

Source Energy Services Reports Q4 2023 and Year End Results

Calgary, Alberta (March 6, 2024) TSX: SHLE

Source Energy Services Ltd. ("Source" or the "Company") is pleased to announce its financial results for the three and twelve months ended December 31, 2023.

2023 PERFORMANCE HIGHLIGHTS

Highlights for the year ended December 31, 2023 include the following:

- realized sand sales volumes of 3,138,501 metric tonnes ("MT") and sand revenue of \$460.2 million, an increase of \$118.5 million or 35% from 2022;
- generated total revenue of \$569.7 million, a \$153.8 million or 37% increase from 2022;
- realized gross margin of \$109.4 million and Adjusted Gross Margin⁽¹⁾ of \$135.2 million, increases of 88% and 71%, respectively, when compared to last year;
- reported net income of \$167.3 million, a \$47.6 million improvement from 2022 when excluding the reversal of impairment charges described below;
- realized record Adjusted EBITDA⁽¹⁾ of \$99.1 million, a \$37.6 million improvement from 2022;
- reversed \$128.6 million of impairment charges previously recognized on property, plant and equipment in 2019 and 2020;
- reduced the principal value of total debt outstanding by \$26.7 million from the end of 2022, including the repurchase of \$15.4 million aggregate principal value of senior secured notes, and an additional \$2.0 million repurchased after the end of the year;
- realized a \$10.3 million increase in net working capital excluding the current portion of long-term debt;
- executed a new customer contract with a major Montney exploration and production ("E&P") company; and
- achieved utilization of 80% across the nine-unit Sahara fleet, compared to 75% utilization for 2022, as well as executed two contracts to build and operate Source's tenth and eleventh Sahara units, to be located in the state of Alaska, with construction costs to be fully reimbursed by the customers.

Note:

(1) Adjusted Gross Margin (including on a per MT basis) and Adjusted EBITDA are not defined under IFRS and might not be comparable to similar financial measures disclosed by other issuers, refer to 'Non-IFRS Measures' below for reconciliations to measures recognized by IFRS. For additional information, please refer to Source's Management's Discussion and Analysis ("MD&A"), dated March 6, 2024, available online at www.sedarplus.ca.

RESULTS OVERVIEW

(\$000's, except MT and per unit amounts)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Sand volumes (MT)⁽¹⁾	819,113	566,130	3,138,501	2,845,600
Sand revenue	124,302	70,291	460,187	341,671
Wellsite solutions	29,359	16,170	105,691	69,790
Terminal services	771	990	3,870	4,451
Sales	154,432	87,451	569,748	415,912
Cost of sales	118,000	71,696	434,567	336,940
Cost of sales – depreciation	8,735	5,125	25,775	20,827
Cost of sales	126,735	76,821	460,342	357,767
Gross margin	27,697	10,630	109,406	58,145
Operating expense	5,717	6,374	22,923	20,075
General & administrative expense	2,722	2,642	13,974	10,034
Depreciation	3,811	2,361	11,809	10,555
Income (loss) from operations	15,447	(747)	60,700	17,481

(\$000's, except MT and per unit amounts)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Total other expense (income)	(120,176)	11,462	(89,268)	26,251
Income (loss) before income taxes	135,623	(12,209)	149,968	(8,770)
Current tax expense	905	—	905	—
Deferred tax recovery	(18,282)	—	(18,282)	—
Net income (loss)⁽²⁾	153,000	(12,209)	167,345	(8,770)
Net earnings (loss) per share (\$/share)	11.30	(0.90)	12.35	(0.65)
Diluted net earnings (loss) per share (\$/share)	10.71	(0.90)	11.88	(0.65)
Adjusted EBITDA ⁽³⁾	28,322	6,454	99,115	61,501
Sand revenue sales/MT	151.75	124.16	146.63	120.07
Gross margin/MT	33.81	18.78	34.86	20.43
Adjusted Gross Margin ⁽³⁾	36,432	15,755	135,181	78,972
Adjusted Gross Margin/MT ⁽³⁾	44.48	27.83	43.07	27.75
	December 31, 2023		December 31, 2022	
Total assets	482,830		326,897	
Total non-current financial liabilities	205,329		233,787	
Book value per share (\$/share) ⁽⁴⁾	12.49		0.42	

Notes:

- (1) One MT is approximately equal to 1.102 short tons.
- (2) The average Canadian to United States ("US") dollar exchange rate for the three and twelve months ended December 31, 2023, was \$0.7341 and 0.7409, respectively (2022 - \$0.7365 and 0.7686, respectively).
- (3) Adjusted EBITDA and Adjusted Gross Margin (including on a per MT basis) are not defined under IFRS, refer to 'Non-IFRS Measures' below for reconciliations to measures recognized by IFRS. For additional information, please refer to Source's MD&A available online at www.sedarplus.ca.
- (4) Calculated by dividing Source's shareholders' equity by the number of common shares outstanding at the end of the period. