and returning it.

Voting results

Following the Meeting, Source will post a report on voting results in the “Investors” section of our website, www.sourceenergyservices.com and issue a news release announcing the voting results. We will also file a copy of the results with Canadian securities regulatory authorities at www.sedar.com. For more information, see the “Additional Information” section of this Circular.

ELECTRONIC DELIVERY OF SHAREHOLDER COMMUNICATIONS

Notice-and-Access

The “notice-and-access” provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the “Notice-and-Access Provisions”) are a set of rules developed by the Canadian Securities Administrators that allows issuers to provide meeting materials to securityholders via the internet. The Notice-and-Access Provisions allow issuers to mail a simpler set of materials to securityholders, rather than the traditional proxy package in paper form. Notice-and-access is more environmentally friendly as it helps reduce paper use and our carbon footprint and it should also reduce our printing and postage costs.

Instead of receiving printed copies of the notice of the Meeting, the Circular, the audited consolidated financial statements of the Company for the year ended December 31, 2020 and management’s discussion and analysis thereon (“Financial Information”) (the Circular and Financial Information collectively, the “Meeting Materials”), both our Registered Holders and Beneficial Holders will receive a notice-and-access notification containing information on how to access the Meeting Materials electronically, and a proxy or voting instruction form, as applicable, enabling them to vote at the Meeting. We also provide paper copies of the Meeting Materials to Beneficial Holders who have standing instructions to receive, or for whom Source has otherwise received a request to provide, paper copies of materials.

This Circular together with related materials have been posted and are available for review at www.sourceenergyservices.com/investors/#notice-and-access and on the Company’s SEDAR profile at www.sedar.com.

Beginning March 31, 2021, shareholders may request a paper copy of the Circular for up to one year, at no charge. Requests for information about notice-and-access or for Meeting Materials may be made as follows:



Telephone:

1-888-256-4758 (toll-free in Canada and the United States)



Email:

investorrelations@sourceenergyservices.com

If you request a paper copy of the Meeting Materials, **you will not receive a new form of proxy** so please retain the original form sent to you in order to vote.

Shareholders should submit their request by 5:00 p.m. (MST) on April 15, 2021, to allow reasonable time to receive and review the Circular in advance of the Meeting and to vote their Shares.

Does Source provide electronic delivery of shareholder communications?

Yes. Electronic delivery is a voluntary program for our shareholders. Under this program, an email notification (with links to the documents posted on our website) is sent to you.

Electronic delivery reduces the cost and environmental impact of producing and distributing paper copies of documents in very large quantities. It also provides shareholders with faster access to information about Source.

How do I enroll for electronic delivery of shareholder communications?

Registered Holders



If you are a Registered Holder, please go to www.computershare.com/eDelivery and click on “eDelivery Signup”. **You will need information from your proxy form to register.**

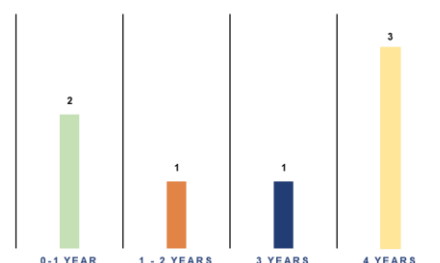
Beneficial Holders



For most Beneficial Holders, please go to www.proxyvote.com for more instructions and to register. **You will need your Enrollment Number/Control Number. You can find this number on your voting instruction form/proxy form.**

ABOUT OUR DIRECTORS

TENURE



1.75 Yrs. Average Tenure

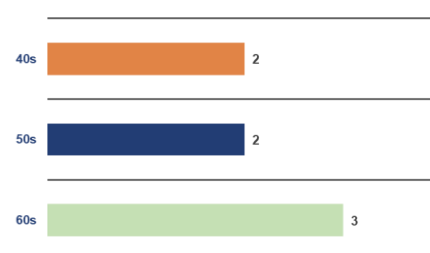
GENDER



1 Female Director

6 Male Directors

AGE



55.5 Yrs. Average Age

Voting

1. Fix Number of Directors to be Elected



The Board and Management unanimously recommend that shareholders vote FOR fixing the number of directors to be elected at seven (7).

Currently, the Board consists of seven (7) members, each of whom has a term of office which expires at the Meeting. The Board proposes that the number of directors to be elected at the Meeting shall be fixed at seven (7).

If Brad Thomson or Derren Newell is your proxyholder and you have not given instructions on how to vote your Shares, he will vote "FOR" fixing the number of directors to be elected at seven (7).

The Board and Management of Source unanimously recommend that shareholders vote FOR fixing the number of directors to be elected at seven (7).

2. Elect Directors



The Board and Management unanimously recommend that shareholders vote FOR the election of each of the seven (7) nominees to the Source Board of Directors

The seven (7) nominees to the Source Board of Directors are Jeff Belford, Stew Hanlon, Chris Johnson, Carrie Lonardelli, Ken Seitz, Steven Sharpe and Bradley Thomson.

Each nominee is proposed to be elected for a term ending at the 2022 annual meeting of shareholders. Profiles for each of the seven (7) nominees are provided on the following pages.

You will be asked to vote for each director on an individual basis. Each nominee has expressed their willingness to serve as a director of Source if elected. Source does not believe that any of the nominees will be unable to serve as a director but, if this should occur for any reason prior to the Meeting, the persons named in the enclosed proxy form may vote for another nominee at their discretion.

If Brad Thomson or Derren Newell is your proxyholder and you have not given instructions on how to vote your Shares, he will vote "FOR" the election of each of the seven (7) nominees named in this Circular. If a proposed nominee is unable to serve as a director or withdraws his or her name, the individuals named in your form of proxy or voting instruction form reserve the right to nominate and vote for another individual in their discretion.

The Board and Management of Source unanimously recommend that shareholders vote FOR the election of each of the seven (7) nominees to the Source Board of Directors.

Following the Meeting, Source will issue a press release that includes the number of votes cast for and withheld from each individual director.

Majority Voting Policy

We have a majority voting policy that applies to the election of directors at the Meeting. This means that if a director receives more “withhold” votes than “for” votes at the Meeting, then the director will immediately tender his or her resignation to the Chairman. The resignation is effective if it is accepted by the Board. The Compensation and Corporate Governance Committee will consider a director’s offer to resign and make a recommendation to the Board as to whether or not to accept it. The Board will accept resignations, except in exceptional circumstances. The Board will have ninety (90) days from the Meeting to make and publicly disclose its decision by news release either to accept or reject the resignation (including reasons for rejecting the resignation, if applicable).

Director Qualifications

We believe that each of the director nominees possess character, integrity, judgment, business experience, a record of achievement and other skills and talents which enhance the Board and the overall management of the business and affairs of Source. Each director nominee understands our Company’s principal operational and financial objectives, plans and strategies, financial position and performance, and the performance of Source relative to our principal competitors. The Compensation and Corporate Governance Committee considered these qualifications in determining to recommend the director nominees for election. Additional information is provided in the individual director profiles below and in the “*Corporate Governance Practices*” section of this Circular, which contains a “skills matrix” highlighting individual director skills and experiences.

Nomination of Directors

The Compensation and Corporate Governance Committee is responsible for selecting nominees for election to the Board. The Compensation and Corporate Governance Committee is responsible for recommending suitable candidates for nomination for election or appointment as director, and recommending the criteria governing the overall composition of the Board and governing the desirable characteristics for directors. In making such recommendations, the Compensation and Corporate Governance Committee considers: (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (b) the competencies and skills that the Board considers to be necessary for each existing director to possess; (c) the competencies and skills that each new nominee will bring to the Board; and (d) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

The Compensation and Corporate Governance Committee also reviews on a periodic basis the composition of the Board and analyzes the needs of the Board and recommends nominees who meet such needs.

Notwithstanding the above, pursuant to a nomination agreement dated April 13, 2017 between the Company and TriWest IV, the Company undertook, subject to certain conditions, to: (a) in the event TriWest IV and its affiliates beneficially own or exercise control or direction over at least 15% of the aggregate issued and outstanding Common Shares and Class B Shares, put forward two nominees of TriWest IV as directors proposed by the Company for election at any meeting of the shareholders at which directors are to be elected, and (b) in the event TriWest IV and its affiliates beneficially own or exercise control or direction over less than 15% but more than 7.5% of the aggregate issued and outstanding Common Shares and Class B Shares, put forward one nominee of TriWest IV as a director proposed by the Company for election at any meeting of the shareholders at which directors are to be elected. In the event TriWest IV and its affiliates beneficially own or exercise control or direction over less than 7.5% of the aggregate issued and outstanding Common Shares, the Company will not be obligated to include any nominee of TriWest IV as a director proposed by the Company at any meeting of the shareholders at which directors are to be elected. As TriWest IV and its affiliates beneficially own or exercise control or direction over at least 15% of the aggregate issued and outstanding Common Shares and Class B Shares, the Company has put forward Jeff Belford as a director proposed for election at the Meeting.

Nominee Information

The following provides information regarding the seven (7) director nominees who are proposed to be elected at the Meeting, including a brief biography, city and country of residence, independence status, Committee membership, attendance at Board and Committee meetings in 2020, ownership of Source securities and voting results from our 2020 Meeting.

In the director nominee profiles on the following pages, “securities held” by a director nominee includes Common Shares and securities convertible into Common Shares over which a director exercised control or direction, as of March 18, 2021. Information regarding Common Shares beneficially owned does not include those Common Shares that may be obtained through the exercise or vesting of convertible securities. Additional information about director share ownership guidelines is provided later in this section.

BRADLEY (BRAD) THOMSON**Chief Executive Officer (Not Independent)****Board and Committee Membership**

Board (regularly scheduled meetings)
Technical Committee⁽²⁾

2020 Meeting Attendance

4 of 4 100%
1 of 1 100%

Past Annual Meeting Voting Results⁽³⁾

Year	Votes For	% of Votes for	Votes Withheld	% of Votes Withheld
2020	2,589,251	99.98%	533	0.02%
2019	3,544,957	99.98%	800	0.02%

Securities Held⁽⁴⁾

Common Shares 274,730
PSUs 32,428
RSUs 29,216

Senior Executive Share Ownership Requirement

3x Base Salary Criteria met

Other Public Company Directorships During the Last Five Years

None

Calgary, Alberta, Canada⁽¹⁾

Age: 64

Director Since: February 2017

Mr. Brad Thomson joined Source in June 2012 at the invitation of the founding owners to become the CEO and to provide executive leadership for the substantial growth initiatives of Source. Mr. Thomson has extensive experience in fast growth organizations as a founder, officer and director of a number of business success stories. Mr. Thomson has over 30 years of experience in finance, business development and operations. Mr. Thomson was a Principal and the Chief Financial Officer of the Northridge Group of Companies ("Northridge") which, among other things, built one of North America's largest private petroleum and natural gas marketing and trading companies. Northridge had operations in 7 provinces and twenty-five states. He was also a founder and officer of an oil and gas investment fund (now AGF Resource Capital) and Metronet Communications (now Allstream Canada). Mr. Thomson also served as a senior officer of TransCanada Company ("TransCanada") where he was responsible for its growth program. While at TransCanada, he spearheaded the creation of TransCanada Power LP (which is now traded as Capital Power Company). In addition, Mr. Thomson has served as a director of a number of oil and gas exploration companies as well as CCS Income Fund, CE Franklin Limited, Bruce Power Ltd., and the Canadian Electrical Association. Mr. Thomson is a Chartered Professional Accountant - Chartered Accountant designation and has received his ICD.D designation from the Canadian Institute of Corporate Directors.

Notes:

- (1) The information as to province or state, country of residence, and principal occupation, not being within the knowledge of Source, has been furnished by the respective nominees individually.
- (2) On December 30, 2020, the Technical Committee was dissolved and its responsibilities were assumed by the Board.
- (3) Original values have been converted to reflect post-consolidation values.
- (4) The information as to the number of securities beneficially owned, or controlled or directed, directly or indirectly, not being solely within the knowledge of Source, has been based upon reports filed on SEDI at www.sedi.ca.

STEW HANLON**Independent Director, Chair of the Board****Board and Committee Membership**

Board (regularly scheduled meetings)
Audit Committee
Compensation and Corporate Governance Committee
Health, Safety and Environment Committee

2020 Meeting Attendance

4 of 4 100%
4 of 4 100%
3 of 3 100%
3 of 3 100%

Past Annual Meeting Voting Results⁽²⁾

Year	Votes For	% of Votes for	Votes Withheld	% of Votes Withheld
2020	2,589,251	99.98%	533	0.02%
2019	3,459,686	99.92%	2,737	0.08%

Securities Held⁽³⁾

Common Shares 16,666
DSUs 14,494

Director Share Ownership Requirement

3x Base Retainer Criteria met

Other Public Company Directorships During the Last Five Years

Questor Technology Inc. Present
Gibson Energy Inc. Past

Calgary, Alberta, Canada⁽¹⁾

Age: 60

Director Since: April 2017

Mr. Stew Hanlon retired from his position as President and CEO of Gibson Energy ("Gibson") in June of 2017. In his 26-year tenure with Gibson he filled senior roles in finance, business development and operations culminating in his appointment as President and CEO in April of 2009. In addition to Source, Mr. Hanlon also serves on the board of directors of Hammerhead Resources Inc. and Questor Technology Inc., is a member of the chapter advisory board of the Children's Wish Foundation for Alberta and the Northwest Territories and is on the board of governors of the Alberta University of the Arts. Mr. Hanlon holds a Bachelor of Commerce (Finance and Accounting) from the University of Saskatchewan, is a Chartered Accountant and was admitted to the Institute of Chartered Accountants of Saskatchewan in 1989 and Institute of Chartered Accountants of Alberta in 1990.

Notes:

- (1) The information as to province or state, country of residence, and principal occupation, not being within the knowledge of Source, has been furnished by the respective nominees individually.
- (2) Original values have been converted to reflect post-consolidation values.
- (3) The information as to the number of securities beneficially owned, or controlled or directed, directly or indirectly, not being solely within the knowledge of Source, has been based upon reports filed on SEDI at www.sedi.ca.

JEFF BELFORD
Independent Director

 Calgary, Alberta, Canada⁽¹⁾

Age: 56

Director Since: February 2017

Mr. Jeff Belford is a Senior Managing Director of TriWest Capital Partners, a private equity firm that invests in companies in a broad range of industries, including the service, manufacturing and distribution sectors, joining at the inception of TriWest Capital Fund II in 2003 from Swiss Water Decaffeinated Coffee Company Inc., a former TriWest fund portfolio company. Mr. Belford contributes both financial and operations experience to the TriWest team. Mr. Belford gained significant financial and operating experience before joining TriWest. He was Chief Financial Officer of Swiss Water from 2000 to 2003. Swiss Water was subsequently listed on the TSX as an Income Trust. From 1996 to 2000, Mr. Belford was Director of Finance and Operations for Descente North America, an international sportswear company. Prior to that, Mr. Belford held a variety of financial roles at Kraft Foods Canada. Mr. Belford holds a Bachelor of Commerce degree from the University of Toronto and is a member of the Canadian Institute of Chartered Professional Accountants.

Notes:

- (1) The information as to province or state, country of residence, and principal occupation, not being within the knowledge of Source, has been furnished by the respective nominees individually.
- (2) Mr. Belford joined the Compensation and Corporate Governance Committee on December 30, 2020.
- (3) Original values have been converted to reflect post-consolidation values.
- (4) The information as to the number of securities beneficially owned, or controlled or directed, directly or indirectly, not being solely within the knowledge of Source, has been based upon reports filed on SEDI at www.sedi.ca.
- (5) Mr. Belford is a Senior Managing Director of TriWest, the general partner of the limited partnerships comprising TriWest IV, which exercises control or direction over 1,389,776 Shares.

Board and Committee Membership

 Board (regularly scheduled meetings)
 Audit Committee
 Compensation and Corporate Governance Committee⁽²⁾
2020 Meeting Attendance

 4 of 4 100%
 4 of 4 100%
 N/A N/A

Past Annual Meeting Voting Results⁽³⁾

Year	Votes For	% of Votes for	Votes Withheld	% of Votes Withheld
2020	2,589,251	99.98%	533	0.02%
2019	3,544,957	99.98%	800	0.02%

Securities Held⁽⁴⁾

 Common Shares -(5)
 DSUs 14,495

Director Share Ownership Requirement

3x Base Retainer Criteria met

Other Public Company Directorships During the Last Five Years

None

CHRIS JOHNSON
Independent Director

 Schomberg, Ontario, Canada⁽¹⁾

Age: 46

Director Since: December 2020

Mr. Chris Johnson is President and CEO at Crown Capital Partners Inc. ("Crown Capital"), a specialty finance company operating in alternative asset classes, which he co-founded in 2000. Prior to starting Crown Capital, Mr. Johnson was an investment manager for Crown Life Insurance Company, responsible for the investment management of Crown Life's equity and fixed income investments, asset liability management, and derivative management. Mr. Johnson has a Bachelor of Commerce (Honours) from the University of Guelph and holds the CFA charterholders designation.

Notes:

- (1) The information as to province or state, country of residence, and principal occupation, not being within the knowledge of Source, has been furnished by the respective nominees individually.
- (2) Mr. Johnson was appointed to the Board and the Health, Safety and Environment Committee on December 30, 2020.
- (3) Mr. Johnson is the President and CEO of Crown Capital which exercises control or direction over 676,791 Shares.

Board and Committee Membership

 Board (regularly scheduled meetings)⁽²⁾
 Health, Safety and Environment Committee⁽²⁾
2020 Meeting Attendance

 N/A N/A
 N/A N/A

Past Annual Meeting Voting Results⁽²⁾

Year	Votes For	% of Votes for	Votes Withheld	% of Votes Withheld
2020	-	-	-	-
2019	-	-	-	-

Securities Held

 Common Shares -(3)
 DSUs -

Director Share Ownership Requirement

3x Base Retainer Criteria met

Other Public Company Directorships During the Last Five Years

Crown Capital Partners Inc. Present

CARRIE LONARDELLI**Independent Director**Calgary, Alberta, Canada⁽¹⁾

Age: 45

Director Since: March 2019

Mrs. Carrie Lonardelli is the Chief Financial Officer of Bonnetts Energy Corp. ("Bonnetts") which offers specialized downhole operations to customers in the Western Canada Sedimentary Basin. Prior to joining Bonnetts, Mrs. Lonardelli was the owner and operator of an enterprise that provided CFO services to owner-managed businesses in Calgary. Prior to starting her own business, Mrs. Lonardelli was the VP of Finance at Phoenix Technology Services (8 years) and served a broad range of clients with KPMG in both Winnipeg and Calgary (7 years). Mrs. Lonardelli holds both a Bachelor of Commerce and a Bachelor of Arts degree from the University of Manitoba (2000) and completed her Chartered Accountant designation with the Institute of Chartered Accountants of Manitoba (2001). Mrs. Lonardelli currently serves on the board of governors of Mount Royal University.

Notes:

- (1) The information as to province or state, country of residence, and principal occupation, not being within the knowledge of Source, has been furnished by the respective nominees individually.
- (2) Original values have been converted to reflect post-consolidation values.
- (3) The information as to the number of securities beneficially owned, or controlled or directed, directly or indirectly, not being solely within the knowledge of Source, has been based upon reports filed on SEDI at www.sedi.ca.

Board and Committee Membership

Board (regularly scheduled meetings)
Audit Committee (Chair)

2020 Meeting Attendance

4 of 4 100%
4 of 4 100%

Past Annual Meeting Voting Results⁽²⁾

Year	Votes For	% of Votes for	Votes Withheld	% of Votes Withheld
2020	2,589,251	99.98%	533	0.02%
2019	3,544,957	99.98%	800	0.02%

Securities Held⁽³⁾

DSUs 12,738

Director Share Ownership Requirement

3x Base Retainer Has until March 2024 to comply

Other Public Company Directorships During the Last Five Years

None

KEN SEITZ**Independent Director**Saskatoon, Saskatchewan, Canada⁽¹⁾

Age: 51

Director Since: May 2018

Mr. Ken Seitz is Executive Vice President and CEO of Potash at Nutrien Ltd. ("Nutrien"), a producer and distributor of potash, nitrogen and phosphate products for agricultural, industrial and feed customers. Prior to joining Nutrien in 2020, Mr. Seitz was President and Chief Executive Officer, and a board member of Canpotex Limited ("Canpotex"). Previous to Canpotex, Mr. Seitz held various senior positions at Cameco Corporation ("Cameco") over a 17-year period, including Chief Commercial Officer from 2011 to 2015. Prior to joining Cameco, Mr. Seitz spent 5 years in the oil and gas sector with both PanCanadian Energy and Encana Corporation, in finance and strategic planning roles. Mr. Seitz earned Bachelor's degrees in Economics and Engineering, and an MBA, all from the University of Saskatchewan. Mr. Seitz also holds a Certificate in Management from the Stern School of Business at New York University, and is a Professional Engineer with the Association of Professional Engineers and Geoscientists of Saskatchewan.

Notes:

- (1) The information as to province or state, country of residence, and principal occupation, not being within the knowledge of Source, has been furnished by the respective nominees individually.
- (2) On December 30, 2020, the Technical Committee was dissolved and its responsibilities were assumed by the Board.
- (3) Original values have been converted to reflect post-consolidation values.
- (4) The information as to the number of securities beneficially owned, or controlled or directed, directly or indirectly, not being solely within the knowledge of Source, has been based upon reports filed on SEDI at www.sedi.ca.

Board and Committee Membership

Board (regularly scheduled meetings)
Health, Safety and Environment Committee (Chair)
Technical Committee⁽²⁾

2020 Meeting Attendance

3 of 4 75%
3 of 3 100%
1 of 1 100%

Past Annual Meeting Voting Results⁽³⁾

Year	Votes For	% of Votes for	Votes Withheld	% of Votes Withheld
2020	2,589,251	99.98%	533	0.02%
2019	3,544,957	99.98%	800	0.02%

Securities Held⁽⁴⁾

Common Shares 1,916
DSUs 13,780

Director Share Ownership Requirement

3x Base Retainer Has until May 2023 to comply

Other Public Company Directorships During the Last Five Years

None

Toronto, Ontario, Canada⁽¹⁾

Age: 67

Director Since: December 2020

Board and Committee MembershipBoard (regularly scheduled meetings)⁽²⁾**2020 Meeting Attendance⁽¹⁾**

N/A N/A

Compensation and Corporate Governance Committee (Chair)⁽²⁾

N/A N/A

Past Annual Meeting Voting Results⁽²⁾

Year	Votes For	% of Votes for	Votes Withheld	% of Votes Withheld
2020	-	-	-	-
2019	-	-	-	-

Securities Held⁽³⁾

DSUs -

Director Share Ownership Requirement

3x Base Retainer Has until December 2025 to Comply

Other Public Company Directorships During the Last Five Years

Crown Capital Partners Inc.	Present
Dundee Corporation	Present
Essential Energy Services Ltd.	Past
Madalena Energy Inc.	Past

Mr. Steven Sharpe is the Managing Director of The EmBeSa Corporation, a private consultancy dealing with corporate restructuring, business strategy and crisis management and he is the Chairman of The Privacy Co. LLC. Prior thereto, Mr. Sharpe was with Madalena Energy Inc. (2014 to 2017) in roles including the Chairman of the Board and Interim CEO and was the Chairman of the Board of Corporate Risk Holdings, LLC (2015 to 2017), the parent company of Kroll Inc., Kroll Ontrack and HireRight Inc. Previously, Mr. Sharpe was Chairman and Interim CEO of Longview Oil Corp. (TSX) until June 2014. As well, he was Chairman of Advantage Oil & Gas Ltd., (TSX, NYSE), and a director and Chair of the Special Committee of Renegade Petroleum Ltd. (TSX-V). Mr. Sharpe was Chief Executive Officer and a director of C.A. Bancorp Inc. (TSX) until March 2013. Earlier, Mr. Sharpe was Senior Advisor to Blair Franklin Capital Partners Inc., the Toronto-based investment bank that he and Gordon Cheesbrough founded in 2002. From 2002 to 2007 Mr. Sharpe was co-Managing Partner of Blair Franklin. As well, he was Chairman and CEO of Prime Restaurants Royalty Income Fund (subsequently, Chairman of Prime Restaurants Inc.). In 1998, Mr. Sharpe joined The Kroll-O'Gara Company in New York as Executive Vice President. Mr. Sharpe returned to Toronto in 2001, to undertake the operational and financial restructuring and ultimate auction of Security Technologies Group and then he undertook a similar role as Chief Restructuring Officer of a private holding company in Toronto. A lawyer by training, Mr. Sharpe graduated from Osgoode Hall Law School in 1977, and was called to the Ontario bar in 1979. He spent his legal career at the Torys firm from 1979 to 1986, and Davies, Ward & Beck from 1986 to 1998. Mr. Sharpe has been on a number of boards and currently sits on the Advisory Board of the Pine River Institute and is a director of Dundee Corporation (TSX), and Crown Capital Partners Inc. (TSX).

Notes:

- (1) The information as to province or state, country of residence, and principal occupation, not being within the knowledge of Source, has been furnished by the respective nominees individually.
- (2) Mr. Sharpe was appointed to the Board and as Chair of the Compensation and Corporate Governance Committee on December 30, 2020.
- (3) The information as to the number of securities beneficially owned, or controlled or directed, directly or indirectly, not being solely within the knowledge of Source, has been based upon reports filed on SEDI at www.sedi.ca.

Cease Trade Orders and Bankruptcies

Except as described below, to the knowledge of the Company: (i) no proposed nominee for director of the Company is, as of the date of this Circular, or was within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; and (ii) no proposed nominee for director of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as of the date of this Circular, or has been within the ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

- Mr. Jeff Belford, a director of the Company, was a director of Prostar Manufacturing Inc. from October 9, 2015 until an interim receiver in bankruptcy was appointed over its and certain of its affiliates' assets on June 30, 2020 pursuant to the Bankruptcy and Insolvency Act ("BIA"). On June 30, 2020, Prostar Manufacturing Inc. was adjudged bankrupt and a trustee in bankruptcy was appointed.
- Mr. Chris Johnson was a director of National Builders Source Ltd. ("NBSL") from June 2008 to May 2012. NBSL was assigned a receiver in September 2011. National Millwork Inc. acquired the assets of NBSL in September 2011. Mr. Johnson

was a director of National Millwork Inc. from January 2009 until June 2012. National Millwork Inc. went into receivership in June 2012.

- Mr. Chris Johnson was a director of Clothing for Modern Times Inc. ("CMT") from April 2008 to June 2011. CMT filed for a Notice of Intent to File a Proposal on June 27, 2011.
- Mr. Chris Johnson was appointed by Crown Capital as a director of MCS Energy 21 Inc. from June 2018 to June 2019. On behalf of Crown Capital, an interim receiver was appointed over the undertakings, properties and assets of MCS Energy 21 Inc. on June 7, 2019.

Board Skills Matrix

The following table reflects the diverse skill set requirements of the Board and identifies the specific experience and expertise that is possessed by each director nominee. Directors self-assessed their level of skill and experience on a scale of one  to five  (one being low).

DIRECTOR SKILLS AND EXPERIENCE	J. Belford	S. Hanlon (Chair)	C. Johnson	C. Lonardelli	K. Seitz	S. Sharpe	B. Thomson (CEO)
EXECUTIVE LEADERSHIP							
 Experience leading an organization, or a functional area or major business segment of an organization.							
CORPORATE GOVERNANCE							
 Deep understanding of corporate governance gained through experience as a senior executive officer or board member of public and private organizations.							
FINANCIAL LITERACY							
 Ability to critically assess and analyze financial statements and projections, executive or management experience in financial reporting and accounting, and corporate finance.							
STRATEGIC PLANNING							
 Executive or management experience related to strategic planning and strategy execution for organizations.							
ENTERPRISE RISK EVALUATION							
 Executive or management experience evaluating and managing the spectrum of risks faced by organizations.							
BUSINESS DEVELOPMENT AND VALUE CREATION							
 Executive or management experience relating to business development, mergers and acquisitions, opportunity generation, and value creation.							
HUMAN RESOURCES							
 Executive or management experience relating to human resources, talent management, succession planning and compensation.							
HEALTH SAFETY AND ENVIRONMENT							
 Experience related to the regulation of, workplace health and safety, the environment, stakeholder communications, and social responsibility for the oil and gas industry.							
CAPITAL MARKETS							
 Experience involving extensive exposure to public capital markets and institutional investors.							
CHANGE MANAGEMENT							
 Experience as a President, CEO, or functional head leading an organization or major business line through significant change.							
OPERATIONS							
 Management or executive experience with oil and gas operations.							
GLOBAL EXPERIENCE							
 Management or executive experience in a multi-national organization, understanding of the challenges faced in different cultural, political or regulatory environments.							
LEGAL AND REGULATORY							
 Experience in legal and regulatory matters							

Independence

A majority of the Board is independent. Under NI 58-101 – *Disclosure of Corporate Governance Practices*, a director is considered to be independent if he or she is independent within the meaning of NI 52-110 – *Audit Committees*. Pursuant to NI 52-110, the independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment. Based on information provided by each director nominee concerning his or her background, employment and affiliations, the Board has determined that: (a) Mr. Belford, Mr. Hanlon, Mr. Johnson, Mrs. Lonardelli, Mr. Seitz and Mr. Sharpe, and are independent within the meaning set out in NI 58-101; and (b) Mr. Thomson is not independent within the meaning set out in NI 58-101 as he is the President and Chief Executive Officer of Source.

Mr. Belford is a senior managing director of TriWest Capital Partners ("TriWest"), the general partner of the limited partnerships comprising TriWest IV. TriWest IV is a significant shareholder of Source. See the "Principal Voting Shareholders" section of this Circular. Notwithstanding TriWest IV's significant shareholdings in the Company, the Board has determined that Mr. Belford is independent within the meaning set out in NI 58-101.

In order for the Board to function independently from Management:

- The roles and responsibilities of the Chair of the Board (Stew Hanlon) and the CEO (Brad Thomson) are separate; and
- The Audit Committee is comprised entirely of independent directors (as required by applicable law). The Compensation and Corporate Governance Committee, and the Health, Safety and Environment Committee are also comprised entirely of independent directors.

Name of Director	Management	Independent	Not Independent	Reason for Non-Independence
Jeff Belford		✓		
Stew Hanlon		✓		
Chris Johnson		✓		
Carrie Lonardelli		✓		
Ken Seitz		✓		
Steven Sharpe		✓		
Brad Thomson	✓	✗	✓	President and Chief Executive Officer of Source
Total	1	6	1	

Board Committees

The Board has three Committees: the Audit Committee, the Compensation and Corporate Governance Committee, and the Health, Safety and Environment Committee. On December 30, 2020, the Technical Committee was dissolved and its responsibilities were assumed by the Board.

The following table sets forth the current membership of the three Committees:

Name of Director	Audit Committee	Compensation and Corporate Governance Committee	Health, Safety and Environment Committee
Jeff Belford	✓	✓	
Stew Hanlon	✓	✓	✓
Chris Johnson			✓
Carrie Lonardelli	✓ (Chair)		
Ken Seitz			✓ (Chair)
Steven Sharpe		✓ (Chair)	
Total	3	3	3

Each of the Board's Committees has a mandate. The mandates are reviewed annually by the relevant Committee and the Compensation and Corporate Governance Committee. These mandates are publicly available at our website, www.sourceenergyservices.com.

Audit Committee

The members of the Audit Committee are Mrs. Lonardelli (Chair), Mr. Belford, and Mr. Hanlon. Each of the members of the Audit Committee is considered "financially literate" and "independent" within the meaning of NI 52-110.

The Company believes that each of the members of the Audit Committee possesses: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the

Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

In addition to any other duties and authorities delegated to it by the Board from time to time, the Audit Committee's mandate includes:

- reviewing and recommending to the Board changes to its mandate, as considered appropriate from time to time;
- reviewing any and all disclosure regarding the Audit Committee as contemplated by NI 52-110;
- overseeing by direct involvement or by delegation to the Company's disclosure committee, the disclosure of the Company's quarterly and annual financial statements and related filings;
- summarizing in the Company's disclosure materials, the Committee's composition and activities as required;
- satisfying itself on behalf of the Board with respect to the Company's internal control systems, including ensuring compliance with legal and regulatory requirements;
- reviewing and recommending to the Board for approval the Company's annual financial statements, and reviewing and approving the Company's quarterly financial statements, including in each case any certification, report, opinion or review rendered by the external auditor, and related management's discussion and analysis. The process of reviewing annual and quarterly financial statements should include but not be limited to:
 - reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - reviewing significant accruals, reserves or other estimates;
 - reviewing accounting treatment of unusual or non-recurring transactions;
 - ascertaining compliance with covenants under loan agreements;
 - reviewing financial reporting relating to asset retirement obligations;
 - reviewing disclosure requirements for commitments and contingencies;
 - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - reviewing unresolved differences between Management and the external auditors;
 - obtaining explanations of significant variances with comparative reporting periods; and
 - determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;
- reviewing financial statements, prospectuses, management's discussion and analysis, annual information forms and all public disclosure containing financial information that is based upon the financial statements of the Company that has not been previously released, before release and prior to Board approval, if required;
- seeking to ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;
- recommending to the Board the nomination of the external auditor for shareholder approval, considering independence and effectiveness, and reviewing the fees and other compensation to be paid to the external auditor. Instructing the external auditor that its ultimate client is the shareholders of the Company as a group;
- advising the external auditor that it is required to report directly to the Audit Committee, and not to Management of the Company and, if it has any concerns regarding the conduct of the Committee or any member thereof, it should contact the Chairman of the Board or any other director;
- monitoring the relationship between Management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between Management and the external auditor;
- reviewing and discussing, on an annual basis, with the external auditor all significant relationships they have with the Company, its Management or employees to determine their independence;
- reviewing and approving requests for any material management consulting or other engagement to be performed by the external auditor and be advised of any other material study undertaken by the external auditor at the request of Management that is beyond the scope of the audit engagement letter and related fees;
- reviewing the performance of the external auditor and any proposed dismissal or non-renewal of the external auditor when circumstances warrant;

- periodically consulting with the external auditor out of the presence of Management about significant risks or exposures, internal controls and other steps that Management has or has not taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper;
- reviewing with the external auditors (and internal auditor if one is appointed by the Company) their assessment of the internal controls of the Company, their written reports containing recommendations for improvement, and Management's response and follow-up to any identified weaknesses;
- communicating directly with the external auditor, and arranging for the external auditor to report directly to the Audit Committee or to be available to the Audit Committee and the full Board as needed;
- reviewing the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as it sees fit;
- considering the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices relative to the Company's peers;
- reviewing all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions;
- considering proposed major changes to the Company's accounting principles and practices;
- if considered appropriate, establishing separate systems of reporting to the Audit Committee by each of Management and the external auditor;
- reviewing the scope and plans of the external auditor's audit and reviews and authorizing the external auditor to perform supplemental reviews or audits as the Audit Committee may deem desirable;
- reviewing annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Company and its subsidiaries;
- periodically considering the need for an internal audit function, if not present;
- following completion of the annual audit and quarterly reviews, reviewing separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews;
- reviewing any significant disagreements among Management and the external auditor in connection with the preparation of the financial statements;
- where there are significant unsettled issues between Management and the external auditors that do not affect the audited financial statements, seeking to ensure that there is an agreed course of action leading to the resolution of such matters;
- reviewing with the external auditor and Management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee;
- reviewing the system in place to seek to ensure that the financial statements, related management's discussion and analysis and other financial information disseminated to governmental organizations and the public satisfy applicable requirements; and
- when there is to be a change in auditors, reviewing the issues related to the change and the information to be included in the required notice to securities regulators of such change.

Please see page 26 and Appendix "A" (page 47) of our Annual Information Form dated March 18, 2021 for the disclosure regarding the Audit Committee required by Form 52-110F1 *Audit Committee Information Required in an AIF*. The annual information form is available on our website at www.sourceenergyservices.com and under Source's SEDAR profile at www.sedar.com. Upon request, Source will provide shareholders with a copy of the Annual Information Form. Please use the contact information set out on page 50 of this Circular.

Compensation and Corporate Governance Committee

The members of the Compensation and Corporate Governance Committee are Mr. Sharpe (Chair), Mr. Hanlon, and Mr. Belford. Each member of the Compensation and Corporate Governance Committee have been senior leaders in various organizations. As a result, they have obtained direct experience relevant to executive compensation and possess the skills and knowledge that

enable the Compensation and Corporate Governance Committee to develop and make recommendations on the suitability of Source's compensation policies and practices. Each of the members of the Compensation and Corporate Governance Committee is independent within the meaning of NI 58-101.

The Compensation and Corporate Governance Committee's mandate is to, among other things, assess and formulate and make recommendations to the Board in respect of corporate governance, compensation issues related to Source's officers and employees, compensation and other issues relating to the Company's directors. In addition to any other duties and authorities delegated to it by the Board from time to time, the Compensation and Corporate Governance Committee's mandate includes:

- reviewing and recommending to the Board, on a non-binding basis, changes to its mandate, as considered appropriate from time to time;
- reviewing and making recommendations to the Board on Source's general compensation philosophy and overseeing the development and administration of compensation programs;
- overseeing the preparation of and recommending to the Board any required disclosures of governance practices to be included in any disclosure document of Source, as required;
- reviewing the senior management and Board compensation policies and/or practices followed by Source and seeking to ensure such policies are designed to recognize and reward performance and establish a compensation framework, which results in the effective development and execution of a Board-approved strategy;
- seeking to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect industry-competitive cash composition relative to corporate performance and considering individual performance in the context of the overall performance of Source;
- developing, for review and approval of the Board, a written position description for the CEO;
- annually evaluating Source's and the senior executives' performance by the degree that Source's strategy (as proposed and justified by Management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian mining or oilfield services companies of a similar size in general and also the Canadian mining or oilfield services companies with the most similar scope of business) differentiate;
- annually reviewing and recommending to the Board an evaluation of the performance of senior executives and providing recommendations for annual compensation based on such evaluation and other appropriate factors;
- administering any share-based compensation plan and such other compensation plans or structures for non-senior executive employees as are adopted by Source from time to time in accordance with the terms of the applicable plan or structure, including the recommendation to the Board of the grant of Options or other compensation in accordance with the terms of the applicable plan or structure;
- regularly reviewing all incentive compensation plans and share-based plans and, in its discretion, making recommendations to the Board for consideration;
- reviewing employee benefit plans and reports and, in its discretion, making recommendations to the Board for consideration;
- providing risk oversight in respect of Source's compensation policies and practices;
- identifying any compensation plans or practices that could encourage senior executives or other individuals in a principal business unit or a division of Source to take inappropriate or excessive risks;
- identifying any other risks that may arise from Source's compensation policies and practices that are reasonably likely to have a material adverse effect on Source;
- overseeing and approving a report prepared by Management on senior executive compensation on an annual basis in connection with the preparation of the annual management information circular or as otherwise required pursuant to applicable securities laws;
- reviewing in advance all proposed executive compensation disclosure;
- reviewing and recommending to the Board the compensation of the Board members, including annual retainer, meeting fees, share-based compensation and other benefits conferred upon the Board members;
- reviewing annually the effectiveness of the CEO and, in consultation with the CEO, other senior management and other executive officers, including their contributions, performance and qualifications;
- considering such other human resource matters as are delegated to the Compensation and Corporate Governance Committee by the Board, for review or recommendation, as considered appropriate from time to time;
- reviewing, on a periodic basis, the size and composition of the Board, making recommendations as to the number of independent directors and advising the Board on filling vacancies;

- facilitating the independent functioning of the Board, including by assessing which directors are independent directors and which independent directors serve the Board as a matter of duty to a third-party and identifying areas of conflict of interest between Source and any such third parties, and seeking to maintain an effective relationship between the Board and senior management of the Company;
- reviewing, annually, the mandates of the Board and its Committees and the position descriptions for the Chairman of the Board and the Chair of each Committee and recommending to the Board such amendments to those mandates and position descriptions as it believes are necessary or desirable;
- assessing, annually, the effectiveness of the Chairman of the Board, the Board as a whole, all Committees of the Board and the contribution, competency, skill and qualification and, if applicable, position distributions, of individual directors, including making recommendations where appropriate that a sitting director be removed or not be re-appointed;
- reviewing, on a periodic basis, the Company's code of business conduct and ethics, recommending to the Board any changes thereto as considered appropriate from time to time, ensuring that Management has established a system to monitor compliance with the code of business conduct and ethics, and reviewing Management's monitoring of Source's compliance with the code of business conduct and ethics;
- establishing a process for direct communications with shareholders and other stakeholders, including through the Company's whistleblower policy;
- developing processes to address any conflict of interest and to periodically review such processes;
- reviewing, on a periodic basis, senior management succession plans;
- reviewing and submitting to the Board, as a whole, recommendations concerning executive and board compensation, compensation plan matters and corporate governance;
- reviewing with the Board the Compensation and Corporate Governance Committee's judgment as to the quality of the Company's governance and suggesting changes to the Company's operating governance guidelines and deemed appropriate;
- as necessary or appropriate, establishing qualifications for directors and procedures for identifying possible nominees who meet these criteria;
- considering, in recommending to the Board suitable candidates to be nominated for election as directors at the next annual meeting of shareholders: (a) the competencies and skills considered necessary for the Board, as a whole, to possess, (b) the competencies and skills of the existing members of the Board, (c) the needs of the Board and the competencies and skills each new nominee will bring to the boardroom, and (d) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board; and
- periodically reviewing the policy on mandatory share ownership for directors and senior officers of the Company and, in its discretion, recommending any changes to the Board for consideration.

Consultants may be periodically retained to assist the Compensation and Corporate Governance Committee in fulfilling its responsibilities. The Compensation and Corporate Governance Committee is currently responsible for determining the compensation for Source's directors and officers. Further particulars of the process by which compensation for the Company's directors and officers is determined can be found under the headings "*Executive Compensation*" and "*Director Compensation*".

Health, Safety and Environment Committee

The members of the Health, Safety and Environment Committee are Mr. Seitz (Chair), Mr. Hanlon and Mr. Johnson. Each of the members of the Health, Safety and Environment Committee is independent within the meaning of NI 58-101.

The Health, Safety and Environment Committee's mandate is to oversee Source's policies and management systems, which are designed to cause it to comply with applicable laws and regulations, and evaluate the performance of Source with respect to: (a) the protection of the health and safety of all persons associated with Source's operations; (b) the protection of the biological and physical environments; and (c) the relationship of Source with the communities nearest its operations. In addition to any other duties and authorities delegated to it by the Board from time to time, the Health, Safety and Environment's Committee's mandate includes:

- reviewing, annually, and recommending to the Board changes to its mandate, as considered appropriate from time to time;
- monitoring changes to applicable laws, regulations and rules and industry standards in regard to health, safety and environmental matters;
- monitoring on a regular basis, the existing health, safety and environmental practices, procedures and policies of Source as prepared by and updated from time to time by Management to ensure that they comply with applicable laws, regulations and rules, conform to industry standards and prevent or mitigate losses and, in its discretion, directing changes to such practices, procedures and policies;

- reviewing periodically the relationship of Source with the communities affected by its business and operations;
- considering and implementing policies for the improvement of the relationship of Source with the communities affected by its business and operations;
- evaluating the effectiveness of the implementation of Source's policies relating to health, safety and environmental matters;
- directing the preparation of, and reviewing and considering reports and recommendations issued by Management or by external advisors relating to health and safety issues, compliance matters and the interaction of Source with the communities affected by its business and operations, together with Management's response to those reports and recommendations;
- from time to time, touring Source's operations, interviewing the senior officers of Source responsible for operations and a sampling of the operating personnel reporting to the Board on such meetings;
- reviewing periodically Source's emergency response plan, if any, and state of readiness to respond to crisis situations;
- reviewing any civil or criminal occupational health and safety or environmental proceedings, claims, orders, actions or government investigation contemplated or threatened against Source;
- reviewing circumstances involving any emergency that forces the indefinite shut-down of operations, loss of safe operating control, serious injuries or fatalities among employees, contractors or the public, extensive damage to property or a serious harm to the environment;
- reviewing health, safety, and environmental programs implemented by Management for any of Source's employees; and
- submitting to the Board, as a whole, reports concerning health, safety and environmental matters.

Source's Board and Committee mandates are available on our website at www.sourceenergyservices.com or by request to Source Energy Services Ltd., 500, 438 – 11th Avenue SE, Calgary, Alberta T2G 0Y4, attention: Chief Financial Officer.

Interlocking Directorships and Service on Other Boards

A board interlock occurs when two of the Company's directors also serve together on the board of another reporting issuer. Source has adopted a formal policy on external positions and board interlocks which requires that no more than two directors sit on the same public company board and that directors: (1) are able to devote the necessary time and attention to their duties as members of the Board, (2) avoid structural or fundamental conflicts by virtue of their sitting on other public company boards, and (3) are able to exercise independent judgment in the performance of those duties. The policy also sets out the procedure to be followed before an executive officer of the Company can be appointed to serve as a director of another company.

The following directors were directors of the following other reporting issuers (or the equivalent) as at March 18, 2021:

Name	Name of Other Reporting Issuers
Stew Hanlon	Questor Technology Inc.
Chris Johnson	Crown Capital Partners Inc.
Steven Sharpe	Crown Capital Partners Inc. Dundee Corporation

The following table sets out interlocking board memberships of Source's directors as at March 18, 2021:

Company Name	Director	Committee Membership (at other public company)
Crown Capital Partners Inc.	Chris Johnson	None
Crown Capital Partners Inc.	Steven Sharpe	Audit and Risk Committee Corporate Governance and Compensation Committee

Tenure

The Board has not adopted director term limits or other mechanisms of board renewal because:

- Source has found that having long standing directors on its Board does not negatively impact board effectiveness and instead contributes to boardroom dynamics such that Source has a consistently high performing Board;
- the imposition of director term limits implicitly discounts the value of experience and continuity amongst Board members and runs the risk of excluding experienced and valuable Board members because of an arbitrary determination;
- it is important to retain directors who hold significant investments in the Company, such that their interests are aligned with the interests of our shareholders;
- it is important to ensure that directors with significant and unique business experience in Source's industry are retained;

- directors with the level of understanding of Source's business, history and culture acquired through long service on the Board provide additional value; and
- term limits have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, insight into Source and its operations and thereby provide an increasing contribution to the Board.

Conflicts of Interest

Certain directors of the Company are also officers and/or directors of other companies engaged in mining and oil and natural gas businesses generally. As a result, situations may arise where the interest of such directors conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. Conflicts, if any, will be handled in a manner consistent with the procedures set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a material contract or material transaction, whether made or proposed, the director shall disclose his or her interest in such contract or transaction to the Company and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

Indemnity Agreements for Directors and Officers

Source has entered into indemnity agreements (in accordance with the indemnity provisions of the ABCA) with each of the directors and officers pursuant to which Source has agreed to indemnify such directors and officers from liability arising in connection with the performance of their duties.

Director Compensation

Approach to Director Compensation

Source's directors' compensation program has been designed to attract and retain the most qualified individuals to serve on its Board. The Compensation and Corporate Governance Committee is responsible for reviewing and approving any changes to director compensation arrangements. Unlike compensation for the Named Executive Officers, the directors' compensation program is not designed to pay for performance; rather, directors receive retainers for their services in order to help ensure unbiased decision-making.

Director Compensation Components

The Company's non-executive director compensation program consists primarily of the following elements:

Director and Committee Member Retainers	
Form of Compensation	Cash
Purpose	Designed to help ensure unbiased decision-making.
Determination	Each non-executive director receives an annual retainer fee paid quarterly, in arrears, pro-rated for partial service, if appropriate. The Chair of each Committee receives an annual retainer fee paid quarterly, in arrears, pro-rated for partial service, if appropriate. Each non-executive Committee member receives an annual membership fee paid quarterly, in arrears, pro-rated for partial service, if appropriate.
DSU Plan	
Form of Compensation	Cash
Purpose	Designed to motivate non-executive directors to achieve the longer-term objectives of the Company and also serves to align the interests of non-executive directors with shareholders.
Determination	Each non-executive director may elect, once each calendar year, to receive all or a portion of his or her annual board retainer fee(s) compensation in DSUs. DSUs vest on the date the non-executive director ceases to be a director and are paid out in cash only at such time. Dividend equivalents are earned at the same rate as cash dividends paid on the Common Shares.

Directors receive annual retainers, Committee membership retainers, and travel fees when applicable. Management directors do not receive fees for their service on Source's Board. The directors are also reimbursed for their reasonable expenses in connection with all meetings and relevant continuing education costs. Pursuant to the DSU Plan, each eligible director receives an annual grant of DSUs. The timing and grant of DSUs granted to non-executive directors is determined by the Board, upon recommendation by the Compensation and Corporate Governance Committee. A summary of the DSU Plan is set out under the heading "Compensation Plan Information – Deferred Share Unit Plan". In conjunction with reductions to substantially all Source employees' compensation in the second quarter of 2020, as Source reacted to the economic impacts of COVID-19, directors' annual retainers were also reduced by 15% effective April 1, 2020 and remained at that level for the balance of 2020. In 2021,

the Compensation and Corporate Governance Committee undertook a review of director compensation. The table below shows the changes to director compensation that will be implemented in 2021.

Category	2020 Retainer ⁽¹⁾	2021 Retainer
Annual retainer for the Chair of the Board	\$85,000	\$80,000
Annual retainer for each Non-executive Director (excluding the Chair of the Board)	\$55,000	\$48,000
Annual retainer for the Chair of the Audit Committee	\$15,000	\$15,000
Annual retainer for the Chair of the Compensation and Corporate Governance Committee	\$11,250	\$15,000
Annual retainer for the Chair of the Health, Safety and Environment Committee	\$7,500	\$15,000
Annual retainer for the Chair of the Technical Committee	\$7,500	N/A
Annual retainer for each Committee member	\$5,000	Nil

Notes:

(1) Effective April 1, 2020 all director's annual retainers were reduced by 15% for the duration of 2020.

Share Ownership Guidelines

The Company has adopted the following share ownership guidelines pursuant to which the Company's non-executive directors are required to own, directly or indirectly, such number of Common Shares or DSUs, as the case may be, with an aggregate value as follows:

Participant	Share Ownership Guidelines
Non-executive Directors	3x previous year base retainer

Common Shares or DSUs held for purposes of the non-executive director share ownership guidelines are valued at the higher of the value at the time of award or acquisition and the closing trading price of the Common Shares on the TSX (or if applicable, any other recognized exchange) on the last trading day of the financial year of Source.

Each director has five years from the later of the introduction of the share ownership guidelines and the date of their initial election or appointment as a director to achieve this minimum share ownership requirement.

Director Share Ownership Table

Name	Ownership Multiple of Annual Base Retainer	Progress Towards Guidelines
Stew Hanlon	>3x 2020 base retainer	Meets requirement
Jeff Belford ⁽¹⁾	>3x 2020 base retainer	Meets requirement
Chris Johnson ⁽²⁾	>3x2020 base retainer	Meets requirement
Carrie Lonardelli	<3x2020 base retainer	Has until March 2024 to comply
Ken Seitz	<3x2020 base retainer	Has until May 2023 to comply
Steven Sharpe	<3x2020 base retainer	Has until December 2025 to comply

Notes:

- (1) Includes Shares owned by Mr. Belford held for the benefit of TriWest IV and Shares over which TriWest IV exercises control or direction.
(2) Includes Shares over which Crown Capital exercises control or direction.

Details of 2020 Director Compensation

Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors (other than Brad Thomson, CEO of Source, who received no compensation in his capacity as a director) for the year ended December 31, 2020. Information regarding Mr. Thomson's 2020 compensation is set forth in the "Executive Compensation" section of this Circular:

Name	Fees Earned (\$) ⁽¹⁾	Share-Based Awards (\$) ⁽²⁾	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Jeff Belford ⁽³⁾	55,913	19,671	-	-	-	-	75,584
Stew Hanlon	88,750	19,671	-	-	-	-	108,421
Chris Johnson ⁽⁴⁾	139	-	-	-	-	-	139
Carrie Lonardelli	66,563	19,671	-	-	-	-	86,234
Mick MacBean ⁽³⁾⁽⁵⁾	66,235	19,671	-	-	-	-	85,906
Jim McMahon ⁽⁵⁾	68,602	19,671	-	-	-	-	88,276
Ken Seitz	64,332	19,671	-	-	-	-	84,003
Steven Sharpe ⁽⁴⁾	165	-	-	-	-	-	165

Notes:

- (1) Includes retainer fees, committee membership fees, and Chair fees (if applicable).
(2) The grant date fair value of the DSU awards is based on the five day volume weighted average ending on March 5, 2020, which was \$2.5491 per unit. The actual value on vesting of such DSU awards may be greater or less than the indicated value.
(3) Fees earned, and share-based awards granted to Messrs. Belford and MacBean are held by such individuals for the benefit of TriWest IV.
(4) As part of the Recapitalization Transaction, Messrs. Johnson and Sharpe were appointed Directors on December 30, 2020.
(5) As part of the Recapitalization Transaction, Messrs. MacBean and McMahon resigned as Directors on December 30, 2020.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards – Directors

The following table sets forth information concerning all awards issued to non-executive directors in 2020.

Name	Option-Based Awards				Share-Based Awards ⁽¹⁾		
	Number of Common Shares Underlying Unexercised Options (#)	Options Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares that have not Vested (#) ⁽¹⁾	Market or Payout Value of Share-Based Awards that have not Vested (\$) ⁽²⁾	Market or Payout Value of Vested Share-Based Awards not Paid out or Distributed (\$)
Jeff Belford	-	-	-	-	7,717	11,727	-
Stew Hanlon	-	-	-	-	7,717	11,727	-
Chris Johnson ⁽³⁾	-	-	-	-	-	-	-
Carrie Lonardelli	-	-	-	-	7,717	11,727	-
Mick MacBean ⁽⁴⁾	-	-	-	-	-	-	11,727
Jim McMahon ⁽⁵⁾	-	-	-	-	-	-	11,727
Ken Seitz	-	-	-	-	7,717	11,727	-
Steven Sharpe ⁽⁶⁾	-	-	-	-	-	-	-

Notes:

- (1) DSUs are issued to non-executive directors annually as a portion of the directors' compensation arrangements and vest on the date a non-executive director ceases to be a director and are paid out only at such time.
- (2) Market or payout value of outstanding DSUs was calculated based on the volume weighted average of the trading price of the Common Shares on the TSX of the five consecutive trading days preceding December 31, 2020, which was \$1.5196.
- (3) Mr. Johnson was appointed to the Board in December 2020 and as such no DSUs were issued to him in 2020.
- (4) Mr. MacBean resigned in December 2020 and his DSUs vested at that time.
- (5) Mr. McMahon resigned in December 2020 and his DSUs vested at that time.
- (6) Mr. Sharpe was appointed to the Board in December 2020 and as such no DSUs were issued to him in 2020.

Incentive Plan Awards – Value Vested or Earned During the Year – Directors

Name	Option-based awards – value vested during the year (\$)	Share-based awards – value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – value vested during the year (\$)
Jeff Belford	-	-	-
Stew Hanlon	-	-	-
Chris Johnson	-	-	-
Carrie Lonardelli	-	-	-
Mick MacBean ⁽²⁾	-	19,786	-
Jim McMahon ⁽²⁾	-	19,786	-
Ken Seitz	-	-	-
Steven Sharpe	-	-	-

Notes:

- (1) 28,988 DSUs vested during 2020. The value attributed to such DSUs was \$1.3651 per unit.
- (2) Messrs. MacBean's and McMahon's DSUs vested following their December 2020 resignations as Directors.

Meeting Attendance

The table below shows the number of Board and Committee meetings each director attended in 2020.

Name	Board (regularly scheduled meetings)	Board (ad hoc meetings)	Audit Committee	Compensation and Corporate Governance Committee	Health, Safety, and Environment Committee	Technical Committee	Overall Attendance
Jeff Belford	4 of 4 (100%)	9 of 10 (90%)	4 of 4 (100%)	-	-	-	97%
Stew Hanlon	4 of 4 (100%)	10 of 10 (100%)	4 of 4 (100%)	3 of 3 (100%)	4 of 4 (100%)	-	100%
Chris Johnson ⁽¹⁾	-	-	-	-	-	-	-
Carrie Lonardelli	4 of 4 (100%)	9 of 10 (90%)	4 of 4 (100%)	-	-	-	97%
Mick MacBean	3 of 4 (75%)	10 of 10 (100%)	-	3 of 3 (100%)	-	-	92%
Jim McMahon	4 of 4 (100%)	9 of 10 (90%)	-	3 of 3 (100%)	4 of 4 (100%)	1 of 1 (100%)	98%
Ken Seitz	3 of 4 (75%)	9 of 10 (90%)	-	-	4 of 4 (100%)	1 of 1 (100%)	91%
Steven Sharpe ⁽¹⁾	-	-	-	-	-	-	-
Brad Thomson	4 of 4 (100%)	10 of 10 (100%)	-	-	-	1 of 1 (100%)	100%

Notes:

- (1) Messrs. Johnson and Sharpe were appointed directors in December 2020.

Indebtedness of Directors and Officers

The Company is not aware of any individuals who are either current or former executive officers, directors or employees of the Company, or any of its subsidiaries and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Company or otherwise) that is owing to: (a) the Company or any of its subsidiaries, or (b) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

The Company is not aware of any individuals who are, or who at any time since inception were, a director or executive officer of the Company, a proposed nominee for election as a director or an associate of any of those directors, executive officers or proposed nominees who are, or have been since the beginning of the most recently completed financial year, indebted to the Company or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

INDEPENDENT AUDITOR



The Board and Management unanimously recommend that shareholders vote **FOR** the appointment of PwC as Source's auditor.

Voting

1. Appoint Auditors

At the Meeting, shareholders will be asked to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as independent auditors of Source until the 2022 annual shareholder meeting of Source, at a remuneration to be fixed by the directors of Source. PricewaterhouseCoopers LLP has acted as auditors of Source since February 7, 2017.

PwC was re-appointed as auditor of Source at the 2020 annual meeting of shareholders of the Company. The detailed voting results concerning the appointment of the auditor are set out below:

Year	Votes For ⁽¹⁾	% of Votes for	Votes Withheld ⁽¹⁾	% of Votes Withheld
2020	2,589,531	99.99%	253	0.01%

Notes:

(1) Original values have been converted to reflect post-consolidation values.

If Brad Thomson or Derren Newell is your proxyholder and you have not given instructions on how to vote your Shares, he will vote "FOR" the appointment of PwC as Source's auditor.

On the recommendation of the Audit Committee, the Board and Management of Source unanimously recommend that shareholders vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of Source, to hold office until the next annual meeting of Source at such remuneration as is to be fixed by the directors of Source.

External Audit Service Fees

The following table summarizes the fees billed to the Company by its external auditors, PricewaterhouseCoopers LLP, for external audit and other services during the years ended December 31, 2020 and December 31, 2019. The amounts disclosed exclude administrative charges.

	2020	2019
Audit Fees	\$200,000	\$200,000
Audit-Related Fees	\$91,000	\$93,000
Tax Fees	\$107,350	\$250,000
All Other Fees	-	-
Total	\$398,350	\$543,000

Audit Fees

Audit fees were for professional services related to the audit of annual financial statements.

Audit-Related Fees

Audit-related fees were for professional services provided in connection with equity and debt financings, including review of offering documents, completion of comfort letters for underwriters, attendance at due diligence meetings and French translation services and review of quarterly (interim) financial statements, statutory audits and services that generally only an independent auditor can provide, such as comfort letters and consents. Services included financial information included in our interim and annual filings, prospectuses and other offering documents.

Tax Fees

Tax fees were for professional services related to tax compliance, tax advice and tax planning. These services included preparation and review of corporate and expatriate tax returns, assistance with tax audits and transfer pricing matters, advisory services related to provincial, federal, and state tax compliance, and restructuring, mergers and acquisitions.

All Other Fees

No other fees were incurred in 2019 or 2020.



LONG TERM INCENTIVE PLAN



The Board and Management unanimously recommend that shareholders vote **FOR** the approval of the 2021 LTIP.

Voting

1. Approve 2021 LTIP

The 2021 LTIP was approved by the Board on March 18, 2021 and has been conditionally approved by the TSX, subject to shareholder approval. Accordingly, at the Meeting, shareholders will be asked to consider and, if thought advisable, approve the following ordinary resolution:

“BE IT RESOLVED as an ordinary resolution of the shareholders of the Company, that:

- 1. The 2021 Long Term Incentive Plan (RSUs and PSUs), in substantially the form attached as Appendix “B” to the Management Information Circular of Source dated March 18, 2021 (“2021 LTIP”), be and is hereby approved;*
- 2. All unallocated RSUs and PSUs under the 2021 LTIP, as amended or supplemented from time to time, are hereby approved and authorized, which approval shall be effective until May 7, 2024;*
- 3. Notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors; and*
- 4. Any one or more directors or officers of the Company are hereby authorized, for and in the name of and on behalf of the Company, to execute or cause to be executed and to and deliver or cause to be delivered all such documents and instruments, and to do or cause to be done all such acts and things and take such other actions, including making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to give effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action.”*

The following is a summary of the 2021 LTIP, a copy of which is attached to this Circular as Appendix “B”.

Summary of 2021 LTIP

The 2021 LTIP is a renewal of the 2018 LTIP and provides for grants of RSUs and PSUs (RSUs and PSUs, as applicable, referred to as a “Unit”) to Eligible Persons (defined under the 2021 LTIP to be designated officers, employees or consultants of the Company or any of its affiliates). The 2021 LTIP contains amendments to align certain definitions with TSX requirements and are deemed to be of a “housekeeping” nature and therefore do not require shareholder approval.

The purpose of the 2021 LTIP is to advance the interests of the Company by: (i) providing Eligible Persons with appropriate incentives; (ii) encouraging stock ownership by such Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Company; (iv) promoting the growth and profitability of the Company; (v) encouraging Eligible Persons to take into account long-term corporate performance; (vi) rewarding Eligible Persons for sustained contributions to the Company and/or significant performance achievements of the Company; and (vii) enhancing the Company’s ability to attract, retain and motivate Eligible Persons.

The maximum number of Common Shares reserved for issuance, in the aggregate, under the 2021 LTIP and all other security-based compensation arrangements of the Company (being the 2021 Option Plan), is 10% of the aggregate number of outstanding Shares from time to time (calculated on a non-diluted basis). In addition: (a) the maximum number of Common Shares issuable to insiders and their associates at any time under all security-based compensation arrangements of the Company collectively shall not exceed 10% of the aggregate number of issued and outstanding Shares from time to time (calculated on a non-diluted basis); and (b) the maximum number of Common Shares that may be issued to insiders and their associates within any one year period under all security-based compensation arrangements of the Company collectively shall not exceed 10% of the aggregate number of issued and outstanding Shares from time to time (calculated on a non-diluted basis) (collectively, the “Insider Participation Limit”).

The 2021 LTIP is administered by the Board which has authority to delegate the administration and operation of the 2021 LTIP to a committee and to determine the terms and conditions of any grant of RSUs and PSUs.



Under the 2021 LTIP:

- settlement of a vested Unit will entitle the holder to receive a Common Share, either issued from treasury or purchased on the secondary market, or an amount of cash equal to the Market Value of a Common Share on the vesting date;
- all vested Units shall be settled within sixty (60) days of the vesting date, but in no event shall any Unit be settled later than December 31 of the third calendar year following the year in which the services giving rise to the award were rendered;
- the vesting of RSUs and PSUs will be prescribed by the Board at the time of grant in the applicable grant agreement;
- if a Unit settlement date falls on, or within nine business days immediately following a period in which the Company is in a black-out, then the settlement date will be automatically extended to the tenth business day following the date the relevant black-out period or other trading restriction imposed by the Company is lifted, terminated or removed;
- except as otherwise provided by the 2021 LTIP, upon the occurrence of a change of control, all unvested Units then outstanding will be substituted by or replaced with Units or similar awards of the surviving corporation or the potential successor on the same terms and conditions as the original Units (as adjusted for the change of control), and the vesting of RSUs and PSUs held by a holder who ceases to be an Eligible Person under the 2021 LTIP within 12 months of a change of control, due to termination without cause or resignation for Good Reason (as defined in the 2021 LTIP), will (in the Board's discretion) be accelerated in full using performance metrics at the time of the change of control; and
- unvested RSUs and PSUs held by a holder who: (i) retires, or in the Board's discretion held by a holder who ceases to be an Eligible Person under the 2021 LTIP due to disability, continue to vest and vested RSUs and PSUs may be settled in accordance with the 2021 LTIP and the applicable grant agreement; (ii) ceases to be an eligible person under the 2021 LTIP due to resignation or termination of employment without cause, and otherwise in the case of a holder who ceases to be an eligible person under the 2021 LTIP due to disability, immediately terminate and vested RSUs and PSUs must be settled on the earlier of the original expiry date and 180 days; (iii) ceases to be an eligible person as a result of death, vest in respect of unvested RSUs and PSUs in the year of death on a prorated basis (and all remaining unvested RSUs and PSUs immediately terminate) and vested RSUs and PSUs must be settled on the earlier of the original expiry date and 180 days; and (iv) ceases to be an eligible person due to termination of employment for cause, terminate (along with vested RSUs and PSUs) on the last date the holder was actually and actively employed with the Company.

The 2021 LTIP includes provisions regarding adjustments to the amounts payable pursuant to Units to preclude dilution or enlargement of the benefits to participants in the event of any merger, amalgamation, arrangement, rights offering, subdivision, consolidation or reclassification of the Common Shares or other relevant change in the capitalization of the Company, or stock dividends or distributions (excluding dividends or distributions which may be paid in cash or in Common Shares at the option of the holder), or the exchange of Common Shares for other securities or property. Under the 2021 LTIP, RSUs and PSUs may not be transferred or assigned, other than by will or the laws of descent and distribution.

Subject to the applicable rules of the TSX, the Board may from time to time, in its absolute discretion and without the approval of the shareholders, make the following amendments to the 2021 LTIP or any Unit:

- any amendment to the vesting provisions of the 2021 LTIP and any grant agreement;
- any amendment to the 2021 LTIP, any grant agreement or any Unit as necessary to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over the Company, the 2021 LTIP or the shareholders;
- any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the 2021 LTIP, correct or supplement any provision of the 2021 LTIP that is inconsistent with any other provision of the 2021 LTIP, correct any grammatical or typographical errors or amend the definitions in the 2021 LTIP regarding administration of the 2021 LTIP;
- any amendment respecting the administration of the 2021 LTIP; and
- any other amendment that does not require the approval of shareholders under the 2021 LTIP.

Under the 2021 LTIP shareholder approval is required for the following amendments to the 2021 LTIP:

- any increase in the maximum number of Common Shares that may be issuable pursuant to Units granted under the 2021 LTIP;
- any cancellation and reissue of Units, or substitution of Units with cash or other awards on terms that are more favourable to the holders of Units, or extension of the expiry date of a Unit (except as otherwise provided by the 2021 LTIP);
- any amendment to the Insider Participation Limit;
- an amendment to any of the amending provisions of the 2021 LTIP;

- any change that would materially modify the eligibility requirements for participation in the 2021 LTIP, including any amendment to the definition of Eligible Persons relating to the grant of Units to non-employee directors of the Company; and
- an amendment that would permit Units to be transferable or assignable.

The Board may suspend or terminate the 2021 LTIP at any time, or from time to time amend or revise the terms of the 2021 LTIP or of any Unit granted under the 2021 LTIP and any grant agreement relating thereto, provided that except as otherwise provided in the 2021 LTIP no such suspension, termination, amendment or revision will be made: (a) except in compliance with applicable law and with the prior approval, if required, of the TSX or any other regulatory body having authority over the Company, the 2021 LTIP or the shareholders; and (b) in the case of an amendment or revision to the 2021 LTIP or any grant agreement, if it would materially adversely affect the rights of any participant, without the consent of the participant.

As at March 18, 2021, the maximum number of Common Shares that may be issued under the 2021 LTIP and all other security-based compensation arrangements of the Company (being the 2021 Option Plan), is equal to 10% of the number of issued and outstanding Common Shares on that date. As at March 18, 2021, Source had 173,023 RSUs and 73,614 PSUs previously allocated under the 2018 LTIP, 137,500 RSUs and 392,500 PSUs granted under the 2021 LTIP, and no Options outstanding under the 2021 Option Plan, representing Common Shares that may be issued equal to an aggregate of 5.7% of the outstanding Shares.

If shareholders approve the 2021 LTIP at the Meeting, an aggregate of 577,868 awards (being any combination of PSUs and RSUs), or 4.3% of the currently issued and outstanding Shares, will be available for future issuance under the 2021 LTIP and the 2021 Option Plan. As DSUs issuable to non-executive directors of the Company are settled in cash, the Deferred Share Unit Plan is not a 'security based compensation plan' and therefore DSUs are not included in determining the aggregate number of awards issuable under the 10% 'rolling' limit under the 2021 LTIP and the 2021 Option Plan.

If the 2021 LTIP is approved at the Meeting, pursuant to the rules of the TSX the Company will next be required to seek approval from shareholders for unallocated RSUs and PSUs under the 2021 LTIP by no later than May 7, 2024. Previously allocated RSUs and PSUs under the 2018 LTIP will continue to be unaffected by the approval or disapproval of the resolution to approve the 2021 LTIP and shall remain subject to the terms of the 2018 LTIP. If shareholder approval for the 2021 LTIP is not obtained at the Meeting, Source will not be able to grant new RSUs and PSUs, as the 2018 LTIP expires on May 3, 2021.

STOCK OPTION PLAN



The Board and Management unanimously recommend that shareholders vote **FOR** the approval of the 2021 Option Plan.

Voting

1. Approve 2021 Option Plan

The 2021 Option Plan was approved by the Board on March 18, 2021 and has been conditionally approved by the TSX, subject to shareholder approval. The 2021 Option Plan is a renewal of the Company's 2017 Option Plan which lapsed and ceased to be in effect as of April 13, 2020. All outstanding Options under the 2017 Option Plan expired in March 2020 and no further Options were granted under the 2017 Option Plan. Source has not granted any Options under the 2020 Option Plan and will not do so unless shareholders approve the 2021 Option Plan at the Meeting.

Accordingly, at the Meeting, shareholders will be asked to consider and, if thought advisable, approve the following ordinary resolution:

"BE IT RESOLVED as an ordinary resolution of the shareholders of the Company, that:

1. *The 2021 Option Plan, in substantially the form attached as Appendix "C" to the Management Information Circular of Source dated March 18, 2021, be and is hereby approved;*
2. *The ability to settle Options issued and outstanding under the 2021 Option Plan with Common Shares issued from treasury be and is hereby ratified and approved;*
3. *Notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors; and*
4. *Any one or more directors or officers of the Company are hereby authorized, for and in the name of and on behalf of the Company, to execute or cause to be executed and to and deliver or cause to be delivered all such documents and instruments, and to do or cause to be done all such acts and things and take such other actions, including making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to give effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action."*

The following is a summary of the 2021 Option Plan, a copy of which is attached to this Circular as Appendix "C".

Summary of 2021 Option Plan

The 2021 Option Plan is a renewal of the 2017 Option Plan and allows for grants of Options to officers, employees and consultants of the Company. The 2021 Option Plan shares the same purpose as the 2021 LTIP (see "*Long Term Incentive Plan*"). Non-executive directors are not permitted to participate in the 2021 Option Plan. The 2021 Option Plan contains amendments to align certain definitions with TSX requirements and are deemed to be of a "housekeeping" nature and therefore do not require shareholder approval.

The maximum number of Common Shares reserved for issuance, in the aggregate, under the 2021 Option Plan and all other security-based compensation arrangements of the Company (being the LTIP), is 10% of the aggregate number of outstanding Common Shares from time to time (calculated on a non-diluted basis). The 2021 Option Plan also includes the Insider Participation Limit.

The 2021 Option Plan is administered by the Board, which has authority to delegate the administration and operation of the 2021 Option Plan to a committee and to determine the terms and conditions of any grant of Options. Under the 2021 Option Plan:

- An Option may be exercised at a price (the "Exercise Price") established by the Board at the time that the Option is granted, but in no event can the Exercise Price be less than the Market Price of the Common Shares at the time of the grant;
- unless otherwise determined by the Board and except as otherwise provided by the 2021 Option Plan, all Options will expire on the fifth anniversary of the date of grant, subject to earlier termination in the event the holder ceases to be an officer, employee or consultant of the Company or if the Board determines, in its sole discretion, to accelerate the expiry time in connection with a "change of control" (as defined in the 2021 Option Plan);
- Options will vest as to one-third of the total grant on each of the first three anniversaries of the grant date, or as otherwise set out by the Board in the applicable grant agreement;

- if an Option expiry date falls on, or within nine business days immediately following a period in which the Company is in a black-out, then the expiry date will be automatically extended to the tenth business day following the date the relevant black-out period or other trading restriction imposed by the Company is lifted, terminated or removed;
- in the event of a change of control, all unvested Options will be replaced with stock options or similar awards of the surviving corporation on the same terms and conditions as the original Options (as adjusted for the change of control), failing which, in the discretion of the Board, the vesting of Options will be accelerated (and similarly accelerated in the discretion of the Board if within 12 months of a change of control a holder's employment is terminated without cause or the holder resigns for Good Reason (as defined in the 2021 Option Plan); and
- unvested Options held by a holder who: (i) retires, and in the Board's discretion held by a holder who ceases to be an eligible person under the 2021 Option Plan due to disability, continue to vest and vested Options may be exercised in accordance with the 2021 Option Plan and the applicable option agreement; (ii) ceases to be an eligible person under the 2021 Option Plan due to resignation or termination of employment without cause, and otherwise in the case of a holder who ceases to be an eligible person under the 2021 Option Plan due to disability, immediately terminate and vested Options may be exercised on the earlier of the original expiry date and 180 days following the Termination Date; (iii) ceases to be an eligible person as a result of death, vest in respect of unvested Options in the year of death on a prorated basis (and all remaining unvested Options immediately terminate) and vested Options may be exercised on the earlier of the original expiry date and 180 days following the Termination Date; and (iv) ceases to be an eligible person due to termination of employment for cause, terminate (along with vested Options) on the last date the holder was actually and actively employed with the Company.

The 2021 Option Plan also contains provisions which effect appropriate adjustments to the number and kind of shares or other securities to be received upon exercise of outstanding Options, or to the exercise price per Common Shares of outstanding Options, in the event of a subdivision, re-division, consolidation, reclassification of shares of the Company, in the event of any special distribution to all shareholders, in the event of any consolidation, amalgamation, merger with or into another corporation and in the event of any transfer of the entirety or substantially the entirety of the undertaking or assets of the Company to another corporation.

Options may not be transferred or assigned other than by will or the laws of descent and distribution. Subject to the applicable rules of the TSX, the Board may from time to time, in its absolute discretion and without the approval of the shareholders, make the following amendments to the 2021 Option Plan or any Option:

- any amendment to the vesting provisions of the 2021 Option Plan and any option agreement;
- any amendment to the 2021 Option Plan, and option agreement or any Option as necessary to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over the Company, the 2021 Option Plan or the shareholders;
- any amendment to the 2021 Option Plan and any option agreement to permit the conditional exercise of any Option;
- any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the 2021 Option Plan, correct or supplement any provision of the 2021 Option Plan that is inconsistent with any other provision of the 2021 Option Plan, correct any grammatical or typographical errors or amend the definitions in the 2021 Option Plan regarding administration of the 2021 Option Plan;
- any amendment respecting the administration of the 2021 Option Plan; and
- any other amendment that does not require the approval of shareholders under the 2021 Option Plan.

Under the 2021 Option Plan shareholder approval is required for the following amendments to the 2021 Option Plan:

- any increase in the maximum number of Common Shares that may be issuable pursuant to Options granted under the 2021 Option Plan;
- any amendment to the Insider Participation Limit set forth in the 2021 Option Plan;
- any reduction in the exercise price of an Option, cancellation and reissue of Options or substitution of Options with cash or other awards on terms that are more favourable to the holders of Options;
- any extension of the expiry of an Option (except as otherwise provided by the 2021 Option Plan);
- an amendment that would permit Options to be transferable or assignable other than for normal estate settlement purposes;
- any amendment that would materially modify the eligibility requirements for participation in the 2021 Option Plan, including any amendment which would allow non-executive directors to participate in the 2021 Option Plan; and
- an amendment to any of the amending provisions of the 2021 Option Plan.

The Board may suspend or terminate the 2021 Option Plan at any time, or from time to time amend or revise the terms of the 2021 Option Plan or of any Option granted under the 2021 Option Plan and any option agreement relating thereto, provided that except as otherwise provided in the 2021 Option Plan no such suspension, termination, amendment or revision will be made: (a) except in compliance with applicable law and with the prior approval, if required, of the TSX or any other regulatory body having authority over the Company, the 2021 Option Plan or the shareholders; and (b) in the case of an amendment or revision to the 2021 Option Plan or any option agreement, if it would materially adversely affect the rights of any participant, without the consent of the participant.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (“CD&A”) section describes Source’s compensation structure, policies, principles and elements of our executive compensation program, as well as the processes related to compensation decisions. Information about the compensation awarded to our Named Executive Officers in 2020 can be found in the “*Summary Compensation*” and “*Incentive Plan Award*” tables below.

The purpose of this CD&A is to explain: (i) what the elements of compensation are; (ii) why the Compensation and Corporate Governance Committee selects these elements; and (iii) how the Compensation and Corporate Governance Committee determines the relative size of each element of compensation.

Named Executive Officers of the Company

The following section of this Circular discusses Source’s approach to the compensation paid to our CEO, CFO and the three most highly compensated executive officers, other than the CEO and CFO, at the end of the year ended December 31, 2020 whose total compensation was more than \$150,000 (each a “Named Executive Officer” or “NEO” and collectively, the “Named Executive Officers” or “NEOs”). The Company’s Named Executive Officers for the year ended December 31, 2020 are as follows:

- Brad Thomson, CEO;
- Derren Newell, CFO;
- Scott Melbourn, COO;
- Kelly Roncin, Senior Vice President, Operations; and
- Kurtis Kisio, Vice-President, Sales

BRAD THOMSON

President and Chief Executive Officer

Mr. Brad Thomson’s key responsibilities include the establishment and execution of the purpose, the values and the long term objectives and vision of Source as well as the development and implementation of the strategic plan and corporate objectives of the Company. In consultation with Management, he establishes appropriate annual and longer-term financial objectives and is responsible for meeting these objectives. Mr. Thomson also works with the Compensation and Corporate Governance Committee to ensure the Company has a robust succession plan in place for the executive team. Mr. Thomson ensures close communication with the Board of Directors and its Committees and keeps the directors informed of the important aspects of the status and development of the Company and facilitates the Board of Directors’ governance, composition, and Committee structure. Mr. Thomson joined Source in 2012 and has over 30 years of experience in finance, business development and operations in a variety of growth-oriented North American energy businesses.

DERREN NEWELL

Vice-President and Chief Financial Officer

Mr. Derren Newell’s key areas of responsibility are the execution of all aspects of Source’s finance, information technology and human resources operations. Mr. Newell provides financial and business leadership and perspective to senior management and to the Board of Directors. He promotes strong governance and financial control and oversees the adoption of appropriate policies and procedures to ensure completeness and accuracy of financial statements, management discussion and analysis and regulatory financial returns. Mr. Newell evaluates and optimizes the Company’s capital position and sources of funding within the Company’s regulatory and rating agency framework to maintain the Company’s financial strength. Mr. Newell also actively participates in the development of guidelines and practices relating to the human resources of the Company, including with respect to employee engagement and well-being, as well as development and implementation of best practices with regard to cyber security measures and controls designed to mitigate risks such as breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company’s information technology systems by third parties or insiders. Mr. Newell joined Source in 2013 and has over 20 years of finance and administration experience in Western Canadian energy and oilfield services businesses.

SCOTT MELBOURN

Chief Operating Officer

Mr. Scott Melbourn’s key areas of responsibility are the execution of all aspects of Source’s operations including sales, production, terminals, logistics, field solutions, health, safety and environment, capital projects and corporate development. Mr. Melbourn provides operation and business leadership to senior management, and business perspectives to the Board of Directors. Mr. Melbourn drives operational excellence coupled with an industry-leading safety culture throughout Source’s diverse operations. Mr. Melbourn promotes innovative thinking in all aspects of operations with a focus on providing leading solutions to Source’s customers. Mr. Melbourn joined Source in 2011 and has over 20 years of operations, financial and business development experience, primarily in the oilfield services industry. Mr. Melbourn also serves on the board of directors of the UP Foundation, a registered charity.

KELLY RONCIN**Senior Vice-President, Operations**

Mr. Kelly Roncin's key areas of responsibility are the execution of Source's operations including production, terminals, logistics, field solutions, health, safety and environment, and capital projects. Mr. Roncin provides operation and business leadership to senior management. Mr. Roncin drives operational excellence coupled with an industry-leading safety culture throughout Source's diverse operations with a focus on providing leading solutions to Source's customers. Mr. Roncin joined Source in 2018 and has 20 years of international oil and gas experience. Mr. Roncin is a Professional Engineer (P.Eng) and has a Bachelor of Engineering Degree in Chemical Engineering from the University of Saskatchewan.

KURTIS KISIO**Vice-President, Sales**

Mr. Kurtis Kisio's key areas of responsibility are the execution of Source's sales operations, leading the efforts for sales of proppant, Sahara and trucking. Mr. Kisio provides market intelligence, customer information, and new business leadership to senior management. Mr. Kisio joined Source in 2016 and has over 10 years of sales experience. Mr. Kisio graduated Cum Laude from Minnesota State University with a Bachelor of Science Degree in Business Management.

Compensation Governance

Compensation and Corporate Governance Committee

As part of the Board refreshment in December 2020, two directors were appointed to the Compensation and Corporate Governance Committee, to replace the outgoing directors. Mr. Sharpe was appointed Chair, replacing Mr. MacBean, and Mr. Belford filled the vacancy left by Mr. McMahon's departure. Consistent with best governance practices, our Compensation and Corporate Governance Committee is comprised of three independent directors, Mr. Sharpe (Chair), Mr. Hanlon, and Mr. Belford, all of whom were selected by the Board due to their knowledge about compensation, talent development, their focus on using good corporate governance to create shareholder value, and dedication to accountability, responsibility and fairness.

The Compensation and Corporate Governance Committee has overall responsibility for the administration of our executive compensation program. The Compensation and Corporate Governance Committee's mandate has been reproduced in Appendix "D" of this Circular.

Risks of Compensation Policies and Practices

The Company's compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. The Board provides regular oversight of the Company's risk management practices, and may delegate to the Compensation and Corporate Governance Committee the responsibility to provide risk oversight of Source's compensation policies and practices, and to identify and mitigate compensation policies and practices that could encourage inappropriate or excessive risk taking by members of Management. As part of its review and discussion of executive compensation, the Board noted the following factors that will discourage the Company's executives from taking unnecessary or excessive risk:

- the Company's approach to performance evaluation and compensation will provide greater rewards to an officer achieving both short-term and long-term agreed-upon objectives;
- executive officers and directors will be required to hold a minimum amount of Common Shares under the Company's share ownership guidelines;
- Board discretion with respect to incentive awards and payouts in the event incentives are understated or overstated due to extraordinary circumstances or conditions;
- a commitment to periodic evaluation and testing by the Compensation and Corporate Governance Committee of variable compensation plan metrics;
- a balanced mix of equity incentive awards in the form of Options and RSUs and PSUs;
- a formal hedging prohibition that limits the ability for executive officers to reduce their exposure to increases or decreases in the Company's share price;
- a formal clawback policy specifying the recoupment of incentive compensation applicable to the executive officers upon material financial restatements and misconduct; and
- retention of a compensation consultant that is independent of Management and does not provide advice to Management.

Based on this review, the Board believes that the Company's total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

Share Ownership Guidelines

The Company has adopted the following share ownership guidelines pursuant to which Source's CEO, CFO, COO, and any other employee specified by the Board, are required to hold, directly or indirectly, such number of Common Shares, PSUs, or RSUs, as the case may be, with an aggregate value as follows:

Common Shares with an aggregate value as follows:

Participant	Share Ownership Guidelines
CEO	3x base salary
CFO	1.5x base salary
COO	1.5x base salary

Common Shares, PSUs, and RSUs are valued at the higher of: (a) value at the time of award or acquisition; and (b) the current Market Price of the Common Shares. Each officer has five years from the later of the introduction of the executive share ownership guidelines and the date of their appointment as an officer to achieve this minimum share ownership requirement.

Executive Officer Share Ownership Table

Name	Ownership Multiple of Annual Base Salary	Progress Towards Guidelines
Brad Thomson	>3x base salary	100% compliant
Derren Newell	>1.5x base salary	100% compliant
Scott Melbourne	>1.5x base salary	100% compliant

Hedging Prohibition

The Company is of the view that its securities should be purchased by its directors, officers and employees for investment purposes only. Pursuant to the Company's disclosure, trading and confidentiality policy, transactions that could be perceived as speculative or influenced by positive or negative perceptions of Source's prospects, including the use of puts, calls, collars, spread bets, contracts for difference and hedging transactions are not considered to be in Source's best interests and must be avoided. In particular, directors, officers and employees of Source are prohibited from engaging in hedging activities of any kind respecting Source's securities or related financial instruments including, without limitation, selling a call or buying a put on the Company's securities or purchasing the Company's securities with the intention of reselling them within six months or selling the Company's securities with the intention of buying them within six months (other than the sale of Company securities shortly after they were acquired through the exercise of securities granted under a share-based compensation arrangement). Notwithstanding the foregoing, the above-mentioned restrictions will not be applicable to any of the Company's securities held by a representative of the Company that are in excess of the required ownership thresholds under the Company's director share ownership guidelines or the Company's executive share ownership guidelines, as the case may be.

Clawback Policy

The Board adopted a clawback policy specifying the consequences with respect to incentive awards in the event of gross negligence, fraud or willful misconduct resulting in a restatement of the Company's financial statements. The clawback policy provides that where there is a restatement of the financial results of Source for any reason other than a restatement caused by a change in applicable accounting rules or interpretations, and, in connection with such restatement an executive officer engaged in gross negligence, fraud or willful misconduct, the Board or the Compensation and Corporate Governance Committee may: (a) require that the executive officer return or repay to Source, or reimburse Source for, all or part of the after-tax portion of any excess compensation; and/or (b) cause all or part of any awarded and unpaid or unexercised performance-based compensation (whether vested or unvested) that constitutes excess compensation for an executive officer to be cancelled.

In determining whether to require any cancellation, repayment or reimbursement under the clawback policy, the Board or the Compensation and Corporate Governance Committee shall have regard to, in its sole discretion and in light of the circumstances, Source's best interests. In making such determination, the Board may take into account any considerations it deems appropriate, including, without limitation: (a) the applicable governing law including the likelihood of success and the cost of pursuing recovery; (b) any prejudice to the interests of Source, including in any related proceeding or investigation; and (c) the participation of the executive officer in the circumstances relating to the financial restatement, including his or her involvement in any gross negligence, fraud or willful misconduct.

For purposes of the clawback policy, "excess compensation" means the difference between the amount or value of any performance-based compensation actually paid or awarded to an executive officer subsequent to the effective date of the policy and the amount or value that would have been paid or awarded as calculated or determined based on the financial statements of Source as restated (and shall include an entire amount or value of an award or payment where it is determined that no award or payment would have been made based on the financial statements of Source as restated), and "performance-based compensation" includes all bonuses and other incentive compensation that is paid or awarded to any executive officer, the award, amount, payment and/or vesting of which was calculated or determined having regard to or based in whole or in part on the application of performance criteria or financial metrics measured during the three years preceding the applicable restatement and includes incentive compensation awarded or paid in any form, including cash or equity-based, whether vested or unvested.

Compensation Philosophy and Objectives

The Company's approach to executive compensation is to "pay for performance". Accordingly, base salary is generally positioned near market median levels, while variable compensation opportunity (short and long-term incentives) is structured to provide above-market total compensation for high levels of corporate and individual performance.

Compensation elements are designed to balance the following compensation objectives:

- total compensation realization will be aligned with the overall performance of the Company;
- compensation programs will encourage a long-term view to shareholder value creation as a significant portion of each executive's variable pay will be equity-based and executives will be required to have a significant personal financial interest in the Company; and
- compensation programs will facilitate the attraction, retention and motivation of qualified, experienced and talented executives who will, in turn, drive shareholder value creation.

Compensation Consultant

In 2017 and 2018, Lane Caputo was engaged by the Compensation and Corporate Governance Committee to assist with the development of a compensation program for the Company, as well as its NEOs and Directors, which was completed in early 2019. With these elements in place, and a limited number of changes occurring in the energy industry environment in 2020, the Compensation and Corporate Governance Committee determined it would reduce costs and not engage a compensation consultant. In 2021, given that a review by an outside party was not completed in 2020, and the events that occurred in 2020 into early 2021, the Compensation and Corporate Governance Committee re-engaged Lane Caputo to complete a review of NEO and Director compensation.

Fee Type	2020	2019
Director and Executive Compensation-Related Fees	-	-
All Other Fees ⁽¹⁾	-	\$4,029

Notes:

(1) Indicates general consulting services.

Compensation Benchmarking

The Compensation and Corporate Governance Committee, as part of its compensation review process, benchmarks the compensation levels and practices of companies that can be considered reasonably similar to the Company. In selecting a peer group of companies and/or sectors to benchmark, the Compensation and Corporate Governance Committee considers characteristics and variables such as:

- Canadian-based, publicly-traded organizations operating in the oilfield services sector;
- organizations of similar size and with a similar scope of operations; and
- organizations from which future executives may reasonably be expected to be recruited from or to which the Company could reasonably expect to otherwise be in competition with, for senior level talent.

The compensation benchmark information derived from such sources will not necessarily be directly acted upon by the Compensation and Corporate Governance Committee, but may be one of a number of factors the Compensation and Corporate Governance Committee considers from time to time in its review of executive compensation. In order to assist the Compensation and Corporate Governance Committee with its compensation benchmarking, a peer group of the following 15 energy services companies has been developed:

Peer Group		
Akita Drilling Ltd.	Ensign Energy Services Inc.	STEP Energy Services Ltd.
Black Diamond Group Ltd.	Essential Energy Services Ltd.	Tervita Corp.
Calfrac Well Services Ltd.	High Artic Energy Services Inc.	Total Energy Services Inc.
CES Energy Solutions Corp.	Mullen Group Inc.	Trican Well Service Ltd.
CWC Energy Services Corp.	Secure Energy Services Inc.	Western Energy Services Corp.

Compensation Components

The Company's executive compensation program consists primarily of the following elements:

Base Salary	
Form of Compensation	Cash
Purpose	Forms a baseline level of compensation for role fulfillment commensurate with the experience, skills and market demand for the executive role and/or incumbent.
Determination	Salaries are based on relevant marketplace information, experience, individual performance and level of responsibility. Actual salary levels are set in relation to the Company's compensation philosophy and relative to the emphasis on other compensation program elements. The Company generally intends to pay salaries near market median levels and increase salaries commensurate with the growth and complexity of the Company and the position in question.

Annual Performance Incentive	
Form of Compensation	Cash
Purpose	To recognize short-term (typically annual) efforts and milestone achievement that are aligned with the long-term success of the Company.
Determination	Annual performance incentive payments will be determined by the Compensation and Corporate Governance Committee based upon a discretionary assessment of individual and corporate performance. Based on this discretionary assessment of performance, incentive payments can range from 0% to 150% of base salary for the CEO, with the target at 100%, and 0% to 120% of base salary for the remaining NEOs, with the target at 50% to 80%. For 2020, the Board used its discretion in determining annual performance incentive payouts.

2021 LTIP ⁽¹⁾	
Form of Compensation	Cash or Common Shares (issued from treasury or purchased on the secondary market)
Purpose	Designed to motivate executives and employees to create and grow sustainable shareholder total return over successive three-year performance cycles, through the use of RSUs and PSUs.
Determination	RSUs vest ratably over three years and may be subject to other performance restrictions, subject to the determination of the Compensation and Corporate Governance Committee. PSU awards are limited to the executive and senior-managerial levels in the Company. These units will vest subject to the achievement of various performance targets, including, but not limited to, total shareholder return, relative "return on capital employed" targets and financial and/or operational performance targets. RSU and PSU accounts are credited with additional units in accordance with the 2021 LTIP in the event dividends on the Common Shares are paid by the Company. Previous grants of 2021 LTIP awards are reviewed when new grants are awarded, but that is only one of many factors taken into consideration when determining grants under the 2021 LTIP.

2021 Option Plan ⁽¹⁾	
Form of Compensation	Common Shares (issued from treasury)
Purpose	Promotes a share ownership perspective among executives, encourages executive retention, encourages executives to generate sustained share price growth over the longer term (i.e. five years) and aligns Management's interests with shareholders' interests through participation in share price appreciation.
Determination	Grants of Options are typically made upon the commencement of an executive's employment with the Company based on the executive's experience, skill set and level of responsibility within the Company. Additional grants may be made annually at the discretion of the Board based on the individual's contribution to corporate performance, as well as the overall competitiveness of the executive compensation package. The Board determines the exercise price of Options at the time of grant, provided that the exercise price may not be lower than the Market Price. The Board also has the discretion to determine the term of Options, which is not to exceed five years, and vesting provisions, which are typically one-third on each of the first, second and third anniversaries of the grant date.

Notes:

- (1) The 2021 LTIP and 2021 Option Plan will constitute part of the executive compensation program only if the 2021 LTIP and 2021 Option Plan are approved by the shareholders at the Meeting.

Pension, Benefits and Perquisites

The Compensation and Corporate Governance Committee annually reviews the benefits provided to the NEOs, which are generally the same as those provided to other employees of the Company. The Company offers only limited perquisites to the NEOs, and only where the Company believes such perquisites are market competitive and promote the retention of the NEOs or promote the efficient performance of their duties. The Company does not believe that perquisites and benefits should represent a significant portion of the compensation package for NEOs. In 2020, each NEOs' perquisites and benefits totaled less than \$12,000, representing less than 2.5% of total compensation for the NEOs.

Compensation Methodology

The Compensation and Corporate Governance Committee annually reviews the base salary, annual performance incentives and long-term equity incentives of executive officers and NEOs. The Compensation and Corporate Governance Committee analyzes Source's compensation packages alongside the peer group of comparable energy services companies. Drawing on this analysis, the Compensation and Corporate Governance Committee then makes recommendations to the Board. The Board reviews and evaluates the recommendations regarding base salaries, annual bonuses and equity incentive compensation for executive officers and NEOs and decides on the appropriate compensation package. In addition, the Board approves corporate goals and objectives for the executive officers' and NEOs' compensation.

Determination of Compensation

In making compensation recommendations, the Compensation and Corporate Governance Committee reviews the various elements of each executive officer and NEO's compensation in the context of the total compensation package. Based on this review, the Compensation and Corporate Governance Committee evaluates whether the intended relationship between performance and compensation is being achieved or whether changes are required in order to bring this relationship in line with Source's compensation objectives. The Compensation and Corporate Governance Committee and the Board exercise discretion based on the Company's performance and the individual contributions of each executive officer and NEO in determining actual compensation. In determining the total compensation payable to the executive officers and NEOs for 2020, the Compensation and Corporate Governance Committee and the Board considered a range of relevant factors, including but not limited to: Source's financial results, the current economic environment, the duties and responsibilities of each executive officer and NEO and their respective performance and current compensation levels, previous share-based or option-based awards, as well as other factors discussed in this CD&A.

The primary factors that influenced compensation decisions in 2020 included the following:

2020 Summary

2020 was a year of unprecedented challenges, as the oil and gas industry reeled from a significant reduction in global demand caused by COVID-19. Despite continued uncertainty in the operating environment, Source achieved the following highlights for the year ended December 31, 2020:

-  • completed a Recapitalization Transaction, resulting in a stronger long-term capital structure which enhanced liquidity and increased financial flexibility, allowing Source to withstand industry volatility while building on its position as the largest frac sand provider in the WCSB
-  • realized sand sales volumes of 1,968,511 metric tonnes ("MT"), a decrease of only 12% from 2019, and sand revenue of \$210.0 million
-  • achieved a new sand service record in December for 4,436 MT of sand delivered through a Sahara unit to the blender in a single day
-  • renewed a sales contract for an additional three-year term and achieved a new direct sale customer contract for a one-year term
-  • distributed total volumes through Source's WCSB terminal network of 2,021,335 MT
-  • completed the renegotiation of the majority of Source's rail car lease contracts which contributed to a reduction in 2020 lease payments of approximately \$9.0 million, compared to 2019, and a reduction to Source's total outstanding lease obligations
-  • maintained cost control measures resulting in a reduction of 34% for operating and general and administrative expense compared to 2019
-  • realized Adjusted EBITDA(1) of \$37.7 million, including \$12.2 million realized in the fourth quarter
-  • realized non-sand terminal revenues of \$0.7 million
-  • realized gross margin of \$24.7 million and Adjusted Gross Margin(1) of \$56.8 million
-  • reported net loss for the year ended December 31, 2020 of \$185.5 million, or \$36.81 per share, which included an impairment loss of \$143.7 million recognized in the year

Notes:

(1) Adjusted EBITDA and Adjusted Gross Margin (including on a per MT basis) are not defined under IFRS, see "Non-IFRS Measures" below.

In reaction to the unprecedented challenges in the oil and gas industry caused by the combination of COVID-19 and the actions of OPEC and some of the non-OPEC nations and the impact of those events on commodity prices, Source undertook a number of steps to reduce its cost structure. These steps included reducing salaries and wages of substantially all employees, where all salaried employees were subject to a 10% rollback which remained in place until after the 2020 year end and hourly employees were temporarily laid off or had their hours significantly reduced until activity levels began to pick up in the third and fourth quarters of 2020. Source's RRSP matching program for Canadian employees was cancelled, while the matching payment for

US employees under the 401K was deferred until 2021. The Board also participated in this cost cutting exercise by reducing their annual retainer amounts by 15%.

In determining the 2020 Annual Performance Incentive amounts for the NEOs the Board recognized that the predetermined metrics for the program were not met, predominately due to the impacts COVID-19 had on the industry. The Board also recognized that COVID-19 had impacts that lead to the restructuring of Source's balance sheet, which had significant impacts on the Company's stakeholders, including shareholders, noteholders, suppliers, and lessors. Given these factors, the Board used its discretion to not award any annual performance incentives to the NEOs or to any other employee in 2020.

COVID-19

In March 2020, COVID-19 was declared a global pandemic by the World Health Organization. Measures enacted to prevent the spread of the virus resulted in global business disruption with significant economic repercussions. With the onset of COVID-19, Source took immediate steps to ensure the safety of its employees, contractors and customers and implemented a COVID-19 program. Office employees were moved to a work-from-home model and special protocols were put in place to minimize COVID-19 exposure for employees and contractors in the field and at the production plants.

As a result of the weakening economic climate and the decline in the demand for crude oil, Source implemented operational cost reductions and other measures which included the following:

- reduced staff levels and hours of operations;
- reduced Board, executive and salaried employee compensation and benefits;
- eliminated all discretionary expenditures;
- reduced capital expenditures;
- received proceeds from the US Small Business Administration's Paycheck Protection Program;
- received proceeds from the Canadian Emergency Wage Subsidy program; and
- completed a Recapitalization Transaction.

The Company also carried out an assessment of the recoverable value of its operations as a result of the weakened economic climate. A discounted cash flow analysis was completed using an updated weighted average cost of capital and revised forecasts, resulting in an impairment loss of \$143.7 million recognized in the first quarter of 2020. As activity levels began to recover in the latter half of the year, Source has continued to examine its operational costs while accommodating increased demand to ensure it remains focused on maximizing operational efficiencies.

2020 Executive Compensation Details

Summary Compensation Table

The following table provides a summary of compensation information for the persons determined to be NEOs for the financial years ending December 31, 2020, December 31, 2019, and December 31, 2018. All compensation values are derived from compensation plans and programs that are described in detail in "Incentive Plan Awards", being the only compensation plans of Source in effect in which securities may be issued from treasury. Annual incentive plan amounts for the executive officers and NEOs were nil, as the unparalleled challenges caused by COVID-19 significantly reduced activity in the WCSB. The Company also recognized that the restructuring transaction had a very significant impact on all of its stakeholders.

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Share-based Awards (\$) ⁽²⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$) ⁽³⁾	All other Compensation (\$) ⁽⁴⁾	Total Compensation (\$) ⁽⁵⁾
					Annual Incentive Plans	Long-term Incentive Plans			
Brad Thomson President and CEO ⁽⁶⁾	2020	422,308	88,883	-	-	-	7,785	4,198	523,174
	2019	450,000	337,011	-	315,000	-	21,625	10,806	1,134,442
	2018	450,000	869,542	-	167,850	-	-	7,270	1,494,662
Derren Newell CFO	2020	262,769	53,305	-	-	-	3,870	4,198	324,142
	2019	280,000	168,506	-	156,800	-	10,750	10,393	626,449
	2018	280,000	434,771	-	83,552	-	-	7,270	805,593
Scott Melbourne COO	2020	290,923	53,305	-	-	-	-	4,198	348,426
	2019	310,000	168,506	-	173,600	-	-	10,466	662,572
	2018	301,923	434,771	-	90,094	-	-	7,270	834,058
Kelly Roncin Senior VP, Operations	2020	229,923	31,574	-	-	-	4,239	4,198	269,934
	2019	224,231	35,433	-	78,481	-	10,789	10,037	358,971
	2018	185,231	215,006	-	25,200	-	-	7,498	223,886
Kurtis Kisio VP, Sales	2020	211,154	13,795	-	-	-	3,897	3,371	232,217
	2019	177,461	5,957	-	90,000	-	8,603	3,293	285,314
	2018	156,788	2,998	-	17,500	-	962	4,047	182,295

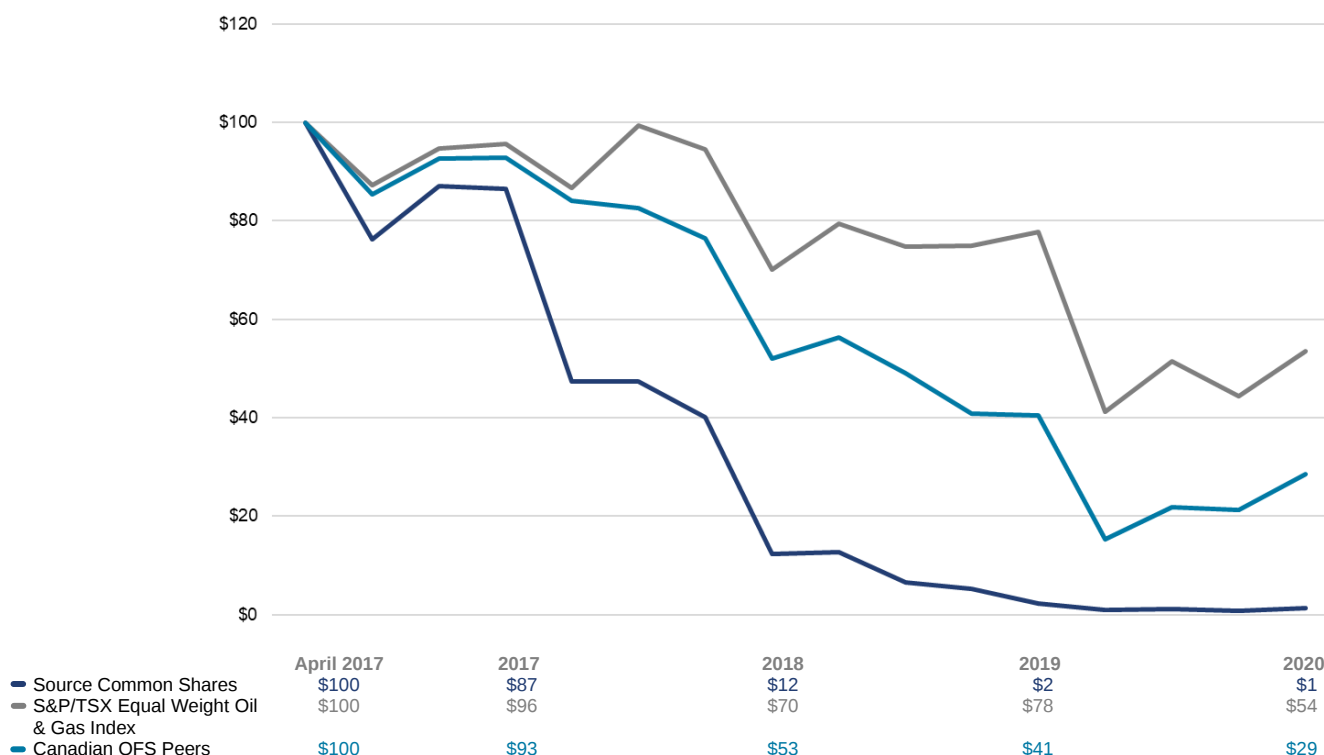
Notes:

(1) Effective April 1, 2020, NEO salaries were reduced by 10% for the duration of 2020.

- (2) Grant date fair value of the RSUs is based on the five-day weighted average trading price of the Common Shares on March 5, 2020 of \$2.55 to value the 2020 grants, the post-consolidation five-day weighted average trading values of \$13.68 for March 14, 2019, and \$18.12 for May 2, 2019 to value the 2019 grants, and \$65.16 for May 2, 2018 to value the 2018 grants. The actual value on vesting of such PSU/RSU awards may be greater or less than the indicated value.
- (3) Amounts paid into RRSPs prior to suspension of the matching portion of the program.
- (4) Reflects payments made by Source in 2020 to each of the NEOs for health and insurance benefits, and parking payments. The NEOs receive minimal perquisites and other benefits. All perquisites represent less than 2.5% of the value reported.
- (5) The aggregate compensation paid to the NEOs for the year ended December 31, 2020 was \$1,697,893.
- (6) Mr. Thomson receives no compensation in his capacity as a director.

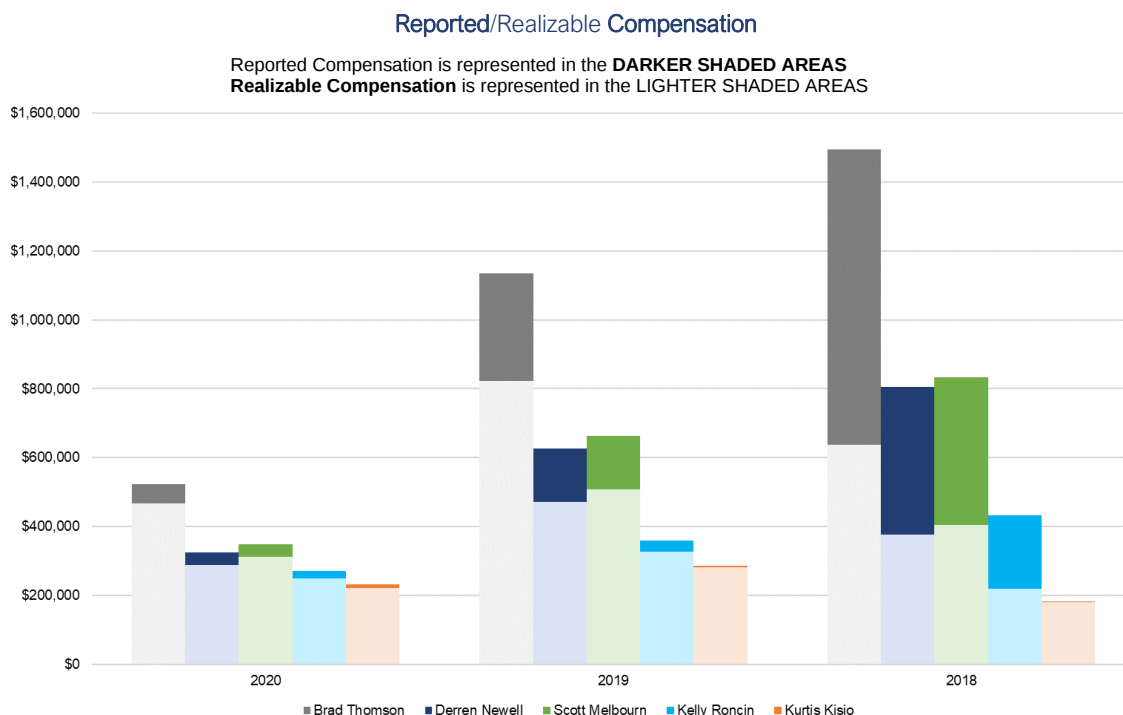
Performance Graph

The following graph shows the total cumulative return on a \$100 investment in Source's Common Shares compared to the cumulative total return of the S&P/TSX Equal Weight Oil & Gas Index and Source's principal Canadian oilfield services (OFS) peers over the same period beginning on April 13, 2017, when Source's Common Shares began trading on the TSX in connection with the Company's IPO and ending on December 31, 2020. This graph offers our shareholders some perspective and is for information purposes to demonstrate the effect of the challenging operational environment in which Source currently functions. Regardless of this backdrop, Source remains focused on the long term, utilizing our significant infrastructure footprint in Western Canada and our solid base frac sand business to continue to create value for our stakeholders through growth and diversification of the business.



NEO Compensation

To illustrate the pay for performance focus of the Company's compensation programs and the emphasis of these programs on long term shareholder value creation, the chart below (in combination with the performance graph above) shows how NEO compensation responds to changes in the Company's share price and hence, shareholder value delivery.



Note when viewing the chart above that:

- “Reported Compensation” for the NEOs represents the aggregate of the total compensation for the NEOs as presented in the “Summary Compensation Table” and is represented in the darker shaded areas;
- “Realizable Compensation”, by comparison, is the sum total of salary, short-term incentive paid and the realizable value of PSUs/RSUs, and represents the compensation actually paid or payable to each NEO and is represented in the lighter shaded areas; and
- Given the strong focus on shareholder alignment via equity incentives for the NEOs, Realizable Compensation as at December 31, 2020 is lower than reported in the “Summary Compensation Table”, in line with the decrease in the value of the Common Shares since the IPO and in keeping with the overall performance of the energy services sector.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding to the NEOs in 2020 as at December 31, 2020.

Name	Option-Based Awards				Share-Based Awards		
	Number of Common Shares Underlying Unexercised Options (#)	Options Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$) ⁽¹⁾	Market or Payout Value of Vested Share-Based Awards not Paid out or Distributed (\$)
Brad Thomson	-	-	-	-	55,309	157,631	
Derren Newell	-	-	-	-	27,653	78,811	
Scott Melbourne	-	-	-	-	27,653	78,811	
Kelly Roncin	-	-	-	-	13,192	35,597	
Kurtis Kisio	-	-	-	-	5,642	16,080	

Notes:

(1) Value is based on the five-day weighted average trading price of the Common Shares on March 18, 2021, which was \$2.85.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – value vested during the year (\$)	Share-based awards – value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – value vested during the year (\$)
Brad Thomson	-	13,075	-
Derren Newell	-	6,536	-
Scott Melbourne	-	6,536	-
Kelly Roncin	-	1,545	-
Kurtis Kisio	-	1,218	-

Notes:

(1) Share-based awards granted in 2020 vest 1/3 per year, on March 5 and May 5.

Equity Compensation Plan Information as at December 31, 2020

Plan Category	(a) Number (and percentage of Common Shares outstanding) of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number (and percentage of Common Shares outstanding) of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column in (a))
Equity compensation plans approved by securityholders	RSUs 173,023 (1.28%) PSUs 73,614 (.54%)	- -	1,107,869 (8.18%)
Equity compensation plans not approved by securityholders	-	-	-
Total	RSUs 173,023 (1.28%) PSUs 73,614 (.54%)	-	1,107,869 (8.18%)

Burn Rate

	Year	Option Plan ⁽¹⁾	Share Awards	DSU Plan
Total number of units granted in a fiscal year, divided by the weighted average number of Common Shares outstanding	2020	0%	2.9%	0%
	2019	0%	2.0%	0%
	2018	0%	1.4%	0%

Notes:

(1) In November 2019, Messrs. Thomson, Newell and Melbourne voluntarily surrendered their option-based awards to the Company. Mr. Jackson's option-based awards expired in March 2020 as a result of his resignation in September 2019.

Compensation Plan Information

The Company has three compensation plans, being: (i) the 2021 LTIP (if approved by shareholders at the Meeting); (ii) the DSU Plan, and (iii) the 2021 Option Plan (if approved by shareholders at the Meeting), of which, the 2021 LTIP (providing for the grant of RSUs and PSUs) and the 2021 Option Plan are considered equity-based plans and the DSU Plan is a cash-settled plan.

The following is a summary of the Company's compensation plans.

Long Term Incentive Plan

Please see "Long Term Incentive Plan" for a summary of the 2021 LTIP, and Appendix "B" attached hereto for a copy of the 2021 LTIP.

Deferred Share Unit Plan

The DSU Plan allows for grants of DSUs to non-executive directors and other persons at the discretion of the Board of Directors. The DSU Plan shares the same purpose as the 2021 LTIP (see "Long Term Incentive Plan").

Under the DSU Plan, each non-executive director may elect, once each calendar year, to receive all or a portion of his or her annual Board retainer fee compensation in DSUs, including any fees paid to such non-executive director for attendance at meetings of the Board or Committees thereof. DSUs vest on the date the non-executive director ceases to be a director and are paid out in cash only at such time. Dividend equivalents are earned at the same rate as cash dividends paid on the Common Shares.

The DSU Plan is administered by the Board, which has authority to delegate the administration and operation of the DSU Plan to a committee and to determine the terms and conditions of any grant of DSUs. Under the DSU Plan:

- the number of DSUs granted at any particular time pursuant to the DSU Plan will be calculated by: (a) in the case of an election to receive all or a portion of the director's annual Board retainer in DSUs, by dividing (i) the dollar amount of the elected amount by (ii) the Market Value of a Common Share on the applicable award date; or (b) in the case of a grant of DSUs pursuant to the DSU Plan, by dividing (i) the dollar amount of such grant by (ii) the Market Value of a Common Share on the date of grant;
- DSUs shall be redeemed within five business days following the filing of a notice of redemption or ninety days following a holder's death, as applicable;
- redemption of all full and fractional DSUs will entitle the holder to a lump sum cash payment, through the Company's regular payroll practices, equal to the number of DSUs (including fractional DSUs) to be redeemed, multiplied by the Market Value per Common Share determined as at such redemption date;
- DSUs vest on the day the holder ceases to be a participant for any reason including as a result of retirement, death, voluntary or involuntary termination, or disability unless otherwise determined by the Board in accordance with the DSU Plan; and
- except as otherwise provided by the DSU Plan, upon the occurrence of a change of control, all unvested DSUs then outstanding will be substituted by or replaced with DSUs or similar awards of the surviving corporation or the potential successor on the same terms and conditions as the original DSUs.

The DSU Plan also contains provisions which effect appropriate adjustments in the amounts payable, as the case may be, as determined as appropriate by the Board, to preclude a dilution or enlargement of the benefits under the DSU Plan, in the event of any merger, amalgamation, arrangement, rights offering, subdivision, consolidation, or reclassification of the Common Shares or other relevant change in the capitalization of the Company, or stock dividend or distribution (excluding dividends or distributions which may be paid in cash or in Common Shares at the option of the holder), or exchange of the Common Shares for other securities or property.

DSUs may not be transferred or assigned. The Board may suspend or terminate the DSU Plan at any time, or from time to time amend or revise the terms of the DSU Plan or of any DSU granted under the DSU Plan and any grant agreement relating thereto, provided that except as otherwise provided in the DSU Plan no such suspension, termination, amendment or revision will be made: (a) except in compliance with applicable law and with the prior approval, if required, of the TSX or any other regulatory body having authority over the Company, the DSU Plan or the shareholders; and (b) in the case of an amendment or revision to the DSU Plan or any grant agreement, if it would materially adversely affect the rights of any participant, without the consent of the participant.

Option Plan

Please see "Stock Option Plan" for a summary of the 2021 Option Plan, and Appendix "C" attached hereto for a copy of the 2021 Option Plan.

Termination and Change of Control Benefits

Change of Control		
Name	Criteria	Payment Obligation
Brad Thomson	More than 50% of securities or equivalent and an event of Good Reason has occurred within 12 months of the Change of Control	- An amount equal to two times the annual base salary amount in lieu of notice - An amount equal to two times the annual bonus at target for the calendar year in which the termination occurs - Accelerated vesting of RSUs and PSUs 10% of two times the annual base salary to compensate for the loss of benefits
Derren Newell	More than 50% of securities or equivalent and an event of Good Reason has occurred within 12 months of the Change of Control	- An amount equal to two times the annual base salary amount in lieu of notice - An amount equal to two times the annual bonus at target for the calendar year in which the termination occurs - Accelerated vesting of RSUs and PSUs 10% of two times the annual base salary to compensate for the loss of benefits
Scott Melbourne	More than 50% of securities or equivalent and an event of Good Reason has occurred within 12 months of the Change of Control	- An amount equal to two times the annual base salary amount in lieu of notice - An amount equal to two times the annual bonus at target for the calendar year in which the termination occurs - Accelerated vesting of RSUs and PSUs 10% of two times the annual base salary to compensate for the loss of benefits

Change of Control		
Name	Criteria	Payment Obligation
Kelly Roncin	More than 50% of securities or equivalent and an event of Good Reason has occurred within 12 months of the Change of Control	- An amount equal to 15 months of annual base salary in lieu of notice - An amount equal to the average of annual bonus payments for the preceding 2 years - Pro rata vesting of RSUs and PSUs to the end of the notice period 10% of 15 months of annual base salary received in lieu to compensate for the loss of benefits
Kurtis Kisio	More than 50% of securities or equivalent and an event of Good Reason has occurred within 12 months of the Change of Control	- An amount equal to 12 months of annual base salary in lieu of notice - An amount equal to the average of annual bonus payments for the preceding 2 years - Pro rata vesting of RSUs and PSUs to the end of the notice period 10% of 12 months of annual base salary received in lieu to compensate for the loss of benefits

Involuntary Termination		
Name	Criteria	Payment Obligation
Brad Thomson	Nil	- An amount equal to two times the annual base salary amount in lieu of notice - An amount equal to two times the annual bonus at target for the calendar year in which the termination occurs 10% of two times the annual base salary to compensate for the loss of benefits
Derren Newell	Nil	- An amount equal to two times the annual base salary amount in lieu of notice - An amount equal to two times the annual bonus at target for the calendar year in which the termination occurs 10% of two times the annual base salary to compensate for the loss of benefits
Scott Melbourne	Nil	- An amount equal to two times the base salary amount in lieu of notice - An amount equal to two times the annual bonus at target for the calendar year in which the termination occurs 10% of two times the annual base salary to compensate for the loss of benefits
Kelly Roncin	Nil	- An amount equal to 15 months of annual base salary in lieu of notice - An amount equal to the average of bonus payments for the preceding 2 years 10% of 15 months of annual base salary received in lieu to compensate for the loss of benefits
Kurtis Kisio	Nil	- An amount equal to 4 times monthly base salary, plus 1.5 times monthly base salary for each complete year of service, to a maximum of 12 times the monthly base salary in lieu of notice - An amount equal to the average of bonus payments for the preceding 2 years 10% of 12 months of annual base salary received in lieu to compensate for the loss of benefits

All NEOs are subject to non-compete and non-solicit arrangements during the 24 months following their termination date.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are continually reviewed for current and future industry trends, issues and best practices to ensure that effective compliance and loss prevention controls measures are implemented.

2020 Highlights:



- 99.98% average vote in favour of the election of our directors at the 2020 Meeting



- 97% board and committee meeting attendance at regularly scheduled meetings (and 97% attendance including ad hoc meetings)



- 28% of Source's Board was refreshed



- 15% reduction in director compensation



- 14% of Board members are diverse (1 woman)

Board Effectiveness

The Board believes that given its size and structure, it is organized properly, functions effectively and is able to facilitate independent judgment in carrying out its responsibilities, including those set forth in the mandate of the Board. To enhance such independent judgement, while the Company's independent directors may not hold regularly scheduled meetings at which the non-independent directors and Management are not in attendance, at the end of, or during, each Board meeting, the members of Management who are present at such meeting, including Mr. Thomson, will leave the meeting in order that the independent directors can discuss any necessary matters without Management and the non-independent directors being present.

Board Mandate

The Board is responsible to supervise the management of the business and affairs of the Company. The stewardship of the Company involves the Board in strategic planning, risk identification, management and mitigation, senior management determination and succession planning, communication planning and internal control integrity with the objective of enhancing shareholder value.

The Mandate of the Board of Directors (reproduced in Appendix "E" of this Circular), which is reviewed at least annually, sets out the responsibilities of the Board of Directors.

Board Assessments

The Compensation and Corporate Governance Committee is responsible for assessing the Board, its Committees and the individual directors. The Compensation and Corporate Governance Committee, with the participation of the Chair of the Board, may recommend changes to enhance Board performance based upon these communications and its review and assessment of the composition of the Board and current industry and regulatory standards.

Board Diversity

Source is committed to diversity and inclusion at all levels of its workforce and the Board's approach to the identification and nomination of candidates for election to the Board is in keeping with that commitment. The Board of Directors believes that a board made up of highly qualified individuals from diverse backgrounds who possess the required expertise and enhance the Board and the overall management of the business and affairs of Source will foster better corporate governance. Accordingly, the Compensation and Corporate Governance Committee will, when identifying candidates to recommend for election or appointment to the Board:

- (a) consider only candidates who possess character, integrity, judgment, business experience, a record of achievement and other skills and talents;
- (b) consider diversity criteria including gender, age, ethnicity and geographical background; and
- (c) consider whether each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.

Consideration of Gender in Director Nominations and Executive Appointments

There is presently one woman serving on the Board, representing 14% of the Board.

The Company, consistent with its commitment to diversity on the Board and in senior leadership positions, has adopted a written Diversity Policy with the objective of considering diversity when making merit-based selections of suitable candidates for election or re-appointment to the Board and for employment with, or promotion within, the Company but does not establish specific targets regarding the representation of women on the Board or in senior leadership positions, including executive officer. Diversity encompasses a wide variety of factors including age, gender, ethnicity, personal attributes, business and industry knowledge, skills and experience, educational background and life experience. The Compensation and Corporate Governance Committee will seek a diversity of candidates in recruiting, assessing and selecting such candidates and believes in finding the most qualified individuals available with the skills and experience to provide strong stewardship, with gender being one of many factors taken into consideration when evaluating individuals. However given candidates are selected based on merit, the Company does not believe specified diversity-based targets are appropriate.

The Compensation and Corporate Governance Committee reviews the Diversity Policy as part of overseeing the preparation of, and recommendation to, the Board of required disclosures of governance practices to be included in any disclosure document of the Company, as required.

Source's executive officer team consists of the CEO, CFO, COO, each having been with Source for at least 8 years. While Source has no plans to expand the executive management team at this time, the level of representation of women in executive officer positions when making executive officer appointments in the future would be a key consideration. Source's senior management team consists of five vice-president and one senior vice-president positions. There is presently one woman serving as a vice-president at Source, representing 17% of the senior management team.

Currently, 17% of Source's workforce are women: 26% in Canada; 11% in the United States. In 2019, Source created and adopted a Diversity and Inclusion Policy to promote and encourage an inclusive and diverse workplace, in order to:

- improve the quality of decision-making through the consideration of diverse perspectives and ideas;
- attract and retain the best employees;
- increase innovation; and
- reflect the diverse make-up of communities in which we operate.

The Diversity and Inclusion Policy serves to reinforce Source's commitment to being an equal opportunity employer, respecting an employee's gender, age, colour, ethnicity, Indigenous origin or heritage, religion, disability, sexual orientation, gender identity, marital status, veteran status, physical attributes, education, language, culture and any other personal characteristics, in all aspects of employment including: selection, job assignment, compensation, discipline, termination and access to benefits and training. Source believes that diversity and inclusion contributes to a positive and efficient workforce, which benefits Source's employees, clients and stakeholders. The Diversity and Inclusion Policy will be monitored and reviewed annually to ensure that equality and diversity is continually promoted.

Position Descriptions

The Board has approved written position descriptions or terms of reference for the Chairman of the Board and the Chair of each of the Audit Committee, the Compensation and Corporate Governance Committee, and the Health, Safety and Environment Committee. The Board has also developed a written position description for the CEO.

Orientation and Continuing Education

The Compensation and Corporate Governance Committee is responsible for the orientation and continuing education of the members of the Board. As new directors join the Board, they are provided with, among other things, corporate policies, Board and Committee mandates, historical information about Source, information about Source's operations, performance, and its strategic plan and an outline of the general duties and responsibilities entailed in carrying out their duties.

Source encourages directors to attend, enroll or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each director of Source has the responsibility for ensuring that he or she maintains the skill and knowledge necessary to meet his or her obligations as a director.

For directors joining the Source Board, Management provides an extensive orientation session that provides information on Source's assets, operations and commercial arrangements. The orientation session involves a number of the Source management team and also provides directors with the opportunity to tour Source's facilities in Canada and the US.

Risk Management Oversight

Business Risks

Source employs risk management strategies and policies to ensure that any exposures to risk are in compliance with Source's business objectives and risk tolerance levels. The Board has the responsibility to identify, understand and monitor the principal risks affecting the business in which the Company is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to establish systems to monitor and manage those risks with a view to the long-term viability of the Company. It is the responsibility of management to ensure that the Board and its Committees are kept well informed of changing risks. The Board functions include annually evaluating the Company's risk management culture, overseeing the Company's risk-taking activities and risk management programs and establishing mitigation strategies. The Board is responsible for ensuring that the Company's business strategies and allocations of capital are in line with the Company's risk appetite and tolerance and must ensure that the Company has effective risk management programs and practices. The principle mechanisms through which the Board reviews risks are through the execution of the duties of the Audit Committee, the Compensation and Corporate Governance Committee, and the Health, Safety and Environment Committee, to ensure that risks are being properly measured, monitored and reported throughout the Company and through the strategic planning process.

Ethical Business Conduct

Code of Business Conduct and Ethics

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations, providing guidance to Management to help them recognize and deal with ethical issues, promoting a culture of open communication, honesty and accountability and ensuring awareness of disciplinary action for violations of ethical business conduct. In connection with its commitment to ensuring the ethical operation of Source, the Board has adopted a code of business conduct and ethics, a copy of which is available on our website at www.sourceenergyservices.com and under the Company's profile at www.sedar.com. Any reports of variance from the code of business conduct and ethics are to be reported to the Board.

The Board monitors compliance with the code of business conduct and ethics through reports by Management to the Board and requires that all directors, officers and designated employees provide an annual certification of compliance with the code. A director who has a material interest in a matter before the Board or any Committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by the Board or any Committee on which he or she serves, such director may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the ABCA regarding conflicts of interest.

Whistleblower Policy

The integrity, transparency and accountability of the financial, administrative and management practices of Source is critical. This information guides the decisions of the Board and is relied upon by stakeholders of Source. For these reasons, it is critical for Source to maintain a workplace where concerns regarding questionable business practices can be raised without fear of any discrimination, retaliation or harassment. Accordingly, the Board has adopted a whistleblower policy which provides employees, clients and contractors with the ability to report, on a confidential and anonymous basis, any violation within Source including (but not limited to), criminal conduct, falsification of financial records or unethical conduct. The Board believes that providing a forum for employees, clients, contractors, officers and directors to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct. A copy of our whistleblower policy is available on our website, www.sourceenergyservices.com

Environment, Social, and Governance

A strong corporate governance framework is critical for executing on our strategy. This includes strong Board leadership, thoughtful strategic deliberations and prudent management practices, including awareness of how environmental and social risks may impact long-term value creation. It is important that Source's Board of Directors functions as a key strategic and governing body that challenges our leadership team to be better and more innovative.

Source is an uncompromising steward of the environment, our employees, and the communities in which we operate. We believe in supporting and helping shape the communities where we live, work and play.

By recognizing the importance of forming strong relationships with the people within the communities near our operations, we strive to uphold our founding **People First** corporate value across our organization. Whether it's giving back through economic opportunities or supporting local causes and organizations, we continually look to listen, learn and engage – addressing concerns, ensuring safe operations, and becoming active participants. We support initiatives that align with our corporate values, that support the charitable efforts of our employees, and are located near our operations.

The Board has established the Health, Safety and Environment Committee to oversee the Company's policies and management systems and assess the Company's performance regarding the protection of the health and safety of all persons associated with

the Company's operations, the protection of the environment, the Company's relationship with communities that are impacted by the Company's operations, as well as engagement with the Company's stakeholders.

Source believes that sound governance means taking actions to make communities safer, healthier and happier and that health, safety and environment excellence is achieved through the commitment and dedication by everyone involved, in order to create and maintain a vibrant safety culture. Source's goals are simple: ***no harm to people, the public, Company properties, or the environment***. The Company supports and promotes this through the implementation and communication of the Company's health, safety, environmental and community engagement programs, policies and procedures. These programs include health and safety management systems and detailed emergency response plans.

A key consideration for our operations is the impact we have on the local environment in and around the communities in which we operate. Land reclamation is an important ongoing activity we complete as part of operating our mines. To minimize water use, we include technologically advanced equipment at our processing facilities including a closed-loop water system. Source has established multiple monitoring well locations in adjacent lands to continually monitor groundwater quantity and quality.

At Source, we are focused on sustainability to meet the needs of our stakeholders, both in the near-term and over the longer-term. Our work in this area will be detailed in our 2021 ESG report, which will be published in Spring 2021 and can be accessed at www.sourceenergyservices.com.

ADDITIONAL INFORMATION

Non-IFRS Measures

This Circular refers to certain financial measures that are not determined in accordance with IFRS such as "Adjusted EBITDA", and "Adjusted Gross Margin". See the annual MD&A for a description of these non-IFRS measures and a reconciliation to the most relevant IFRS measure for the noted periods. These financial measures do not have standardized meanings prescribed by IFRS and Source's method of calculating these measures may differ from the method used by other entities and, accordingly, they may not be comparable to similar measures presented by other companies. These financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), gross margin and other measures of financial performance as determined in accordance with IFRS. However, Source believes that these non-IFRS measures are useful to both Management and investors in providing relative performance and measuring changes in respect of Source as well as measuring Source's financial performance in the context of earnings generated to fund capital investments and meet financial obligations. More specifically, Adjusted EBITDA and Adjusted Gross Margin are considered key measures as they reflect the ability of Source to generate earnings necessary to meet its capital investments and financial obligations.

Investors are cautioned not to consider these non-IFRS measures in isolation or place undue reliance on ratios or percentages calculated using these non-IFRS measures. These non-IFRS measures should be read in conjunction with Source's audited annual financial statements of Source as at December 31, 2020, together with the notes thereto and the annual MD&A, each of which can be found under Source's SEDAR profile at www.sedar.com.

Interest of Informed Persons in Material Transactions

Except as otherwise set out herein, there were no material interests, direct or indirect, of any informed person (as defined in NI 51-102) of the Company, any proposed director of the Company or any associate or affiliate of any informed person or proposed director of the Company, in any transaction since the commencement of Source's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Management of Source is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, senior officer, or anyone who has been a director or senior officer of Source at any time since our IPO, or of any associate or affiliate of any of the foregoing individuals, in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors, except for as set forth in this Circular.

Other Business

Management of Source is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Shares represented thereby in accordance with their discretion on such matter.

Management Contracts

No management functions of the Company are performed by a person or company other than the directors or executive officers of the Company.

Access to Documents

Any document referred to in this Circular and described as being accessible on the SEDAR website at www.sedar.com may be obtained free of charge from the Company at 500, 438 – 11th Avenue SE, Calgary, Alberta T2G 0Y4.

Additional information respecting the Company is available on the Company's SEDAR profile at www.sedar.com. Financial information respecting the Company is provided in the Company's financial statements and MD&A for its most recently completed financial year. Shareholders can access this information on the SEDAR website, on Source's website at www.sourceenergyservices.com or by request to Source Energy Services Ltd., 500, 438 – 11th Avenue SE, Calgary, Alberta T2G 0Y4, attention: Chief Financial Officer.

Date and Approval

This Circular is dated March 18, 2021 and the contents and sending of this Circular has been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ "Bradley J. Thomson"

Bradley J. Thomson
Chief Executive Officer and Director

APPENDIX “A” – GLOSSARY

In this Circular, unless otherwise indicated or the context otherwise requires, the following terms shall have the meaning set forth below.

GLOSSARY	
2017 Option Plan	Stock option plan of the Company approved by the Board on April 13, 2017
2018 LTIP	RSU and PSU Long Term Incentive Plan of the Company approved by shareholders on March 14, 2018
2020 Meeting	<i>Annual general and special meeting of Source shareholders held November 25, 2020</i>
2021 LTIP	RSU and PSU Long Term Incentive Plan of the Company
2021 Option Plan	Stock option plan of the Company
ABCA	<i>Business Corporations Act</i> (Alberta), RSA 2000, c B-9, as amended, including the regulations promulgated thereunder
Audit Committee	Audit committee of the Board
Board or Board of Directors	Board of directors of the Company
Broadridge	Broadridge Investor Communication Solutions, Canada
CD&A	Compensation discussion and analysis
CDS	CDS Clearing and Depository Services Inc
CEO	Chief Executive Officer of the Company
CFO	Chief Financial Officer of the Company
Chair	Chair of a Committee of the Company, as applicable
Chair of the Board	Chair of the Board of Directors of the Company
Circular	This Management Information Circular
Class B Shares	Class B shares in the capital of the Company
Committee	Either the Audit Committee, the Compensation and Corporate Governance Committee, or the Health, Safety and Environment Committee, or all of them, as applicable
Common Shares	Common shares in the capital of the Company
Company	Source Energy Services Ltd, either alone or together with its subsidiaries, as applicable in the context
Compensation and Corporate Governance Committee	Compensation and corporate governance committee of the Board
COO	Chief Operating Officer of the Company
COVID-19	The disease caused by a newly identified coronavirus, SARS-CoV-2, that emerged in December 2019, causing a worldwide pandemic
DSU	A deferred share unit granted under the DSU Plan
DSU Plan	Deferred share unit plan of the Company
frac sand	Naturally-occurring sand utilized as proppant in the process of fracturing oil and natural formations as part of the well completion process
hydraulic fracturing	Process of pumping fluids, mixed with granular proppants, into a geological formation at pressures sufficient to create fractures in the hydrocarbon-bearing rock
Health, Safety and Environment Committee	Health, safety and environment committee of the Board

GLOSSARY

IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board and implemented in Canada through the Accounting Recommendations in the Chartered Professional Accountants of Canada Handbook
Insider Participation Limit	Has the meaning ascribed to it under “ <i>Long Term Incentive Plan</i> ”
IPO	Company’s April 13, 2017 initial public offering
Lane Caputo	Lane Caputo Compensation Inc
Management	Management of Source
Management Information Circular	This Management Information Circular
Market Price or Market Value	Generally, the five-day volume weighted average trading price of the Common Shares on the TSX, or such other exchange on which the Common Shares are listed and posted for trading and on which the majority of the trading volume and value of the Common Shares occurs (or as determined by the Board in its discretion if the Common Shares are not listed and posted for trading)
MD&A	Management’s discussion and analysis
metric tonne or MT	One metric tonne or 1,000 kilograms (equivalent to approximately 1.102 short tons or approximately 2,205 pounds)
Named Executive Officers or NEOs	CEO, the CFO, and each of the Company’s three other most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, who served as executive officers in the most recently completed financial year and whose total salary and bonus exceeded \$150,000
NI 51-102	National Instrument 51-102 - <i>Continuous Disclosure Obligations</i>
NI 52-110	National Instrument 52-110 - <i>Audit Committees</i>
NI 58-101	National Instrument 58-101 - <i>Disclosure of Corporate Governance Practices</i>
Northern White	Natural frac sand known for producing deep, tight shale, high pressure resources, demonstrating high crush resistance, sphericity and acid solubility
Option	An option to purchase Common Shares granted under the 2021 Option Plan
proppant	A sized particle mixed with fracturing fluid to hold fractures open after a hydraulic fracturing treatment
PSU	A performance share unit granted under the 2021 LTIP
RSU	A restricted share unit granted under the 2021 LTIP
Sahara	Source’s proprietary wellsite mobile proppant storage and handling system
Share or Shares	The Common Shares in the capital of the Company
Source	Source Energy Services Ltd., either alone or together with its subsidiaries, as applicable in the context
Technical Committee	Technical committee of the Board which was dissolved in December 2020
TriWest	TriWest Capital Partners
TriWest IV	Collectively, TriWest IV Canada Fund LP, TriWest IV US Fund LP, SES Canada LP, SES Canada 2 LP and SES Canada 3 LP
TSX	Toronto Stock Exchange
WCSB	Western Canadian Sedimentary Basin
wet processing plant	An industrial site where process material is washed to remove impurities and then sorted by size Following this washing and sorting process, frac sand is stored before being transported to a dry processing facility

APPENDIX “B” – LONG TERM INCENTIVE PLAN

ARTICLE 1 PURPOSE

Section 1.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation by: (i) providing Eligible Persons with appropriate incentives; (ii) encouraging stock ownership by such Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) promoting the growth and profitability of the Corporation; (v) encouraging Eligible Persons to take into account long-term corporate performance; (vi) rewarding Eligible Persons for sustained contributions to the Corporation and/or significant performance achievements of the Corporation; and (vii) enhancing the Corporation's ability to attract, retain and motivate Eligible Persons.

ARTICLE 2 INTERPRETATION

Section 2.1 Definitions

For the purposes of this Plan, the following terms have the following meanings:

- (a) “**Affiliate**” has the meaning specified in National Instrument 45-106 – Prospectus Exemptions;
- (b) “**Associate**” has the meaning specified in Section 1 of the Securities Act (Alberta);
- (c) “**Black-Out Period**” has the meaning specified in Section 4.3(3);
- (d) “**Board**” means the board of directors of the Corporation as constituted from time to time, or a committee thereof to which authority has been delegated by the board of directors with respect to any particular functions of the board of directors, as set forth herein;
- (e) “**Broker**” has the meaning specified in Section 3.7(2);
- (f) “**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are authorized or obligated by law to close for business in Calgary, Alberta;
- (g) “**Cause**” has the meaning given to such term (or to “Just Cause”) in any written employment or retainer agreement between the Participant and the Corporation (or an Affiliate), and absent any such agreement containing such definition, means conduct that would entitle the Corporation (or any Affiliate) to terminate such Participant's employment or other retainer without notice or payment in lieu of notice at common law, and includes without limiting the generality of the foregoing:
 - (i) fraud, misappropriation of the property, assets or funds of the Corporation (or any Affiliate), embezzlement, malfeasance, misfeasance or nonfeasance in office which is willfully or grossly negligent on the part of such Participant;
 - (ii) conviction of, or plea (other than not guilty) by such Participant to, a criminal offence involving dishonesty or fraud, or which is likely to injure the Corporation's business or reputation (or that of any Affiliate);
 - (iii) the willful allowance by such Participant of such Participant's duty to the Corporation (or any Affiliate) and such Participant's personal interests to come into conflict in a material way in relation to any transaction or matter that is of a substantial nature;
 - (iv) the material breach by such Participant of any of such Participant's covenants or obligations under such Participant's terms of employment or retainer, or, notwithstanding the foregoing, the breach of any non-competition, non-solicitation or confidentiality covenants;
 - (v) the failure by such Participant to substantially perform such Participant's obligations according to the terms of such Participant's employment or retainer after the Corporation (or any Affiliate) has given such Participant reasonable notice of such failure and a reasonable opportunity to correct, or cause to be corrected, such failure;
 - (vi) the intentional or negligent involvement or participation by such Participant in any act which is materially injurious to the Corporation (or any Affiliate or any employee of the Corporation or any Affiliate), financially or otherwise; or

- (vii) any information, reports, documents or certificates being furnished by such Participant to the Board or any committee thereof (or to any Affiliate) which are intentionally false or misleading either because they include or fail to include material facts, including without limitation disclosure of conflicts of interest;
- (h) **“Change of Control Event”** means:
- (i) any transaction (other than a transaction described in clause (iii) below) pursuant to which any person or group of persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Corporation representing 50% or more of the aggregate voting power of all of the Corporation's then issued and outstanding securities entitled to vote in the election of directors of the Corporation;
 - (ii) a consummated arrangement, amalgamation, merger, consolidation, take-over bid, compulsory acquisition or similar transaction involving (directly or indirectly) the Corporation if, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Corporation immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction;
 - (iii) the sale, lease, exchange, license or other disposition of all or substantially all of the Corporation's assets to a person other than a person that was an Affiliate of the Corporation at the time of such sale, lease, exchange, license or other disposition, other than a sale, lease, exchange, license or other disposition to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are beneficially owned by shareholders of the Corporation in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such sale, lease, exchange, license or other disposition;
 - (iv) the passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or
 - (v) individuals who, on the Effective Date, are members of the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board;
- (i) **“Class B Shares”** means the class B shares in the capital of the Corporation;
- (j) **“Consultant”** means an individual, other than an employee, executive officer or director of the Corporation or of an Affiliate, that for an initial, renewable or extended period of 12 months:
- (i) is engaged to provide services to the Corporation or an Affiliate, other than services provided in relation to a distribution of the Corporation's securities;
 - (ii) provides the services under a written contract with the Corporation or an Affiliate; and
 - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate;
- and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;
- (k) **“continuing entity”** has the meaning specified in Section 6.1(1);
- (l) **“Corporation”** means Source Energy Services Ltd., a corporation existing under the laws of the Province of Alberta, and includes any successor corporation thereto;
- (m) **“Date of Grant”** means the date on which a particular Unit is granted by the Board as evidenced by the Grant Agreement pursuant to which the applicable Unit was granted;
- (n) **“Disability”** in respect of a Participant, has the meaning given to such term (or to “Permanent Disability”) in any written employment or consulting or retainer agreement between such Participant and the Corporation (or an Affiliate), and absent any such agreement containing such definition, means a mental or physical disability whereby such Participant:

- (i) is unable, due to illness, disease, mental or physical disability or similar cause, to fulfill such Participant's obligations as an employee or officer of or consultant or other retainer of the Corporation (or applicable Affiliate) either for three consecutive months or for a cumulative period of six months out of 12 consecutive calendar months, or
 - (ii) is declared by a court of competent jurisdiction to be mentally incompetent or incapable of managing such Participant's affairs;
- (o) **"Effective Date"** has the meaning specified in Section 7.1;
- (p) **"Eligible Person"** means any officer, employee or Consultant of the Corporation or any of its Affiliates, as designated by the Board in a resolution;
- (q) **"Expire"** means, with respect to a Unit, the termination of such Unit, on the occurrence of which such Unit is void, incapable of settlement, and of no value whatsoever; and "Expires" and "Expired" have a similar meaning;
- (r) **"Good Reason"** means:
 - (i) a material adverse change in the Participant's authorities, duties, responsibilities, status (including offices, titles, and reporting requirements) from those in effect;
 - (ii) the Corporation requires the Participant to be based at a location in excess of one hundred (100) kilometers from the location of the Participant's principal job location or office, except for required travel on Corporation business to an extent substantially consistent with the Participant's business obligations;
 - (iii) a material reduction in the Participant's base salary, or a substantial reduction in the Participant's target compensation under any incentive compensation plan as in effect as of the date of a Change of Control Event;
 - (iv) the failure to increase the Participant's base salary in a manner consistent (both as to frequency and percentage increase) with practices in effect immediately prior to the Change of Control Event or with practices implemented subsequent to the Change of Control Event with respect to similarly positioned employees; or
 - (v) the failure of the Corporation to continue in effect the Participant's participation in any employee benefit and retirement plans, policies or practices, at a level substantially similar or superior to and on a basis consistent with the relative levels of participation of other similarly-positioned employees as existed immediately prior to a Change of Control Event;
- (s) **"Grant Agreement"** means an agreement between the Corporation and a Participant under which a Unit is granted, substantially in the form attached hereto as Schedule "A" in reference to RSUs and Schedule "B" in reference to PSUs, as each may be amended from time to time;
- (t) **"Insider"** has the same meaning as found in the TSX Company Manual;
- (u) **"ITA"** means the Income Tax Act (Canada), and the regulations thereunder;
- (v) **"Market Value"** means, on any particular day, the volume weighted average trading price of a Share on the Stock Exchange for the five (5) preceding days on which the Shares were traded. In the event that such Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Shares as determined by the Board in its sole and absolute discretion;
- (w) **"Participant"** means an RSU Participant or a PSU Participant, as applicable;
- (x) **"Performance Criteria"** shall mean criteria, if any, established by the Board which, without limitation, may include criteria based on the financial performance of the Corporation and/or an Affiliate;
- (y) **"Performance Share Unit" or "PSU"** means a unit granted or credited to a PSU Participant's notional account pursuant to the terms of this Plan that, subject to the provisions hereof, entitles a PSU Participant to receive a Share or an amount of cash equal to the Market Value of a Share in accordance with the terms set forth in the Plan;
- (z) **"Person"** means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company;
- (aa) **"Plan"** means this long term incentive plan, as amended from time to time;
- (bb) **"PSU Participant"** means an Eligible Person who has been designated by the Corporation for participation in the Plan and who has agreed to participate in the Plan and to whom a Performance Share Unit has been granted or will be granted thereunder;
- (cc) **"PSU Settlement Date"** has the meaning given to that term in Section 5.3(1);

- (dd) **"PSU Vesting Date"** has the meaning specified in Section 5.2;
- (ee) **"Restricted Share Unit"** or **"RSU"** means a unit granted or credited to an RSU Participant's notional account pursuant to the terms of this Plan that, subject to the provisions hereof, entitles an RSU Participant to receive a Share or an amount of cash equal to the Market Value of a Share in accordance with the terms set forth in the Plan;
- (ff) **"Retirement"** means the cessation of the employment of a Participant with the Corporation or Affiliate, on or after the date that is the earlier of: (i) the completion of ten (10) years of active and continuous service with the Corporation or Affiliate and the Participant is age 55 or older; or (ii) the period of service from the date the Participant commenced employment with the Corporation or Affiliate and the date the Participant has attained the age of 65, and in all circumstances approved by the Board;
- (gg) **"RSU Participant"** means an Eligible Person who has been designated by the Corporation for participation in the Plan and who has agreed to participate in the Plan and to whom a Restricted Share Unit has been granted or will be granted thereunder;
- (hh) **"RSU Settlement Date"** has the meaning specified in Section 4.3(1);
- (ii) **"RSU Vesting Date"** has the meaning specified in Section 4.2;
- (jj) **"Security Based Compensation Arrangement"** has the meaning specified in Section 613(b) of the TSX Company Manual;
- (kk) **"Share"** means a common share in the capital of the Corporation;
- (ll) **"Shareholders"** means holders of Shares;
- (mm) **"Stock Exchange"** means the Toronto Stock Exchange or, if the Shares are not listed or posted for trading on the Toronto Stock Exchange at a particular date, any other stock exchange on which the majority of the trading volume and value of the Shares are listed or posted for trading;
- (nn) **"Termination Date"** means the date on which a Participant ceases to be an Eligible Person as a result of a termination of employment or engagement with the Corporation and/or an Affiliate for any reason, including death, Retirement, Disability, resignation, or termination with or without Cause, but not including a Participant's absence from active employment or engagement with the Corporation and/or Affiliate during a period of authorized leave of absence. For the purposes of the Plan, a Participant's employment with the Corporation and/or an Affiliate shall be considered to have terminated effective on the last day of the Participant's actual and active employment with the Corporation and/or Affiliate, whether such day is selected by agreement with the individual, or unilaterally by the Participant or the Corporation or Affiliate, and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law in respect of such termination of employment or retention that follows or is in respect of a period after the Participant's last day of actual and active employment or retention shall be considered as extending the Participant's period of employment or retention for the purposes of determining his entitlement under the Plan;
- (oo) **"Units"** means PSUs and RSUs, as applicable; and
- (pp) **"Withholding Obligations"** has the meaning given to that term in Section 3.7(1).

In this Plan, words importing the singular include the plural and vice versa and words importing any gender include any other gender.

ARTICLE 3 ADMINISTRATION

Section 3.1 Administration

- (1) Subject to Section 3.2, this Plan will be administered by the Board.
- (2) Subject to the terms and conditions set forth in this Plan, the Board is authorized to provide for the grant of Restricted Share Units to RSU Participants and the grant of Performance Share Units to PSU Participants, all on such terms (which may vary between RSUs and PSUs granted from time to time) as it determines. In addition, the Board has the authority to (i) determine the terms, including the limitations, restrictions, vesting period, Performance Criteria and conditions, if any, of such grants; (ii) construe and interpret this Plan and all agreements entered into under this Plan; (iii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iv) make all other determinations necessary or advisable for the administration of this. All determinations and interpretations made by the Board will be binding on all Participants and on their heirs, executors, legal and personal representatives and beneficiaries.

- (3) No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this Plan, any Grant Agreement or any Restricted Share Units or Performance Share Units granted pursuant to this Plan.

Section 3.2 Delegation to Committee

Despite Section 3.1 or any other provision contained in this Plan, the Board has the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board. In such circumstances, all references to the Board in this Plan include reference to such committee.

Section 3.3 Shares Reserved

- (1) Subject to Section 3.3(3), the securities that may be acquired by Participants under this Plan will consist of authorized but unissued Shares.
- (2) The Corporation will at all times during the term of this Plan ensure that it is authorized to issue such number of Shares as are sufficient to satisfy the requirements of this Plan.
- (3) The total number of Shares issuable under this Plan, and under all other Security Based Compensation Arrangements of the Corporation, is unlimited; provided, however, that the aggregate number of Shares issuable under this Plan (and under all other Security Based Compensation Arrangements) does not exceed 10% of the total number of Shares and Class B Shares issued and outstanding from time to time (calculated on a non-diluted basis). Any Shares subject to a Unit which has been settled or for any reason is cancelled or terminated without having been settled, will again be available for grants under this Plan, and under all other Security Based Compensation Arrangements of the Corporation. Fractional shares will not be issued and will be treated as specified in Section 3.8(3).
- (4) If there is a change in or exchange of the issued and outstanding Shares by reason of any stock dividend or split, recapitalization, amalgamation, arrangement, merger, take-over bid, compulsory acquisition, consolidation, combination or exchange of shares, or other corporate change, the Board may, subject to the prior approval of the Stock Exchange if required pursuant to the applicable rules thereof, make appropriate substitution or adjustment in its sole discretion in:
- (a) the number or kind of securities of the Corporation (including Shares) reserved for issuance pursuant to this Plan (which may be replaced by cash or other property); and
 - (b) the number and kind of securities of the Corporation (including Shares) subject to unsettled Units granted prior to such change (which may be replaced by cash or other property),

without any change in the total price applicable to the unsettled portion of the Unit but with a corresponding adjustment in the price for each Share covered by the Unit; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional Shares.

Section 3.4 Limits with Respect to Insiders

- (1) The maximum number of Shares:
- (a) issuable to Eligible Persons who are Insiders and their Associates at any time pursuant to the settlement of Units granted under this Plan and securities granted under any other Security Based Compensation Arrangement, collectively, must not exceed 10% of the aggregate number of Shares and Class B Shares issued and outstanding from time to time (calculated on a non-diluted basis); and
 - (b) that may be issued to Eligible Persons who are Insiders and their Associates within any one year period pursuant to the settlement of Units granted under this Plan and securities granted under any other Security Based Compensation Arrangement, collectively, must not exceed 10% of the aggregate number of Shares and Class B Shares issued and outstanding from time to time (calculated on a non-diluted basis).

Section 3.5 Amendment and Termination

- (1) The Board may suspend or terminate this Plan at any time, or from time to time amend or revise the terms of this Plan or of any Unit granted under this Plan and any Grant Agreement relating thereto, provided that except as otherwise provided herein no such suspension, termination, amendment or revision will be made:
- (a) except in compliance with applicable law and with the prior approval, if required, of the Stock Exchange or any other regulatory body having authority over the Corporation, this Plan or the Shareholders; and
 - (b) in the case of an amendment or revision to this Plan or any Grant Agreement, if it would materially adversely affect the rights of any Participant, without the consent of the Participant.

For greater certainty, no such amendment or revision shall be made to this Plan that results in this Plan, Restricted Share Units or Performance Share Units to be considered a “salary deferral arrangement” as defined in subsection 248(1) of the ITA (or any successor provision).

- (2) If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Unit or any rights granted pursuant to this Plan remain outstanding and, despite the termination of this Plan, the Board may make such amendments to this Plan or to the terms of any outstanding Units as they would have been entitled to make if this Plan were still in effect.
- (3) Subject to any applicable rules of the Stock Exchange and Section 3.5(4), the Board may from time to time, in its absolute discretion and without the approval of Shareholders, make the following amendments to this Plan or any Unit:
 - (a) any amendment to the vesting provisions of this Plan and any Grant Agreement;
 - (b) any amendment to this Plan, any Grant Agreement or any Unit as necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body having authority over the Corporation, this Plan or the Shareholders;
 - (c) any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of this Plan, correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan, correct any grammatical or typographical errors or amend the definitions in this Plan regarding administration of this Plan;
 - (d) any amendment respecting the administration of this Plan; and
 - (e) any other amendment that does not require the approval of Shareholders under Section 3.5(4).
- (4) Shareholder approval is required for the following amendments to this Plan:
 - (a) any increase in the maximum number of Shares that may be issuable pursuant to Units granted under this Plan as set out in Section 3.3(3);
 - (b) any cancellation and reissue of Units, or substitution of Units with cash or other awards on terms that are more favourable to the holders of Units, or extension of the date a Unit Expires;
 - (c) any amendment to the Insider participation limit set out in Section 3.4;
 - (d) any amendment to Section 3.5(3) or (4);
 - (e) any change that would materially modify the eligibility requirements for participation in this Plan;
 - (f) any amendment to the definition of Eligible Persons relating to the grant of Units to non-employee directors of the Corporation; and
 - (g) any amendment to Section 3.10.

Section 3.6 Compliance with Legislation

- (1) This Plan, the terms of the issue or grant of, and the grant of, any Units under this Plan, and the Corporation's obligation to deliver a payment or issue Shares, is subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation is not obliged by any provision of this Plan or the grant of any Unit under this Plan to issue Shares if, in the opinion of the Board, such action would constitute a violation by the Corporation or a Participant of any laws, rules and regulations or any condition of such approvals. Further, the Corporation may, without amending this Plan, modify the terms of Units granted to Participants who are foreign nationals or who provide services to the Corporation or any Affiliate from outside of Canada in order to comply with the applicable laws of such foreign jurisdictions, with such modification to this Plan with respect to a particular Participant to be reflected in the Grant Agreement for such Service Provider, all as may be determined by the Board in its discretion.
- (2) The Participant agrees to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Corporation with such laws, rule and requirements, including all tax withholding and remittance obligations.
- (3) No Unit shall be granted and no Shares issued under this Plan, where such grant or issue would require registration of this Plan or of Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Unit or purported issue of Shares under this Plan in violation of this provision is void.
- (4) The Corporation has no obligation to issue any Shares pursuant to this Plan unless such Shares have been duly listed, upon official notice of issuance, with (or conditional ground for listing by) the Stock Exchange. Shares issued to

Participants pursuant to the settlement of Units may be subject to limitations on sale or resale under applicable securities laws.

- (5) If Shares cannot be issued to a Participant upon the settlement of a Unit due to legal or regulatory restrictions, the obligation of the Corporation to issue such Shares will terminate. For greater certainty, where the obligation of the Corporation to issue Shares terminates pursuant to this Section 3.6(5) the Board in its discretion will consider a suitable alternative compensation arrangement having regard to the particular affected Participant.

Section 3.7 Tax Withholdings

- (1) Despite any other provision contained in this Plan, in connection with the settlement of a Unit from time to time, the Corporation may withhold from any amount payable to a Participant, including the issuance of Shares to a Participant upon the settlement of such Participant's Units, such amounts as are required by law to be withheld or deducted as a consequence of the settlement of Units or other participation in this Plan ("Withholding Obligations"). The Corporation has the right, in its sole discretion, to satisfy any Withholding Obligations by:
 - (a) selling or causing to be sold through a broker, on behalf of any Participant, such number of Shares issued to the Participant on the settlement of Units as is sufficient to fund the Withholding Obligations;
 - (b) retaining the amount necessary to satisfy the Withholding Obligations from any amount which would otherwise be delivered, provided or paid to the Participant by the Corporation, whether under this Plan or otherwise;
 - (c) requiring the Participant to (i) remit the amount of any such Withholding Obligations to the Corporation in advance; (ii) reimburse the Corporation for any such Withholding Obligations; or (iii) cause a broker who sells Shares acquired by the Participant on behalf of the Participant to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligation and to remit such amount directly to the Corporation; and/or
 - (d) making such other arrangements as the Corporation may reasonably require,provided that, for greater certainty, no determination by the Corporation in respect of any of the foregoing shall be made during a Black-Out Period.
- (2) The sale of Shares by the Corporation, or by a broker engaged by the Corporation (the "Broker") for the purposes of selling Shares on behalf of Participant, will be made on the Stock Exchange; provided that, for greater certainty, no such sale of Shares shall be made during a Black-Out Period. The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares on his behalf and acknowledges and agrees that: (i) the number of Shares sold will be, at a minimum, sufficient to fund the Withholding Obligations net of all selling costs, which costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Corporation or the Broker will exercise its sole judgment as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and (iii) neither the Corporation nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sales or any delay in transferring any Shares to a Participant or otherwise.
- (3) The Participant further acknowledges that the sale price of the Shares will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale.

Section 3.8 Miscellaneous

- (1) Nothing contained in this Plan will prevent the Board from adopting other or additional Security Based Compensation Arrangements or compensation arrangements, subject to any required approval.
- (2) This Plan does not grant any Participant or any employee of the Corporation or its Affiliates the right or obligation to serve or continue to serve as an officer or employee, as the case may be, of the Corporation or its Affiliates. The awarding of Units to any Eligible Person is a matter to be determined solely in the discretion of the Board. This Plan will not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Shares or any other securities in the capital of the Corporation other than as specifically provided for in this Plan. The grant of a Unit to, or the settlement of a Unit by, a Participant under this Plan does not create the right for such Participant to receive additional grants of Units under this Plan.
- (3) No fractional Shares will be issued upon the settlement of Units granted under this Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the settlement of a Unit, or from an adjustment pursuant to Section 3.3(4), such Participant will only have the right to receive the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (4) The Corporation makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant resulting from the grant or settlement of a Unit and/or transactions in

the Shares. The Corporation does not assume responsibility for the income or other tax consequences resulting to the Participant and they are advised to consult with their own tax advisors.

- (5) Neither the Corporation, nor any of its directors, officers, employees, Shareholders or agents will be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under this Plan, with respect to any fluctuations in the market price of Shares or in any other manner related to this Plan.
- (6) The Board may adopt such rules or regulations and vary the terms of this Plan and any Unit issued in accordance with this Plan as it considers necessary to address tax or other requirements of any applicable non-Canadian jurisdiction.
- (7) Participants (and their legal personal representatives) have no legal or equitable rights, claims, or interest in any specific property or assets of the Corporation or any Affiliate. No assets of the Corporation or any Affiliate will be held in any way as collateral security for the fulfillment of the obligations of the Corporation or any Affiliate under this Plan. Any and all of the Corporation's or any Affiliate's assets are, and remain, the general unpledged, unrestricted assets of the Corporation or Affiliate. The Corporation's or any Affiliate's obligation under this Plan are merely that of an unfunded and unsecured promise of the Corporation or such Affiliate to pay money in the future, and the rights of Participants (and their legal personal representatives) are no greater than those of unsecured general creditors.
- (8) Subject to any required approval by the Stock Exchange or regulatory authority, in the case of any merger, amalgamation, arrangement, rights offering, subdivision, consolidation, or reclassification of the Shares or other relevant change in the capitalization of the Corporation, or stock dividend or distribution (excluding dividends or distributions which may be paid in cash or in Shares at the option of the Shareholder), or exchange of the Shares for other securities or property, the Corporation shall make appropriate adjustments in the amounts payable, as the case may be, as determined as appropriate by the Board, to preclude a dilution or enlargement of the benefits hereunder, and any such adjustment (or non-adjustment) by the Corporation shall be conclusive, final and binding upon the Participants. For greater certainty, no amount will be paid to, or in respect of, a Participant under this Plan or pursuant to any other arrangement, and no additional Units will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.
- (9) No interest or other amounts shall accrue to the Participant in respect of any amount payable by the Corporation to the Participant under this Plan or a Unit.
- (10) In the event that a Unit is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of this Plan, or purports to grant Units on terms different from those permitted under this Plan, the Unit, or the grant of such Unit, to the extent possible shall not be in any way void or invalidated, but the Unit so granted will be adjusted to become, in all respects, conforming with this Plan.
- (11) Upon settlement of Units, the Units settled shall be cancelled and no further payments shall be made from the Plan in relation to such Units.
- (12) This Plan is governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

Section 3.9 Dividend Equivalents

In the event a dividend becomes payable on the Shares, then on the payment date for such dividend, each Participant's notional account shall, unless otherwise determined by the Board in respect of any grant of Units, be credited with additional Units (including fractional Units) of the same kind as credited in such Participant's applicable notional account, the number of which shall be determined by dividing: (i) the amount determining by multiplying (a) the number of Units in such Participant's notional account (whether vested or unvested) on the record date for the payment of such dividend by (b) the dividend paid per Share, by (ii) the Market Value of a Share on the dividend payment date for such dividend, in each case, with fractions computed to two decimal places. Such additional Units (including fractional Units), if credited, shall vest on the same basis as the underlying Units.

Section 3.10 Transfer and Assignment

Units are not transferable or assignable by a Participant otherwise than by will or the laws of descent and distribution, and will be settled only by a Participant during the lifetime of the Participant and, subject to Section 4.4(1)(d) and Section 5.4(1)(d), as applicable, after death only by the Participant's legal representative.

Section 3.11 Notice

Any notice required to be given by this Plan must be in writing and be given by registered mail, prepaid postage, or delivered by courier or by facsimile transmission addressed, if to the Corporation, to the office of the Corporation; or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

Section 3.12 Clawback Policy

The Corporation has adopted a clawback policy, as amended from time to time, specifying the consequences with respect to incentive awards in the event of gross negligence, fraud or willful misconduct resulting in a restatement of the Corporation's financial statements. The clawback policy applies to any Units granted under this Plan.

Section 3.13 Rights of Participants

No person entitled to settle any Unit granted under this Plan has any of the rights or privileges of a Shareholder in respect of any underlying Shares issuable upon settlement of such Unit until such Unit has been settled and such underlying Shares have been issued to such person. For greater certainty, nothing contained in this Plan nor in any Unit granted in accordance with this Plan is deemed to give any Participant any interest or title in or to any Shares or any other legal or equitable right against the Corporation or any of its Affiliates whatsoever other than as set forth in this Plan and pursuant to the settlement of any Unit.

Section 3.14 Right to Issue Other Shares

The Corporation is not by virtue of this Plan restricted in any way from declaring and paying stock dividends, issuing further Shares, repurchasing Shares or varying or amending its share capital or corporate structure, in any way.

Section 3.15 Quotation of Shares

So long as the Shares are listed on the Toronto Stock Exchange, the Corporation must apply to the Toronto Stock Exchange for the listing or quotation, as applicable, of the Shares that may be issued upon the settlement of Units granted under this Plan, however, the Corporation cannot guarantee that such Shares will be listed or quoted on the Toronto Stock Exchange.

ARTICLE 4 RESTRICTED SHARE UNITS

Section 4.1 Grant of Restricted Share Units

- (1) Subject to the provisions of this Plan, the Board may grant Restricted Share Units to any Eligible Person upon the terms, conditions and limitations set forth herein and such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine.
- (2) The grant of a Restricted Share Unit shall be evidenced by a Grant Agreement, signed on behalf of the Corporation.
- (3) The Corporation shall maintain a notional account for each RSU Participant, in which shall be recorded the number of vested and unvested Restricted Share Units granted or credited to such Participant.
- (4) The grant of a Restricted Share Unit to an RSU Participant, or the settlement of a Restricted Share Unit, under the Plan shall neither entitle such RSU Participant to receive nor preclude such RSU Participant from receiving subsequently granted Restricted Share Units.

Section 4.2 Vesting

The vesting provisions in respect of a grant of Restricted Share Units will be prescribed by the Board of Directors at the time of grant and be set forth in the respective RSU Participant's Grant Agreement.

Section 4.3 Settlement of Restricted Share Units

- (1) Except as otherwise provided in an RSU Participant's Grant Agreement or any other provision of this Plan:
 - (a) Subject to Section 4.3(3), all vested Restricted Share Units covered by a particular grant and the related Restricted Share Units credited pursuant to Section 3.9, if any, shall be settled within sixty (60) days of their RSU Vesting Date (the "RSU Settlement Date"), but in no event shall any Restricted Share Units be settled later than December 31 of the third calendar year following the year in which the services giving rise to the award were rendered;
 - (b) settlement shall take the form of Shares issued from treasury or purchased on the secondary market in accordance with Section 4.3(1)(c) or a payment to be satisfied by the delivery by the Corporation of cash through its regular payroll practices, in each case as determined by the Board provided that, for greater certainty, no such determination shall be made during a Black-Out Period, to the RSU Participant of an amount equal to the Market Value of a Share on the RSU Vesting Date, multiplied by the number of vested Restricted Share Units to be settled on that RSU Settlement Date, the whole being subject to the terms of Section 3.7; and

- (c) the Corporation may, in lieu of an issuance of Shares from treasury or a cash payment contemplated in Section 4.3(1)(b) above, on the RSU Settlement Date elect to, through a Broker, acquire on behalf of such Participant, the number of whole Shares that is equal to the number of whole Restricted Share Units to be settled on the RSU Settlement Date (less any amounts in respect of applicable Withholding Obligations); provided that no such election shall be made during a Black-out Period. If the Corporation elects to arrange for the purchase of Shares by a Broker on behalf of the Participant, the Corporation shall contribute to the Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares to which the Participant is entitled and the Broker shall purchase those Shares, on behalf of such Participant, on the Stock Exchange.
- (2) Following receipt of the Shares or payment as contemplated in subsection (1), the Restricted Share Units so settled shall be of no value whatsoever and shall be struck from the RSU Participant's notional account.
- (3) Despite any other provision of this Plan, if a RSU Settlement Date falls on, or within nine (9) Business Days immediately following a date upon which a Participant is subject to trading restrictions due to a black-out period or other trading restriction imposed by the Corporation (but, for greater certainty, not a cease trade order or other restriction imposed by any person other than the Corporation) (a "Black-Out Period"), then the RSU Settlement Date will be automatically extended to the tenth (10th) Business Day following the date the relevant Black-Out Period or other trading restriction imposed by the Corporation is lifted, terminated or removed.

Section 4.4 Termination

- (1) Except as otherwise provided in the RSU Participant's Grant Agreement and regardless of any adverse or potentially adverse tax or other consequences resulting from the following:
 - (a) if an RSU Participant ceases to be an Eligible Person as a result of resignation or the RSU Participant's employment being terminated by the Corporation or the Affiliate without Cause, any unvested Restricted Share Units held by the RSU Participant will automatically terminate and become void immediately, and each vested Restricted Share Unit will cease to be settleable on the earlier of (i) the original Expiry Date of the Restricted Share Unit and (ii) one hundred eighty (180) days following the Termination Date;
 - (b) if an RSU Participant ceases to be an Eligible Person as a result of Retirement, all unvested Restricted Share Units held by the RSU Participant shall continue to vest and vested Restricted Share Units shall be exercisable (in each case) in accordance with this Plan and the applicable RSU Grant Agreement;
 - (c) if an RSU Participant ceases to be an Eligible Person as a result of Disability, at the discretion of the Board all unvested Restricted Share Units held by the RSU Participant shall continue to vest and vested Restricted Share Units shall be exercisable (in each case) in accordance with this Plan and the applicable RSU Grant Agreement, otherwise each unvested Restricted Share Unit held by the RSU Participant will automatically terminate and become void immediately, and each vested Restricted Share Unit will cease to be settleable on the earlier of (i) the original Expiry Date of the Restricted Share Unit and (ii) one hundred eighty (180) days following the Termination Date;
 - (d) if an RSU Participant ceases to be an Eligible Person as a result of death, unvested Restricted Share Units in the year of death will be vested on a prorated basis to the date of death and all remaining unvested Restricted Share Units held by the RSU Participant will automatically terminate and become void immediately, and each vested Restricted Share Unit (which shall be exercisable by the legal representative of the RSU Participant) will cease to be exercisable on the earlier of (i) the original Expiry Date of the Restricted Share Unit and (ii) one hundred and eighty (180) days following the Termination Date; and
 - (e) If an RSU Participant ceases to be an Eligible Person as a result of the RSU Participant's employment being terminated by the Corporation or the Affiliate for Cause, each Restricted Share Unit, whether vested or unvested, held by the RSU Participant will automatically terminate and become void.

ARTICLE 5 PERFORMANCE SHARE UNITS

Section 5.1 Grant of Performance Share Units

- (1) Subject to the provisions of this Plan, the Board may grant Performance Share Units to any Eligible Person upon the terms, conditions and limitations set forth herein and such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine.
- (2) The grant of a Performance Share Unit shall be evidenced by a Grant Agreement, signed on behalf of the Corporation.
- (3) The Corporation shall maintain a notional account for each PSU Participant, in which shall be recorded the number of vested and unvested Performance Share Units granted or credited to such Participant.

- (4) The grant of a Performance Share Unit to a PSU Participant, or the settlement of a Performance Share Unit, under the Plan shall neither entitle such PSU Participant to receive nor preclude such PSU Participant from receiving subsequently granted Performance Share Units.

Section 5.2 Vesting

The vesting provisions in respect of a grant of Performance Share Units will be prescribed by the Board of Directors at the time of grant and be set forth in the respective PSU Participant's Grant Agreement.

Section 5.3 Settlement of Performance Share Units

- (1) Except as otherwise provided in a PSU Participant's Grant Agreement or any other provision of this Plan:
- (a) subject to all of the vested Performance Share Units covered by a particular grant and the related Performance Share Units credited pursuant to Section 3.9, if any, shall be settled within sixty (60) days of their PSU Vesting Date (the "PSU Settlement Date"), but in no event shall any Performance Share Units be settled later than December 31 of the third calendar year following the year in which the services giving rise to the award were rendered;
 - (b) settlement shall take the form of Shares issued from treasury or purchased on the secondary market in accordance with Section 4.3(1)(c) or a payment to be satisfied by the delivery by the Corporation of cash through its regular payroll practices, in each case as determined by the Board provided that, for greater certainty, no such determination shall be made during a Black-Out Period, to the PSU Participant of an amount equal to the Market Value of a Share on the PSU Vesting Date, multiplied by the number of vested Performance Share Units to be settled on that PSU Settlement Date, the whole being subject to the terms of Section 3.7; and
 - (c) the Corporation may, in lieu of an issuance of Shares from treasury or a cash payment contemplated in Section 5.3(1)(b) above, on the PSU Settlement Date, elect to, through a Broker, acquire on behalf of such Participant, the number of whole Shares that is equal to the number of whole Performance Share Units to be settled on the PSU Settlement Date (less any amounts in respect of applicable Withholding Obligations); provided that no such election shall be made during a Black-out Period. If the Corporation elects to arrange for the purchase of Shares by a Broker on behalf of the Participant, the Corporation shall contribute to the Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares to which the Participant is entitled and the Broker shall purchase those Shares, on behalf of such Participant, on the Stock Exchange.
- (2) Following receipt of the Shares or payment as contemplated in subsection (1), the Performance Share Units so settled shall be of no value whatsoever and shall be struck from the Participant's notional account.
- (3) Despite any other provision of this Plan, if a PSU Settlement Date falls on, or within nine (9) Business Days immediately following a Black-Out Period, then the PSU Settlement Date will be automatically extended to the tenth (10th) Business Day following the date the relevant Black-Out Period or other trading restriction imposed by the Corporation is lifted, terminated or removed.

Section 5.4 Termination

- (1) Except as otherwise provided in the PSU Participant's Grant Agreement and regardless of any adverse or potentially adverse tax or other consequences resulting from the following:
- (a) if an PSU Participant ceases to be an Eligible Person as a result of resignation or the PSU Participant's employment being terminated by the Corporation or the Affiliate without Cause, any unvested Performance Share Units held by the PSU Participant will automatically terminate and become void immediately, and each vested Performance Share Unit will cease to be settleable on the earlier of (i) the original Expiry Date of the Performance Share Unit and (ii) one hundred eighty (180) days following the Termination Date;
 - (b) if an PSU Participant ceases to be an Eligible Person as a result of Retirement, all unvested Performance Share Units held by the PSU Participant shall continue to vest and vested Performance Share Units shall be exercisable (in each case) in accordance with this Plan and the applicable PSU Grant Agreement;
 - (c) if an PSU Participant ceases to be an Eligible Person as a result of Disability, at the discretion of the Board all unvested Performance Share Units held by the PSU Participant shall continue to vest and vested Performance Share Units shall be exercisable (in each case) in accordance with this Plan and the applicable PSU Grant Agreement, otherwise each unvested Performance Share Unit held by the PSU Participant will automatically terminate and become void immediately, and each vested Performance Share Unit will cease to be settleable on the earlier of (i) the original Expiry Date of the Performance Share Unit and (ii) one hundred eighty (180) days following the Termination Date;

- (d) if an PSU Participant ceases to be an Eligible Person as a result of death, unvested Performance Share Units in the year of death will be vested on a prorated basis to the date of death and all remaining unvested Performance Share Units held by the PSU Participant will automatically terminate and become void immediately, and each vested Performance Share Unit (which shall be exercisable by the legal representative of the PSU Participant) will cease to be exercisable on the earlier of (i) the original Expiry Date of the Performance Share Unit and (ii) one hundred and eighty (180) days following the Termination Date; and
- (e) If an PSU Participant ceases to be an Eligible Person as a result of the PSU Participant's employment being terminated by the Corporation or the Affiliate for Cause, each Performance Share Unit, whether vested or unvested, held by the PSU Participant will automatically terminate and become void.

ARTICLE 6 CHANGE OF CONTROL EVENT

Section 6.1 Conversion or Exchange of Units

- (1) Despite any other provision of this Plan, in the event of a Change of Control Event all unvested Units then outstanding will be substituted by or replaced with Units or similar awards of the surviving corporation (or any affiliate thereof) or the potential successor (or any affiliate thereto) (the "continuing entity") on the same terms and conditions as the original Units as adjusted for the Change of Control Event.
- (2) If within 12 months of a Change of Control Event, a Participant's employment with the Corporation, an Affiliate or the continuing entity is terminated without Cause, or the Participant resigns from his employment for Good Reason, the vesting of all Units then held by such Participant (and, if applicable, the time during which such Units may be settled) will, at the discretion of the Board, be accelerated in full using performance metrics at the time of the Change of Control Event.
- (3) If, upon a Change of Control Event, the continuing entity fails to comply with Section 6.1(1) above, the vesting of all then outstanding Units (and, if applicable, the time during which such Units may be settled) will be accelerated in full.
- (4) No fractional Shares or other security will be issued upon the settlement of any Units and accordingly, if as a result of a Change of Control Event, a Participant would become entitled to a fractional Share or other security, such Participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

ARTICLE 7 BOARD APPROVAL

Section 7.1 Effective Date

This Plan was initially adopted by the Board effective as of April 13, 2017, and amended with approval of the Board effective on March 14, 2018, and March 18, 2021 (the "**Effective Date**").

Schedule "A"
Restricted Share Unit Grant Agreement

Restricted Share Unit agreement dated _____, 20____ between Source Energy Services Ltd., a company existing under the laws of Alberta (the "Corporation") and _____, an individual residing in _____ (the "Participant").

WHEREAS the Corporation has adopted a long term incentive plan (the "Plan", as it may be amended from time to time), which Plan provides for the granting of Restricted Share Units to RSU Participants (as defined in the Plan), entitling RSU Participants to receive a Share or an amount of cash equal to the Market Value of a Share in accordance with the terms of the Plan, on settlement of vested Restricted Share Units;

AND WHEREAS the Corporation desires to continue to receive the benefit of the services of the Participant and to more fully align his or her interest with the Corporation's and its Affiliates' future success;

AND WHEREAS the board of directors of the Corporation (the "Board") approved the granting of Restricted Share Units to the Participant, upon the terms and conditions hereinafter provided;

AND WHEREAS the Corporation desires to grant to the Participant Restricted Share Units upon the terms and conditions hereinafter provided;

AND WHEREAS capitalized terms used and not otherwise defined in this Grant Agreement shall have the meanings set forth in the Plan.

NOW THEREFORE in consideration of the foregoing and the mutual agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

Restricted Share Units. The Corporation hereby grants to the Participant, as of _____, 20____, subject to the terms and conditions hereinafter set forth, _____ Restricted Share Units (the "Restricted Share Units"), vesting in accordance with the terms of this Grant Agreement and in accordance with the Plan.

Vesting of the Restricted Share Units. The Restricted Share Units shall vest according to the following table:

Date	% of Restricted Share Units Vested

Subject to Plan. This Restricted Share Units shall be subject in all respects to the provisions of the Plan, the terms and conditions of which are hereby expressly incorporated by reference, as same may be amended from time to time in accordance therewith. A copy of the Plan shall be provided to the Participant upon his or her reasonable request from time to time.

Shareholder Rights. A Participant shall have no rights whatsoever as a shareholder in respect of any of the Restricted Share Units.

Transfer of Restricted Share Unit. The Restricted Share Units granted pursuant to this Agreement shall not be assignable or transferable by the Participant, except in accordance with the Plan.

Voluntary. The participation of any Participant in the Plan is entirely voluntary and not obligatory, has not been induced by any expectation of future or continued employment, appointment or engagement by the Corporation or any of its subsidiaries, and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan.

Employment Considerations.

The Participant shall have no entitlement to damages or other compensation arising from or related to not receiving any awards which would have vested or accrued to the Participant after the date of cessation of active employment or if working notice of termination has been given. However, nothing herein is intended to limit any statutory entitlements on termination and such statutory entitlements shall, if required, apply despite this language to the contrary.

No period of notice or payment in lieu of notice that follows the Participant's last day of actual and active employment shall be deemed to extend the Participant's period of employment for the purpose of determining his or her rights or entitlements under the Plan.

Notice. Any notice required or permitted to be given hereunder shall be given in accordance with, and subject to, the provisions of the Plan.

Governing Law. This Agreement and the Restricted Share Units shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the parties have caused this Restricted Share Unit agreement to be executed as of the date hereof.

SOURCE ENERGY SERVICES LTD.

Per: _____
Authorized Signing Officer

NAME OF PARTICIPANT

SIGNATURE OF PARTICIPANT

ADDRESS:

Schedule "B"
Performance Share Unit Grant Agreement

Performance Share Unit agreement dated _____, 20____ between Source Energy Services Ltd., a company existing under the laws of Alberta (the "Corporation") and _____, an individual residing in _____ (the "Participant").

WHEREAS the Corporation has adopted a long term incentive plan (the "Plan", as it may be amended from time to time), which Plan provides for the granting of Performance Share Units to PSU Participants (as defined in the Plan), entitling PSU Participants to receive a Share or an amount of cash equal to the Market Value of a Share in accordance with the terms of the Plan,

AND WHEREAS the Corporation desires to continue to receive the benefit of the services of the Participant and to more fully align his or her interest with the Corporation's and its Affiliates' future success;

AND WHEREAS the board of directors of the Corporation (the "Board") approved the granting of Performance Share Units to the Participant, upon the terms and conditions hereinafter provided;

AND WHEREAS the Corporation desires to grant to the Participant Performance Share Units upon the terms and conditions hereinafter provided;

AND WHEREAS capitalized terms used and not otherwise defined in this Grant Agreement shall have the meanings set forth in the Plan.

NOW THEREFORE in consideration of the foregoing and the mutual agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

Performance Share Units. The Corporation hereby grants to the Participant, as of _____, 20____, subject to the terms and conditions hereinafter set forth, _____ Performance Share Units (the "Performance Share Units"), vesting in accordance with the terms of this Grant Agreement and in accordance with the Plan.

Vesting of the Performance Share Units. Vesting of Performance Share Units is subject to the following Performance Criteria:

Adjustment Factor.

Subject to Plan. The Performance Share Units shall be subject in all respects to the provisions of the Plan, the terms and conditions of which are hereby expressly incorporated by reference, as same may be amended from time to time in accordance therewith. A copy of the Plan shall be provided to the Participant upon his or her reasonable request from time to time.

Shareholder Rights. A Participant shall have no rights whatsoever as a shareholder in respect of any of the Performance Share Units.

Voluntary. The participation of any Participant in the Plan is entirely voluntary and not obligatory, has not been induced by any expectation of future or continued employment, appointment or engagement by the Corporation or any of its subsidiaries, and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan.

Employment Considerations.

The Participant shall have no entitlement to damages or other compensation arising from or related to not receiving any awards which would have vested or accrued to the Participant after the date of cessation of active employment or if working notice of termination has been given. However, nothing herein is intended to limit any statutory entitlements on termination and such statutory entitlements shall, if required, apply despite this language to the contrary.

No period of notice or payment in lieu of notice that follows the Participant's last day of actual and active employment shall be deemed to extend the Participant's period of employment for the purpose of determining his or her rights or entitlements under the Plan.

Transfer of Performance Share Unit. The Performance Share Units granted pursuant to this Agreement shall not be assignable or transferable by the Participant, except in accordance with the Plan.

Notice. Any notice required or permitted to be given hereunder shall be given in accordance with, and subject to, the provisions of the Plan.

Governing Law. This Agreement and the Performance Share Units shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the parties have caused this Grant Agreement to be executed as of the date hereof.

SOURCE ENERGY SERVICES LTD.

Per: _____
Authorized Signing Officer

NAME OF PARTICIPANT

SIGNATURE OF PARTICIPANT

ADDRESS:

APPENDIX “C” – STOCK OPTION PLAN

ARTICLE 1 PURPOSE

Section 1.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation by: (i) providing Eligible Persons with appropriate incentives; (ii) encouraging stock ownership by such Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) promoting the growth and profitability of the Corporation; (v) encouraging Eligible Persons to take into account long-term corporate performance; (vi) rewarding Eligible Persons for sustained contributions to the Corporation and/or significant performance achievements of the Corporation; and (vii) enhancing the Corporation's ability to attract, retain and motivate Eligible Persons.

ARTICLE 2 INTERPRETATION

Section 2.1 Defined Terms

For the purposes of this Plan, the following terms have the following meanings:

- (a) **“Affiliate”** has the meaning specified in National Instrument 45-106 – Prospectus Exemptions;
- (b) **“Associate”** has the meaning specified in Section 1 of the Securities Act (Alberta);
- (c) **“Black-Out Period”** has the meaning specified in Section 4.4(2);
- (d) **“Board”** means the board of directors of the Corporation as constituted from time to time, or a committee thereof to which authority has been delegated by the board of directors with respect to any particular functions of the board of directors, as set forth herein;
- (e) **“Broker”** has the meaning specified in Section 3.7(2);
- (f) **“Business Day”** means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are authorized or obligated by law to close for business in Calgary, Alberta;
- (g) **“Cause”** has the meaning given to such term (or to “Just Cause”) in any written employment or retainer agreement between the Participant and the Corporation (or an Affiliate), and absent any such agreement containing such definition, means conduct that would entitle the Corporation (or any Affiliate) to terminate such Participant's employment or other retainer without notice or payment in lieu of notice at common law, and includes without limiting the generality of the foregoing:
 - (i) fraud, misappropriation of the property, assets or funds of the Corporation (or any Affiliate), embezzlement, malfeasance, misfeasance or nonfeasance in office which is willfully or grossly negligent on the part of such Participant;
 - (ii) conviction of, or plea (other than not guilty) by such Participant to, a criminal offence involving dishonesty or fraud, or which is likely to injure the Corporation's business or reputation (or that of any Affiliate);
 - (iii) the willful allowance by such Participant of such Participant's duty to the Corporation (or any Affiliate) and such Participant's personal interests to come into conflict in a material way in relation to any transaction or matter that is of a substantial nature;
 - (iv) the material breach by such Participant of any of such Participant's covenants or obligations under such Participant's terms of employment or retainer, or, notwithstanding the foregoing, the breach of any non-competition, non-solicitation or confidentiality covenants;
 - (v) the failure by such Participant to substantially perform such Participant's obligations according to the terms of such Participant's employment or retainer after the Corporation (or any Affiliate) has given such Participant reasonable notice of such failure and a reasonable opportunity to correct, or cause to be corrected, such failure;
 - (vi) the intentional or negligent involvement or participation by such Participant in any act which is materially injurious to the Corporation (or any Affiliate or any employee of the Corporation or any Affiliate), financially or otherwise; or
 - (vii) any information, reports, documents or certificates being furnished by such Participant to the Board or any committee thereof (or to any Affiliate) which are intentionally false or misleading either because they include or fail to include material facts, including without limitation disclosure of conflicts of interest;

- (h) **“Change of Control Event”** means:
- (i) any transaction (other than a transaction described in clause (iii) below) pursuant to which any person or group of persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Corporation representing 50% or more of the aggregate voting power of all of the Corporation’s then issued and outstanding securities entitled to vote in the election of directors of the Corporation;
 - (ii) a consummated arrangement, amalgamation, merger, consolidation, take-over bid, compulsory acquisition or similar transaction involving (directly or indirectly) the Corporation if, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Corporation immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation, merger, consolidation or similar transaction;
 - (iii) the sale, lease, exchange, license or other disposition of all or substantially all of the Corporation’s assets to a person other than a person that was an Affiliate of the Corporation at the time of such sale, lease, exchange, license or other disposition, other than a sale, lease, exchange, license or other disposition to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are beneficially owned by shareholders of the Corporation in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Corporation immediately prior to such sale, lease, exchange, license or other disposition;
 - (iv) the passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Corporation or wind up the Corporation’s business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or
 - (v) individuals who, on the Effective Date, are members of the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board;
- (i) **“Class B Shares”** means the class B shares in the capital of the Corporation;
- (j) **“continuing entity”** has the meaning specified in Section 4.6(1);
- (k) **“Corporation”** means Source Energy Services Ltd., a corporation existing under the laws of the Province of Alberta, and includes any successor corporation thereto;
- (l) **“Disability”** in respect of a Participant, has the meaning given to such term (or to “Permanent Disability”) in any written employment or retainer agreement between such Participant and the Corporation (or an Affiliate), and absent any such agreement containing such definition, means a mental or physical disability whereby such Participant:
- (i) is unable, due to illness, disease, mental or physical disability or similar cause, to fulfill such Participant’s obligations as an employee or officer of the Corporation (or applicable Affiliate) either for three consecutive months or for a cumulative period of six months out of 12 consecutive calendar months, or
 - (ii) is declared by a court of competent jurisdiction to be mentally incompetent or incapable of managing such Participant’s affairs;
- (m) **“Effective Date”** has the meaning specified in Section 5.1;
- (n) **“Eligible Person”** means an executive officer or employee of the Corporation or any of its Affiliates;
- (o) **“Exercise Price”** has the meaning specified in Section 4.2;
- (p) **“Expiry Date”** has the meaning specified in Section 4.4(1);
- (q) **“Good Reason”** means:
- (i) a material adverse change in the Participant’s authorities, duties, responsibilities, status (including offices, titles, and reporting requirements) from those in effect;

- (ii) the Corporation requires the Participant to be based at a location in excess of one hundred (100) kilometers from the location of the Participant's principal job location or office, except for required travel on Corporation business to an extent substantially consistent with the Participant's business obligations;
- (iii) a material reduction in the Participant's base salary, or a substantial reduction in the Participant's target compensation under any incentive compensation plan as in effect as of the date of a Change of Control Event;
- (iv) the failure to increase the Participant's base salary in a manner consistent (both as to frequency and percentage increase) with practices in effect immediately prior to the Change of Control Event or with practices implemented subsequent to the Change of Control Event with respect to similarly positioned employees; or
- (v) the failure of the Corporation to continue in effect the Participant's participation in any employee benefit and retirement plans, policies or practices, at a level substantially similar or superior to and on a basis consistent with the relative levels of participation of other similarly-positioned employees as existed immediately prior to a Change of Control Event;
- (r) **"Insider"** has the same meaning as found in the TSX Company Manual;
- (s) **"Market Price"** means the VWAP on the Stock Exchange for the five trading days immediately preceding the date of grant of the Option;
- (t) **"Option"** means an option to purchase Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (u) **"Option Agreement"** has the meaning specified in Section 4.4(1);
- (v) **"Option Period"** has the meaning specified in Section 4.4(1);
- (w) **"Participant"** means an Eligible Person to whom Options have been granted and are outstanding;
- (x) **"Plan"** means this stock option plan, as it may be amended from time to time;
- (y) **"Retirement"** means the cessation of the employment of a Participant with the Corporation or Affiliate, on or after the date that is the earlier of: (i) the completion of ten (10) years of active and continuous service with the Corporation or Affiliate and the Participant is age 55 or older; or (ii) the period of service from the date the Participant commenced employment with the Corporation or Affiliate and the date the Participant has attained the age of 65, and in all circumstances approved by the Board;
- (z) **"Security Based Compensation Arrangement"** has the meaning specified in Section 613(b) of the TSX Company Manual;
- (aa) **"Share"** means a common share in the capital of the Corporation;
- (bb) **"Shareholders"** means the holders of Shares;
- (cc) **"Stock Exchange"** means the Toronto Stock Exchange or, if the Shares are not listed or posted for trading on the Toronto Stock Exchange at a particular date, any other stock exchange on which the majority of the trading volume and value of the Shares are listed or posted for trading;
- (dd) **"Termination Date"** means the date on which a Participant ceases to be an Eligible Person as a result of a termination of employment or engagement with the Corporation and/or an Affiliate for any reason, including death, Retirement, Disability, resignation, or termination with or without Cause, but not including a Participant's absence from active employment or engagement with the Corporation and/or Affiliate during a period of authorized leave of absence. For the purposes of the Plan, a Participant's employment with the Corporation and/or an Affiliate shall be considered to have terminated effective on the last day of the Participant's actual and active employment with the Corporation and/or Affiliate, whether such day is selected by agreement with the individual, or unilaterally by the Participant or the Corporation or Affiliate, and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law in respect of such termination of employment or retention that follows or is in respect of a period after the Participant's last day of actual and active employment or retention shall be considered as extending the Participant's period of employment or retention for the purposes of determining his entitlement under the Plan;
- (ee) **"VWAP"** means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded for the relevant period; and
- (ff) **"Withholding Obligations"** has the meaning specified in Section 3.7(1).

In this Plan, words importing the singular include the plural and vice versa and words importing any gender include any other gender.

ARTICLE 3 ADMINISTRATION

Section 3.1 Administration

- (1) Subject to Section 3.2, this Plan will be administered by the Board.
- (2) Subject to the terms and conditions set forth in this Plan, the Board is authorized to provide for the granting, exercise and method of exercise of Options, all on such terms (which may vary between Options granted from time to time) as it determines. In addition, the Board has the authority to: (i) construe and interpret this Plan and all agreements entered into under this Plan; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board will be binding on all Participants and on their heirs, executors, legal and personal representatives and beneficiaries.
- (3) No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this Plan, any Option Agreement or any Option granted pursuant to this Plan.

Section 3.2 Delegation to Committee

Despite Section 3.1 or any other provision contained in this Plan, the Board has the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board. In such circumstances, all references to the Board in this Plan include reference to such committee.

Section 3.3 Shares Reserved

- (1) Subject to Section 3.3(3), the securities that may be acquired by Participants under this Plan will consist of authorized but unissued Shares.
- (2) The Corporation will at all times during the term of this Plan ensure that it is authorized to issue such number of Shares as are sufficient to satisfy the requirements of this Plan.
- (3) The total number of Shares issuable under this Plan, and under all other Security Based Compensation Arrangements of the Corporation, is unlimited; provided, however, that the aggregate number of Shares issuable under this Plan (and under all other Security Based Compensation Arrangements) does not exceed 10% of the total number of Shares and Class B Shares issued and outstanding from time to time (calculated on a non-diluted basis). Any Shares subject to an Option which has been exercised by a Participant or for any reason is cancelled or terminated without having been exercised, will again be available for grants under this Plan, and under all other Security Based Compensation Arrangements of the Corporation. Fractional shares will not be issued and will be treated as specified in Section 3.8(3).
- (4) If there is a change in or exchange of the issued and outstanding Shares by reason of any stock dividend or split, recapitalization, amalgamation, arrangement, merger, take-over bid, compulsory acquisition, consolidation, combination or exchange of shares, or other corporate change, the Board may, subject to the prior approval of the Stock Exchange if required pursuant to the applicable rules thereof, make appropriate substitution or adjustment in its sole discretion in:
 - (a) the number or kind of securities of the Corporation (including Shares) reserved for issuance pursuant to this Plan (which may be replaced by cash or other property); and
 - (b) the number and kind of securities of the Corporation (including Shares) subject to unexercised Options granted prior to such change and in the Exercise Price of such securities (which may be replaced by cash or other property),

without any change in the total price applicable to the unexercised portion of the Option but with a corresponding adjustment in the price for each Share covered by the Option; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional Shares.

Section 3.4 Limits with Respect to Insiders

- (1) The maximum number of Shares:
 - (a) issuable to Eligible Persons who are Insiders and their Associates at any time pursuant to the exercise of Options granted under this Plan and securities granted under any other Security Based Compensation Arrangement, collectively, must not exceed 10% of the aggregate number of Shares and Class B Shares issued and outstanding from time to time (calculated on a non-diluted basis); and
 - (b) that may be issued to Eligible Persons who are Insiders and their Associates within any one year period pursuant to the exercise of Options granted under this Plan and securities granted under any other Security Based Compensation Arrangement, collectively, must not exceed 10% of the aggregate number of Shares and Class B Shares issued and outstanding from time to time (calculated on a non-diluted basis).

Section 3.5 Amendment and Termination

- (1) The Board may suspend or terminate this Plan at any time, or from time to time amend or revise the terms of this Plan or of any Option granted under this Plan and any Option Agreement relating to it, provided that except as otherwise provided herein no such suspension, termination, amendment or revision will be made:
 - (a) except in compliance with applicable law and with the prior approval, if required, of the Stock Exchange or any other regulatory body having authority over the Corporation, this Plan or the Shareholders; and
 - (b) in the case of an amendment or revision to this Plan or any Option Agreement, if it would materially adversely affect the rights of any Participant, without the consent of the Participant.
- (2) If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights granted pursuant to this Plan remain outstanding and, despite the termination of this Plan, the Board may make such amendments to this Plan or to the terms of any outstanding Options as they would have been entitled to make if this Plan were still in effect.
- (3) Subject to any applicable rules of the Stock Exchange and Section 3.5(4), the Board may from time to time, in its absolute discretion and without the approval of Shareholders, make the following amendments to this Plan or any Option:
 - (a) any amendment to the vesting provisions of this Plan and any Option Agreement;
 - (b) any amendment to this Plan, any Option Agreement or any Option as necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body having authority over the Corporation, this Plan or the Shareholders;
 - (c) any amendment to this Plan and any Option Agreement to permit the conditional exercise of any Option;
 - (d) any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of this Plan, correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan, correct any grammatical or typographical errors or amend the definitions in this Plan regarding administration of this Plan;
 - (e) any amendment respecting the administration of this Plan; and
 - (f) any other amendment that does not require the approval of Shareholders under Section 3.5(4).
- (4) Shareholder approval is required for the following amendments to this Plan:
 - (a) any increase in the maximum number of Shares that may be issuable pursuant to Options granted under this Plan as set out in Section 3.3(3);
 - (b) any reduction in the Exercise Price of an Option, cancellation and reissue of Options, or substitution of Options with cash or other awards on terms that are more favourable to the holders of Options, or extension of the Expiry Date of an Option;
 - (c) any amendment to the Insider participation limit set out in Section 3.4;
 - (d) any amendment to Section 3.5(3) or (4);
 - (e) any change that would materially modify the eligibility requirements for participation in this Plan;
 - (f) any amendment to the definition of Eligible Persons relating to the grant of Options to non-executive directors of the Corporation; and
 - (g) any amendment to Section 4.7.

Section 3.6 Compliance with Legislation

- (1) This Plan, the terms of the issue or grant of, and the grant and exercise of, any Option under this Plan, and the Corporation's obligation to sell and deliver Shares upon the exercise of Options, is subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation is not obliged by any provision of this Plan or the grant of any Option under this Plan to issue or sell Shares if, in the opinion of the Board, such action would constitute a violation by the Corporation or a Participant of any laws, rules and regulations or any condition of such approvals. Further, the Corporation may, without amending this Plan, modify the terms of Options granted to Participants who are foreign nationals or who provide services to the Corporation or any Affiliate from outside of Canada in order to comply with the applicable laws of such foreign jurisdictions, with such modification to this Plan with respect to a particular Participant to be reflected in the Option Agreement for such Service Provider, all as may be determined by the Board in its discretion.

- (2) The Participant agrees to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Corporation with such laws, rule and requirements, including all tax withholding and remittance obligations.
- (3) No Option will be granted, and no Shares issued under this Plan, where such grant, issue or sale would require registration of this Plan or of Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or purported issue of Shares under this Plan in violation of this provision is void.
- (4) The Corporation has no obligation to issue any Shares pursuant to this Plan unless such Shares have been duly listed, upon official notice of issuance, with (or conditional ground for listing by) the Stock Exchange. Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.
- (5) If Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Corporation to issue such Shares will terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable. For greater certainty, where the obligation of the Corporation to issue Shares terminates pursuant to this Section 3.6(5) the Board in its discretion will consider a suitable alternative compensation arrangement having regard to the particular affected Participant.

Section 3.7 Tax Withholdings

- (1) Despite any other provision contained in this Plan, in connection with the exercise of an Option by a Participant from time to time, the Corporation may withhold from any amount payable to a Participant, including the issuance of Shares to a Participant upon the exercise of such Participant's options, such amounts as are required by law to be withheld or deducted as a consequence of his exercise of Options or other participation in this Plan ("Withholding Obligations"). The Corporation has the right, in its sole discretion, to satisfy any Withholding Obligations by:
 - (a) selling or causing to be sold through a broker, on behalf of any Participant, such number of Shares issued to the Participant on the exercise of Options as is sufficient to fund the Withholding Obligations;
 - (b) retaining the amount necessary to satisfy the Withholding Obligations from any amount which would otherwise be delivered, provided or paid to the Participant by the Corporation, whether under this Plan or otherwise;
 - (c) requiring the Participant, as a condition of exercise pursuant to Section 4.4 to (i) remit the amount of any such Withholding Obligations to the Corporation in advance; (ii) reimburse the Corporation for any such Withholding Obligations; or (iii) cause a broker who sells Shares acquired by the Participant on behalf of the Participant to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligation and to remit such amount directly to the Corporation; and/or
 - (d) making such other arrangements as the Corporation may reasonably require,
 provided that, for greater certainty, no determination by the Corporation in respect of any of the foregoing shall be made during a Black-Out Period.
- (2) The sale of Shares by the Corporation, or by a broker engaged by the Corporation (the "Broker") for the purposes of selling Shares on behalf of Participant, will be made on the Stock Exchange; provided that, for greater certainty, no such sale of Shares shall be made during a Black-Out Period. The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares on his behalf and acknowledges and agrees that: (i) the number of Shares sold will be, at a minimum, sufficient to fund the Withholding Obligations net of all selling costs, which costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Corporation or the Broker will exercise its sole judgment as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and (iii) neither the Corporation nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sales or any delay in transferring any Shares to a Participant or otherwise.
- (3) The Participant further acknowledges that the sale price of the Shares will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale.

Section 3.8 Miscellaneous

- (1) Nothing contained in this Plan will prevent the Board from adopting other or additional Security Based Compensation Arrangements or compensation arrangements, subject to any required approval.
- (2) This Plan does not grant any Participant or any employee of the Corporation or its Affiliates the right or obligation to serve or continue to serve as an officer or employee, as the case may be, of the Corporation or its Affiliates. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. This Plan will not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Shares or any other securities in the capital of the Corporation other than as specifically provided for in this Plan. The

grant of an Option to, or the exercise of an Option by, a Participant under this Plan does not create the right for such Participant to receive additional grants of Options under this Plan.

- (3) No fractional Shares will be issued upon the exercise of Options granted under this Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment pursuant to Section 3.3(4), such Participant will only have the right to purchase the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (4) The Corporation makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant resulting from the grant or exercise of an Option and/or transactions in the Shares. The Corporation does not assume responsibility for the income or other tax consequences resulting to the Participant and they are advised to consult with their own tax advisors.
- (5) Neither the Corporation, nor any of its directors, officers, employees, Shareholders or agents will be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under this Plan, with respect to any fluctuations in the market price of Shares or in any other manner related to this Plan.
- (6) The Board may adopt such rules or regulations and vary the terms of this Plan and any Option issued in accordance with this Plan as it considers necessary to address tax or other requirements of any applicable non-Canadian jurisdiction.
- (7) Participants (and their legal personal representatives) have no legal or equitable rights, claims, or interest in any specific property or assets of the Corporation or any Affiliate. No assets of the Corporation or any Affiliate will be held in any way as collateral security for the fulfillment of the obligations of the Corporation or any Affiliate under this Plan. Any and all of the Corporation's or any Affiliate's assets are, and remain, the general unpledged, unrestricted assets of the Corporation or Affiliate. The Corporation's or any Affiliate's obligation under this Plan are merely that of an unfunded and unsecured promise of the Corporation or such Affiliate to pay money in the future, and the rights of Participants (and their legal personal representatives) are no greater than those of unsecured general creditors.
- (8) Subject to any required approval by the Stock Exchange or regulatory authority, in the case of any merger, amalgamation, arrangement, rights offering, subdivision, consolidation, or reclassification of the Shares or other relevant change in the capitalization of the Corporation, or stock dividend or distribution (excluding dividends or distributions which may be paid in cash or in Shares at the option of the Shareholder), or exchange of the Shares for other securities or property, the Corporation shall make appropriate adjustments in the amounts payable, as the case may be, as determined as appropriate by the Board, to preclude a dilution or enlargement of the benefits hereunder, and any such adjustment (or non-adjustment) by the Corporation shall be conclusive, final and binding upon the Participants. For greater certainty, no amount will be paid to, or in respect of, a Participant under this Plan or pursuant to any other arrangement, and no additional Options will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.
- (9) No interest or other amounts shall accrue to the Participant in respect of any amount payable by the Corporation to the Participant under this Plan or an Option.
- (10) In the event that an Option is granted or an Option Agreement is executed which does not conform in all particulars with the provisions of this Plan, or purports to grant Options on terms different from those permitted under this Plan, the Option, or the grant of such Option, to the extent possible shall not be in any way void or invalidated, but the Option so granted will be adjusted to become, in all respects, conforming with this Plan.
- (11) Upon settlement of Options following exercise, the Options settled shall be cancelled and no further payments shall be made from the Plan in relation to such Options.
- (12) This Plan is governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

ARTICLE 4 OPTIONS

Section 4.1 Grants of Options

- (1) An Option will be evidenced by an Option Agreement ("Option Agreement"), signed on behalf of the Corporation, which Option Agreement will be in substantially the form of Appendix A" attached to this Plan, or such other form as the Board may approve from time to time.
- (2) Subject to the provisions of this Plan, the Board has the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 3.1(2) and Section 4.3 hereof, applicable to the exercise of an Option. An Eligible Person may receive Options on more than one occasion under this Plan and may receive separate Options on any one occasion.
- (3) The Board may from time to time, in its discretion, grant Options to any Eligible Person upon the terms, conditions and limitations set forth in this Plan and such other terms, conditions and limitations permitted by and not inconsistent with

this Plan as the Board may determine, provided that Options granted to any Participant must be approved by the Shareholders if the rules of the Stock Exchange require such approval. Despite the foregoing, no Option will be granted during a Black-Out Period.

Section 4.2 Exercise Price

An Option may be exercised at a price (the "Exercise Price") established by the Board at the time that the Option is granted, but in no event can the Exercise Price be less than the Market Price. The Exercise Price is subject to adjustment in accordance with the provisions of Section 3.3(4) hereof.

Section 4.3 Vesting

Unless otherwise specified in the Option Agreement entered into in connection with the grant of such Option, Options will vest over a three-year period, as to one-third of the Options on each anniversary of the date of grant, commencing on the first anniversary of the date of grant or such other date as determined by the Board. In addition, the Options may be subject to performance vesting conditions.

Section 4.4 Exercise of Options

- (1) The period during which an Option may be exercised (the "Option Period") will be determined by the Board at the time the Option is granted and set out in the Option Agreement in respect of such Option, provided that:
 - (a) subject to Section 4.4(2), all Options expire on the date (the "Expiry Date") set out by the Board on the date of grant and as described in the applicable Option Agreement provided that no Option will be exercisable for a period exceeding five (5) years from the date the Option is granted;
 - (b) Options may not be exercised until they have vested;
 - (c) the Option Period will be automatically reduced in accordance with Section 4.8 below upon the occurrence of any of the events referred to in such section; and
 - (d) no Option in respect of which Shareholder approval is required under the rules of the Stock Exchange will be exercisable until such time as such Option has been approved by the Shareholders.
- (2) Despite any other provision of this Plan, if the Expiry Date of an Option falls on, or within nine (9) Business Days immediately following a date upon which a Participant is prohibited from exercising an Option due to a black-out period or other trading restriction imposed by the Corporation (but, for greater certainty, not a cease trade order or other restriction imposed by any person other than the Corporation) (a "Black-Out Period"), then the Expiry Date of such Option will be automatically extended to the tenth (10th) Business Day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed.
- (3) Subject to Section 4.5, the Exercise Price of each Share purchased under an Option must be paid in full in cash or by bank draft or certified cheque at the time of such exercise, and upon receipt of payment in full, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable.
- (4) Upon the exercise of Options pursuant to this Section 4.4, the Corporation will immediately deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his legal or personal representative) or to the order thereof, the number of Shares with respect to which Options have been exercised (subject to Section 3.7).
- (5) Subject to the other provisions of this Plan and any vesting limitations imposed by the Board at the time of grant, Options may be exercised, in whole or in part, at any time or from time to time, by a Participant by written notice given to the Corporation as required by the Board from time to time.

Section 4.5 Cashless Exercise

- (1) Pursuant to the exercise notice in Schedule "A", a Participant may elect, in its sole discretion, to undertake: (i) a broker assisted "cashless exercise" pursuant to which the Corporation or its designee (including third party administrators) may deliver a copy of irrevocable instructions to a Broker engaged for such purposes to sell the Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Corporation an amount equal to the Exercise Price and all applicable required Withholding Obligations against delivery of the Shares to settle the applicable trade; or (ii) a "net exercise" procedure effected by withholding the minimum number of Shares otherwise deliverable in respect of an Option that are needed to pay for the Exercise Price and all applicable required Withholding Obligations. In all events of cashless or net exercise pursuant to this Section 4.5: (i) the Participant shall comply with Section 3.7 of the Plan with regards to any applicable Withholding Obligations; and (ii) shall comply with all such other procedures and policies as the Board may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board, in connection with such exercise.
- (2) For these purposes, the fair market value of a Share will be determined with reference to the Market Price of a Share, but if the Shares are not listed and posted for trading at the relevant time, will be the fair value of the Shares as determined by the Board acting in good faith.
- (3) No fractional Shares will be issued upon a Participant making an election pursuant to Section 4.5(1).

Section 4.6 Change of Control

- (1) Despite any other provision of this Plan, in the event of a Change of Control Event all unvested Options then outstanding will be substituted by or replaced with stock options or similar awards of the surviving corporation (or any affiliate thereof) or the potential successor (or any affiliate thereto) (the "continuing entity") on the same terms and conditions as the original Options as adjusted for the Change of Control Event.
- (2) If within 12 months of a Change of Control Event, a Participant's employment with the Corporation, an Affiliate or the continuing entity is terminated without Cause, or the Participant resigns from his employment for Good Reason, the vesting of all Options then held by such Participant (and, if applicable, the time during which such Options may be exercised) will, at the discretion of the Board, be accelerated in full.
- (3) If, upon a Change of Control Event, the continuing entity fails to comply with Section 4.6(1) above, the vesting of all then outstanding Options (and, if applicable, the time during which such Options may be exercised) will, at the discretion of the Board, be accelerated in full.
- (4) No fractional Shares or other security will be issued upon the exercise of any Option and accordingly, if as a result of a Change of Control Event, a Participant would become entitled to a fractional Share or other security, such Participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 4.7 Transfer and Assignment

Options are not transferable or assignable by a Participant otherwise than by will or the laws of descent and distribution, and will be exercisable only by a Participant during the lifetime of the Participant and, subject to Section 4.8(1)(b), after death only by the Participant's legal representative.

Section 4.8 Termination of Service

- (1) Subject to Section 4.8(2):
 - (a) if a Participant ceases to be an Eligible Person as a result of resignation or the Participant's employment being terminated by the Corporation or the Affiliate without Cause, each unvested Option held by the Participant will automatically terminate and become void immediately, and each vested Option will cease to be exercisable on the earlier of (i) the original Expiry Date of the Option and (ii) one hundred eighty (180) days following the Termination Date;
 - (b) if a Participant ceases to be an Eligible Person as a result of Retirement, all unvested Options held by the Participant shall continue to vest and vested Options shall be exercisable (in each case) in accordance with this Plan and the applicable Option Agreement;
 - (c) if a Participant ceases to be an Eligible Person as a result of Disability, at the discretion of the Board all unvested Options held by the Participant shall continue to vest and vested Options shall be exercisable (in each case) in accordance with this Plan and the applicable Option Agreement, otherwise each unvested Option held by the Participant will automatically terminate and become void immediately, and each vested Option will cease to be exercisable on the earlier of (i) the original Expiry Date of the Option and (ii) one hundred eighty (180) days following the Termination Date;
 - (d) if a Participant ceases to be an Eligible Person as a result of death, unvested Options in the year of death will be vested on a prorated basis to the date of death and all remaining unvested Options held by the Participant will automatically terminate and become void immediately, and each vested Option (which shall be exercisable by the legal representative of the Participant) will cease to be exercisable on the earlier of (i) the original Expiry Date of the Option and (ii) one hundred and eighty (180) days following the Termination Date; and
 - (e) If a Participant ceases to be an Eligible Person as a result of the Participant's employment being terminated by the Corporation or the Affiliate for Cause, each Option, whether vested or unvested, held by the Participant will automatically terminate and become void.
- (2) For the purposes of this Plan, a Participant's employment with the Corporation or an Affiliate is considered to have terminated effective on the last day of the Participant's actual and active employment with the Corporation or Affiliate, whether such day is selected by agreement with the individual, unilaterally by the Corporation or Affiliate and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice, if any, or payment instead of notice that is given or that ought to have been given under applicable law, whether by statute, imposed by a court or otherwise, in respect of such termination of employment that follows or is in respect of a period after the Participant's last day of actual and active employment will be considered as extending the Participant's period of employment for the purposes of determining his entitlement under this Plan. The Participant shall have no entitlement to damages or other compensation arising from or related to not receiving any awards which would have vested or accrued to the Participant after the date of cessation of employment or if working notice of termination had been given. However, nothing herein is intended to limit any statutory entitlements or termination and such statutory entitlements shall, if required, apply despite this language to the contrary.

Section 4.9 Notice

Any notice required to be given by this Plan must be in writing and be given by registered mail, prepaid postage, or delivered by courier or by facsimile transmission addressed, if to the Corporation, to the office of the Corporation; or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

Section 4.10 Clawback Policy

The Corporation has adopted a clawback policy, as amended from time to time, specifying the consequences with respect to incentive awards in the event of gross negligence, fraud or willful misconduct resulting in a restatement of the Corporation's financial statements. The clawback policy applies to any Options granted under this Plan.

Section 4.11 Rights of Participants

No person entitled to exercise any Option granted under this Plan has any of the rights or privileges of a Shareholder in respect of any underlying Shares issuable upon exercise of such Option until such Option has been exercised and such underlying Shares have been paid for in full and issued to such person. For greater certainty, nothing contained in this Plan nor in any Option granted in accordance with this Plan is deemed to give any Participant any interest or title in or to any Shares or any other legal or equitable right against the Corporation or any of its Affiliates whatsoever other than as set forth in this Plan and pursuant to the exercise of any Option.

Section 4.12 Right to Issue Other Shares

The Corporation is not by virtue of this Plan restricted in any way from declaring and paying stock dividends, issuing further Shares, repurchasing Shares or varying or amending its share capital or corporate structure, in any way.

Section 4.13 Quotation of Shares

So long as the Shares are listed on the Toronto Stock Exchange, the Corporation must apply to the Toronto Stock Exchange for the listing or quotation, as applicable, of the Shares issued upon the exercise of all Options granted under this Plan, however, the Corporation cannot guarantee that such Shares will be listed or quoted on the Toronto Stock Exchange.

ARTICLE 5 BOARD APPROVAL

Section 5.1 Effective Date

This Plan was adopted by the Board effective as of March 18, 2021 (the "**Effective Date**").

APPENDIX "A"
OPTION AGREEMENT

This Option Agreement is dated this _____ day of _____, 20____ between Source Energy Services Ltd. (the "Corporation") and _____ (the "Optionee").

WHEREAS the Optionee has been granted certain options ("Options") to acquire common shares in the capital of the Corporation ("Shares") under the Source Energy Services Ltd. stock option plan (the "Option Plan"), a copy of which has been provided to the Optionee;

AND WHEREAS capitalized terms used in this Agreement and not otherwise defined have the meanings given to them in the Option Plan;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Corporation confirms that the Optionee has been granted Options under the Option Plan on the following basis, subject to the terms and conditions of the Option Plan:

DATE OF GRANT	NUMBER OF OPTIONS	EXERCISE PRICE (CDN\$)	VESTING SCHEDULE	EXPIRY DATE

2. By accepting this Option Agreement, the Optionee represents, warrants and acknowledges (i) that he or she has read and understands the Option Plan and agrees to the terms and conditions thereof and of this Option Agreement; (ii) his or her participation in the trade and acceptance of the Options is voluntary; and (iii) that he or she has not been induced to participate in the Option Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as applicable, with the Corporation or its Affiliates.
3. This Option Agreement is governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. Time is of the essence of this Option Agreement. This Option Agreement will enure to the benefit of and will be binding upon the parties and their heirs, attorneys, guardians, estate trustees, executors, trustees and administrators and the successors of the Corporation.
4. The Optionee acknowledges that he or she shall have no entitlement to damages or other compensation arising from or related to not receiving any awards which would have vested or accrued to the Optionee after the date of cessation of employment or if working notice of termination has been given. However, nothing herein is intended to limit any statutory entitlements on termination and such statutory entitlements shall, if required, apply despite this language to the contrary.
5. No period of notice or payment in lieu of notice that follows the Optionee's last day of actual and active employment shall be deemed to extend the Optionee's period of employment for the purpose of determining his or her rights or entitlements under the Plan.

IN WITNESS WHEREOF the parties have executed this Option Agreement.

SOURCE ENERGY SERVICES LTD.

Per: _____
Authorized Signing Officer

NAME OF OPTIONEE

SIGNATURE OF OPTIONEE

SCHEDULE "A"

ELECTION TO EXERCISE STOCK OPTIONS

TO: SOURCE ENERGY SERVICES LTD. (the "Corporation")

The undersigned option holder hereby irrevocably elects to exercise options ("Options") granted by the Corporation to the undersigned pursuant to an Option Agreement dated _____, 20____ under the Source Energy Services Ltd. stock option plan (the "Option Plan") for the number of common shares in the capital of the Corporation ("Shares") in accordance with as set forth below.

Please select "Option 1" or "Option 2".

OPTION-1

I hereby elect to exercise my Options in accordance with Section 4.4 of the Option Plan:

Number of Shares to be Acquired: _____

Option Exercise Price (per Share): \$ _____

Aggregate Purchase Price: \$ _____

Amount enclosed that is payable on account of withholding of tax or other required deductions relating to the exercise of the Options (contact the Corporation for details of such amount) (the "**Applicable Withholdings and Deductions**"): \$ _____

☐ Or check here if alternative arrangements have been made with the Corporation with respect to the payment of Applicable Withholdings and Deductions;

and hereby tender cash, a certified cheque or bank draft for such Aggregate Purchase Price, and, if applicable, Applicable Withholdings and Deductions, and directs such Shares to be registered in the name of _____.

OPTION-2

I hereby elect to make a "cashless exercise" of my Options in accordance with Section 4.5(1) of the Option Plan:

Number of Options being surrendered: _____

Option Exercise Price (per Share): \$ _____

Net Exercise

I acknowledge that the number of Shares to be issued will be calculated in accordance with the formula set out below and I hereby direct the Corporation to register such Shares as follows:

Number of Shares representing _____ Options exercised		X
Number of Shares to be withheld in satisfaction of payment for Exercise		
Aggregate Exercise Price (\$) = Exercise Price * Number of Shares	a	
Withholding Tax (\$)	b	
Total cost of Exercise (\$)	a + b	
Number of Shares representing total cost of exercise	<u>(a + b)</u>	Y
	Fair Market Value of one (1) Share	
Number of Shares to be issued to the participant		X-Y

DATED this ____ day of _____, 20____.

Signature

Name

APPENDIX “D” – COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE MANDATE

Section 1 Purpose

The Compensation and Corporate Governance Committee (the “Committee”) is a committee of the board of directors (the “Board”) of Source Energy Services Ltd. (the “Company”). The primary function of the Committee is to assist the Board by:

- (a) reviewing and approving the Company’s goals and objectives, and structuring, reviewing and approving and then recommending to the Board the compensation of the Chief Executive Officer (the “CEO”) and other members of the senior management team in light of those goals and objectives;
- (b) administering the Company’s compensation plans for senior management and the Board, including stock-based compensation and such other compensation plans or structures as are adopted by the Company from time to time;
- (c) providing broad oversight of the Company’s compensation strategy including a charge to ensure that the Company is able to secure and, maintain employment of and, train and develop the skills of persons with the talent to enable the Company to meet its business objectives and execute its business strategies;
- (d) reviewing the Company’s Disclosure, Trading and Confidentiality Policy (the “**Disclosure Policy**”), Code of Business Conduct and Ethics (the “**Code**”) and similar policies and practices as required;
- (e) assessing the effectiveness of the Board as a whole (including any committees thereof) as well as discussing the contribution of individual members;
- (f) considering questions of management succession;
- (g) assessing the performance of the CEO, each director and other key personnel of the Company;
- (h) periodically assessing the Company’s governance. In this regard, the Committee will look to foster an environment of full open communication in which all directors are encouraged to participate in Board and Committee dialogue and in which any director or other person commonly in attendance at Board meetings is discouraged from discouraging participation or intimidating others from contributing. In performing this duty, the Chair of the Committee will be charged with discussing the Committee’s views including the conduct of directors and providing the Committee’s views. The Committee is to be particularly alert to proper conduct in possible cases of conflicts of interest, and appropriate and respectful interaction with other directors and servants of the Company including employees, consultants, contractors and others;
- (i) proposing new nominees for appointment to the Board while not impairing in any way the right of any other Committee, any director or any group of directors or the Board as whole to also propose new nominees for appointment to the Board;
- (j) recommending to the Board to consider measures to seek the resignation or removal of directors where their current or past conduct is or has been improper (illegal or in violation of the Company’s policies or disruptive to the effective and reputable conduct of the Board or the Company’s business) or liable to adversely affect the Company or its reputation; and
- (k) orienting new directors.

Section 2 Composition and Meetings

- (a) The Committee shall be comprised of at least three directors of the Company appointed by the Board. A majority of the members shall be “independent” for the purposes of National Policy 58-201 – Corporate Governance Guidelines and each member of the Committee shall be (or shall become within a reasonable period of time after appointment) familiar with recent compensation and corporate governance practices and with the Company’s compensation and staffing policies and programs.
- (b) The Chair of the Board of Directors may be a full member of the Committee. If he or she is not a member of the Committee, he or she will nonetheless be entitled to attend and participate (except if he or she is conflicted) in the discussion of meetings of the Committee. He or she will have a vote as to Committee matters if and only if he or she is a member of the Committee.
- (c) The members of the Committee and its Chair shall be elected by the Board on an annual or more frequent basis as the Board deems appropriate. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

- (d) The members of the Committee may be removed or replaced by the Board at any time. The Chair may be removed by the Board or the Committee, in consultation with the Board, at any time. Any member shall automatically cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee or expand or contract the Committee provided that it always contains, at least, three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers of the Committee, so long as the Committee members are duly notified of any meeting a quorum, being at least half, of the remaining members are in attendance.
- (e) The Committee may delegate any or all of its functions to any of its members or any sub-set thereof, or other persons, from time to time as it sees fit.
- (f) The Committee shall meet at least two times per annum or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings or to provide information as necessary. The Committee shall have full access to all information, except as prohibited by law (including conflicts of interest of one or more Committee members), it deems appropriate for the purpose of fulfilling its role.
- (g) The Committee may if considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of activities. The Committee is empowered to retain independent counsel, accountants, outside compensation specialists or other experts and other professionals to assist it in the conduct of any such investigation or otherwise as it determines necessary to carry out its duties. The Committee may set and pay (at the expense of the Company) the compensation for any such advisors.
- (h) At all meetings of the Committee every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote. Any issue not resolvable by a majority of the non-conflicted members of the Committee at a properly convened meeting of the Committee will be referred, for resolution, to the Board as a whole.
- (i) A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee, but in any event not less than two.
- (j) Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Committee. Each of the Chair of the Board, the CEO, the Chief Financial Officer or the Corporate Secretary shall also be entitled to call a meeting.
- (k) Agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings. Minutes of each meeting will be recorded and reviewed by the Committee for errors or omissions and then filed with the Corporate Secretary and made available to any director at any time upon request to the Corporate Secretary. The Chair will report on Committee activities to the full Board at least two times per annum.
- (l) Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.

Section 3 Role

In addition to the matters described in Section 1, and any other duties and authorities delegated to it by the Board from time to time, the role of the Committee is to:

(1) General

- (a) Review and recommend to the Board changes to this Mandate, as considered appropriate from time to time.
- (b) Review and make recommendations to the Board on the Company's general compensation philosophy and oversee the development and administration of compensation programs.
- (c) Review and make recommendations to the Board on such other human resources and compensation matters, as are considered important from time to time.
- (d) The mandate to review is without power to demand change. The power to demand change is a broader corporate right that the Board should hold unto itself as a whole.
- (e) Oversee the preparation of and recommend to the Board any required disclosures of governance practices to be included in any disclosure document of the Company, as required.

(2) Review and Recommendation of Compensation

- (a) Review the senior management and Board compensation policies and/or practices followed by the Company and seek to ensure such policies are designed to recognize and reward performance and establish a compensation framework, which results in the effective development and execution of a Board-approved strategy. To be effective, the strategy will result in creation of value over the long term while always preserving

the Company's license to conduct its business among its various stakeholders. For the purpose of this clause, "stakeholder" will mean any party, group or institution whose reasonable approval is required for the Company to execute its Board-approved strategy.

- (b) Seek to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect industry-competitive cash compensation relative to corporate performance and considering individual performance in the context of the overall performance of the Company. Overall performance should be measured by the degree that the Company's strategy (as proposed and justified by management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian mining or oilfield services companies of a similar size in general and also the Canadian mining or oilfield services companies with the most similar scope of business) differentiate. Participation in stock-based compensation should reflect the level of responsibility and level of contribution of participants within the Company.
- (c) Develop, for review and approval of the Board, a written position description for the CEO.
- (d) Annually evaluate the Company's and the senior executive's performance by the degree that the Company's strategy (as proposed and justified by management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian mining or oilfield services companies of a similar size in general and also the Canadian mining or oilfield services companies with the most similar scope of business) differentiate.
- (e) Annually, review and recommend to the Board an evaluation of the performance of senior executives and provide recommendations for annual compensation based on such evaluation and other appropriate factors, including industry competitiveness relative to position descriptions and Corporate and individual performance.

(3) Compensation Programs

- (a) Administer any stock-based compensation plan and such other compensation plans or structures for non-senior executive employees as are adopted by the Company from time to time in accordance with the terms of the applicable plan or structure, including the recommendation to the Board of the grant of stock options or other compensation in accordance with the terms of the applicable plan or structure.
- (b) Regularly review all incentive compensation plans and stock-based plans and, in the Committee's discretion, make recommendations to the Board for consideration.
- (c) Review employee benefit plans and reports and, in the Committee's discretion, make recommendations to the Board for consideration.

(4) Compensation Risk Oversight

- (a) Provide risk oversight in respect of the Company's compensation policies and practices.
- (b) Identify any compensation policies or practices that could encourage senior executives or other individuals in a principal business unit or a division of the Company to take inappropriate or excessive risks.
- (c) Identify any other risks that may arise from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

(5) Report on Executive Compensation

- (a) Oversee and approve a report prepared by management on senior executive compensation on an annual basis in connection with the preparation of the annual management information circular or as otherwise required pursuant to applicable securities laws.
- (b) To the extent applicable, the report on executive compensation should describe the process undertaken by the Committee and should speak to evaluation criteria considered for each senior executive's compensation.
- (c) Review in advance all proposed executive compensation disclosure.

(6) Compensation of the Board of Directors

Review and recommend to the Board the compensation of the Board members, including annual retainer, meeting fees, stock-based compensation and other benefits conferred upon the Board members. The Committee should pay particular attention to independent review and competitiveness relative to the Company's peers with regard to this matter.

(7) Human Resources Matters

- (a) Review annually the effectiveness of the CEO, and in consultation with the CEO, other senior management and other executive officers, including their contributions, performance and qualifications.
- (b) Consider such other human resources matters as are delegated to the Committee by the Board, for review or recommendation, as considered appropriate from time to time.

(8) Governance

- (a) As a duty but not to the exclusion of other directors performing on their own or in groups this same function, review, on a periodic basis, the size and composition of the Board, make recommendations as to the number of independent directors and advise the Board on filling vacancies.
- (b) Facilitate the independent functioning of the Board, including by assessing which directors are independent directors and which independent directors serve the Board as a matter of duty to a third party and identifying areas of conflict of interest between the Company and any such third parties, and seek to maintain an effective relationship between the Board and senior management of the Company.
- (c) Review, annually, the mandates of the Board and its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable.
- (d) Review, annually, the position descriptions for the Chair of the Board and the Chair of each committee of the Board and recommend to the Board such amendments to those position descriptions as the Committee believes are necessary or desirable.
- (e) Assess, annually, the effectiveness of the Chair of the Board, the Board as a whole, all committees of the Board and the contribution, competency, skill and qualification and, if applicable, position distributions, of individual directors, including making recommendations where appropriate that a sitting director be removed or not re-appointed.
- (f) Review, on a periodic basis, the Code, recommend to the Board any changes thereto as considered appropriate from time to time, ensure that management has established a system to monitor compliance with the Code, and review management's monitoring of the Company's compliance with the Code.
- (g) Establish a process for direct communications with shareholders and other stakeholders, including through the Company's Whistleblower Policy.
- (h) Develop a process to address any conflict of interest and to periodically review such process. This process should be particularly sensitive to conflicts arising from any director's obligations to any entity which may directly or through ownership, governance or contract have obligations to competitors, service providers, customers, or employers of people with the skills of the Company's staff.
- (i) Review, on a periodic basis, senior management succession plans.
- (j) Coordinate orientation for new directors and oversee continuing education programs for all directors.

(9) Reporting Process

- (a) Review and submit to the Board, as a whole, recommendations concerning executive and board compensation, compensation plan matters and corporate governance. Such reports may be oral or in writing. Unless such matters are delegated specifically to the Committee, the Committee shall only make recommendations to the Board for their consideration and approval, if appropriate. The Board will then have the authority to instruct management to implement the Board's directives.
- (b) Review with the Board the Committee's judgment as to the quality of the Company's governance and suggest changes to the Company's operating governance guidelines as determined appropriate.

(10) Nominating Role

- (a) As necessary or appropriate, establish qualifications for directors and procedures for identifying possible nominees who meet these criteria. In so doing, the Committee should consider desired competencies, backgrounds and skills and the appropriate size of the Board.
- (b) Consider, in recommending to the Board suitable candidates to be nominated for election as directors at the next annual meeting of shareholders of the Company:
 - (i) *the competencies and skills considered necessary for the Board, as a whole, to possess;*
 - (ii) *the competencies and skills of the existing members of the Board;*
 - (iii) *the needs of the Board and the competencies and skills each new nominee will bring to the boardroom; and*
 - (iv) *whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board.*

(11) Share Ownership Policies

- (a) Periodically review the policy and/or implemented guidelines on mandatory share ownership for directors and senior officers of the Company and, in the Committee's discretion, recommend any changes to the Board for consideration.

Section 4 Complaint Procedures

(1) Submitting a Complaint

Anyone may submit a whistleblower notice or complaint regarding conduct by the Company or its subsidiaries or their respective employees or agents reasonably believed to involve questionable conduct. If a whistleblower complaint is submitted regarding compensation and corporate governance matters, the Chair or in his/her absence or by his/her delegation, any other member of the Committee should oversee the treatment of such complaint.

(2) Procedures

- (a) The Chair of the Committee is designated to receive and administer or supervise the administration of complaints with respect to compensation and corporate governance matters.
- (b) In order to preserve anonymity when submitting a complaint regarding a possible breach of compensation and corporate governance matters, the complainant may submit a complaint in accordance with the Company's Whistleblower Policy, and such complaint shall be addressed in accordance with that policy.

(3) Records and Report

The Chair of the Committee should maintain a log of compensation and corporate governance related complaints, tracking their receipt, investigation, findings and resolution, and should prepare a summary report for the Committee.

APPENDIX “E” – BOARD OF DIRECTORS MANDATE

The members of the board of directors (respectively, the “Directors” and the “Board”) have the responsibility to oversee the conduct of the business of Source Energy Services Ltd. (the “Company”) and to oversee the activities of management who are responsible for the day-to-day conduct of the business.

Section 1 Composition

The Board shall be comprised of at least three independent Directors. The definition of independence is as provided by applicable law and stock exchange listing standards. No Director will be considered independent unless the Director has no “material relationship” (as such term is defined in NI 52-110 of the Canadian Securities Administrators) with the Company, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company.

The Board shall appoint a Chair from among its members. The role of the Chair is to act as the leader of the Board, to manage and coordinate the activities of the Board and to oversee execution by the Board of this written mandate. If the Chair is not independent, a majority of the Board’s independent Directors shall appoint (and if the Chair is in a conflict of interest with respect to a particular matter or matters, a majority of the Board’s independent Directors may appoint) an independent lead Director from among the Directors, who will be responsible for ensuring that the Directors who are independent (or non-conflicted) and management have opportunities to meet without management and non-independent (or conflicted, as applicable) Directors, as required, and will assume such other responsibilities as the independent Directors may designate in accordance with any applicable position descriptions or other applicable guidelines that may be adopted by the Board from time to time.

The Board may, from time to time, engage consultants or members of the Company’s management team that are not directors of the Company and these persons may attend meetings or portions of meetings as invited guests of the Board. Otherwise, the Board will consist only of Directors and only Directors and a corporate secretary, appointed by the Board, may attend meetings of the Board.

Section 2 Operation

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting Committees of the full Board and determining Director compensation. Subject to the Articles, By-Laws and the *Business Corporations Act* (Alberta), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to Committees of the Board.

The full Board considers all major decisions of the Company, except that certain analyses and work of the Board will be performed by standing Committees empowered to act on behalf of the Board. The Company has a number of standing Committees, including the Audit Committee, the Compensation and Corporate Governance Committee and the Health, Safety and Environment Committee, and has the authority to appoint other committees to steward certain other matters. Each standing committee must have a mandate that has been approved by the Board.

Each Committee shall operate according to the mandate approved by the Board and outlining its duties and responsibilities and the limits of authority delegated to it by the Board. The Board shall review and reassess the adequacy of the mandate of each Committee on a regular basis and, with respect to the Audit Committee, at least once a year.

The Chair of the Board shall annually propose the leadership and membership of each Committee. In preparing recommendations, the Chair of the Board will consider the preferences, skills and experience of each Director. Committee Chairs and members are appointed by the Board at the first Board meeting after the annual shareholder meeting or as needed to fill vacancies during the year.

The Board will hold four regularly scheduled meetings each year. The Board shall meet at the end of its regular quarterly meetings without members of management being present. Special meetings will be called as necessary. Directors are expected to attend all Board meetings and all Board Committee meetings where such Director is a member of such Committee, although it is understood that conflicts may occasionally arise that prevent a Director from attending a meeting. Attendance at Board meetings and Board Committee meetings in person is preferred, but attendance by teleconference or other electronic communication established by the Board or such Board Committee is permitted. In advance of each regular Board and Committee meeting and, to the extent feasible each special meeting, information and presentation materials relating to matters to be addressed at the meeting will be distributed to each Director. It is expected that each Director will review presentation materials in advance of a meeting.

The Chair of the Board presides at all meetings of the Board and shareholders. Minutes of each meeting shall be prepared by the Corporate Secretary (or in his or her absence a secretary who has been appointed for the purposes of the meeting). The Chief Executive Officer (the “CEO”), if he or she is not a Director, shall be available to attend all meetings of the Board or Committees of the Board upon invitation by the Board or any such Committee. Members of management and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board. Following each meeting, the corporate secretary will promptly report to the Board by way of providing draft copies of the minutes of the meetings.

Supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the CEO or Corporate Secretary.

Section 3 Responsibilities

The Board is responsible under law to supervise the management of the business and affairs of the Company. In broad terms the stewardship of the Company involves the Board in strategic planning, risk identification, management and mitigation, senior management determination and succession planning, communication planning and internal control integrity.

Section 4 Specific Duties

Without limiting the foregoing, the Board shall have the following specific duties and responsibilities:

(1) Legal Requirements

- (a) The Board has the oversight responsibility for meeting the Company's legal requirements and for approving and maintaining the Company's documents and records;
- (b) The Board has the statutory responsibility to:
 - (i) manage or supervise the management of the business and affairs of the Company;
 - (ii) act honestly and in good faith with a view to the best interests of the Company;
 - (iii) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with its obligations contained in the *Business Corporations Act* (Alberta) and the regulations thereto, the Company's Articles and other relevant legislation and regulations.
- (c) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
 - (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - (ii) the filling of a vacancy among the Directors;
 - (iii) the issuance of securities;
 - (iv) the declaration of dividends;
 - (v) the purchase, redemption or any other form of acquisition of shares issued by the Company;
 - (vi) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;
 - (vii) the approval of management proxy circulars;
 - (viii) the approval of any take-over bid circular or directors' circular; and
 - (ix) the approval of financial statements of the Company.

(2) Strategy Determination

The Board has the responsibility to adopt a strategic planning process for the Company and to participate with management directly or through its Committees in approving goals and the strategic plan for the Company by which the Company proposes to achieve its goals. The Board shall monitor the implementation and execution of the tasks constituent to the corporate strategy.

To be effective, the strategy will result in creation of value over the long term while always preserving the Company's license to conduct its business among its various stakeholders. For the purpose of this clause, "stakeholder" will mean any party, group or institution whose reasonable approval is required for the Company to execute its Board-approved strategy.

(3) Managing Risk

The Board has the responsibility to identify and understand the principal risks of the business in which the Company is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to establish systems to monitor and manage those risks with a view to the long-term viability of the Company. It is the responsibility of management to ensure that the Board and its Committees are kept well informed of changing risks. The principle mechanisms through which the Board reviews risks are through the execution of the duties of the Audit Committee, the Compensation and Corporate Governance Committee and the Health, Safety and Environment Committee and through the strategic planning process. It is important that the Board understands and supports the key risk decisions of management.

(4) Appointment, Training and Monitoring Senior Management

The Board has the responsibility:

- (a) to appoint the CEO and establish a description of the CEO's responsibilities and other senior management's responsibilities, to monitor and assess the CEO's performance, to determine the CEO's compensation, and to provide advice and counsel in the execution of the CEO's duties;
- (b) to approve the appointment and remuneration of the Company's senior management; and
- (c) to establish provisions for the training and development of management and for the orderly succession of management.

(5) Reporting and Communication

The Board has the responsibility:

- (a) to ensure compliance with the reporting obligations of the Company, including that the financial performance of the Company is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- (b) to recommend to shareholders of the Company a firm of certified professional accountants to be appointed as the Company's auditors;
- (c) to ensure that the financial results of the Company are reported fairly and in accordance with generally accepted accounting principles;
- (d) to ensure the timely reporting of any change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of the Common Shares of the Company;
- (e) to establish a process for direct communications with shareholders and other stakeholders through appropriate Directors, including through the Company's Whistleblower Policy;
- (f) to ensure that the Company has in place a policy to enable the Company to communicate effectively with its shareholders and the public generally; and
- (g) to report annually to shareholders on its stewardship of the affairs of the Company for the preceding year.

(6) Monitoring and Acting

The Board has the responsibility:

- (a) to establish policies and processes for the Company to operate at all times within applicable laws and regulations to the highest ethical and moral standards (advancing the interests of the Company, including the pursuit of differentiating performance in meeting the reasonable needs of all stakeholders of the Company);
- (b) to ensure that management has and implements procedures to comply with, and to monitor compliance with, significant policies and procedures by which the Company is operated;
- (c) to promote, and to ensure that management promotes, high environmental standards in the Company's operations in compliance with environmental laws and legislation;
- (d) to ensure that management establishes appropriate programs and policies for the health and safety of the Company's employees in the workplace;
- (e) to monitor the Company's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (f) to take action when performance falls short of its goals and objectives or when other special circumstances warrant or when changing circumstances in the business environment create risks or opportunities for the Company;
- (g) to approve annual (or more frequent as the Board feels to be prudent from time to time) operating and capital budgets and review and consider amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy which diverge from the ordinary course of business that may significantly impact the value of or opportunities available to the Company; and
- (h) to implement internal control and information systems and to monitor the effectiveness of same so as to allow the Board to conclude that management is discharging its responsibilities with a high degree of integrity and effectiveness. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

(7) Governance

The Board has the responsibility:

- (a) to develop a position description for the Chair of the Board;
- (b) to facilitate the continuity, effectiveness and independence of the Board by, among other things:
 - (i) appointing from amongst the Directors an Audit Committee, a Compensation and Corporate Governance Committee, and a Health, Safety and Environment Committee and such other Committees of the Board as the Board deems appropriate;
 - (ii) defining the mandate, including both responsibilities and delegated authorities, of each Committee of the Board;
 - (iii) establishing a system to enable any Director to engage an outside adviser at the expense of the Company;
 - (iv) ensuring that processes are in place and are utilized to assess the effectiveness of the Chair of the Board, the Board as a whole, each Director, each Committee of the Board and each Committee's Chair;
 - (v) reviewing annually the composition of the Board and its Committees and assess Directors' performance on an ongoing basis, and propose new members to the Board; and
 - (vi) reviewing annually the adequacy and form of the compensation of the Directors.

Section 5 New Director Orientation

New Directors will be provided with an orientation which will include written information about the duties and obligations of Directors and the business and operations of the Company, documents from recent Board meetings and opportunities for meetings and discussion with senior management and other Directors.

Section 6 Conflicts of Interest

- (a) Directors have a duty to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

Each Director serves in his or her personal capacity and not as an employee, agent or representative of any other company, organization or institution, even if the Director is employed by a shareholder or any other entity which does business with the Company. In providing direction to the Company, Directors acknowledge that the wellbeing of the Company is their sole concern. Any Director must not be affected in his or her deliberations and decision making by any relationship with any outside person or party including any specific shareholder no matter which one and no matter what the relationship between the Director and that Shareholder. Directors shall not allow personal interests to conflict with their duties to the Company and shall avoid and refrain from involvement in situations of conflict of interest.
- (b) A Director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict or perceived conflict with that Director's duty to the Company.
- (c) A Director shall disclose promptly any interest that Director may have in an existing or proposed contract or transaction of or with the Company.
- (d) The disclosures contemplated in paragraphs (b) and (c) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any Committee of the Board, or if the perception of a possible conflict arises at another time then the disclosure shall occur by e-mail to the other Directors immediately upon realization of the conflicting situation and then confirmed at the first Board and/or Committee meeting after the Director becomes aware of the potential conflict of interest that is attended by the conflicted Director.
- (e) Each Director will on an annual basis disclose all entities to which it is related, affiliated or in which it holds a, direct or indirect, interest that may do business with the Company or operate in the same industry.
- (f) A Director's disclosure to the Board or a Committee of the Board shall disclose the full nature and extent of that Director's interest either in writing or by having the interest entered in the minutes of the meeting of the Board or such Committee of the Board.
- (g) A Director with a conflict of interest or who may be perceived as being in a conflict of interest with respect to the Company shall abstain from discussion and voting by the Board or any Committee of the Board on any motion to recommend or approve the subject matter of such conflict unless the matter relates primarily to the Director's remuneration or benefits or as otherwise permitted by applicable law or regulation. If the conflict of interest is obvious and direct, the Director shall withdraw while the item is being considered.

- (h) Without limiting the generality of “conflict of interest”, it shall be deemed a conflict of interest if a Director, a Director’s relative, a member of the Director’s household in which any relative or member of the household is involved has a direct or indirect financial interest in, or obligation to, or a party to a proposed or existing contract or transaction with the Company.
- (i) Directors shall not use information obtained as a result of acting as a Director for personal benefit or for the benefit of others.
- (j) Any Director shall not use or provide to the Company any information known by the Director that through a relationship with a third party the Director is not legally able to use or provide.
- (k) Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a Director.

Section 7 Mandate Review

This Mandate shall be reviewed and approved by the Board each year after the annual general shareholder meeting of the Company.

Section 8 General

The Board may perform any other activities consistent with this Mandate, the Company’s Articles and any governing laws as the Board deems necessary or appropriate.

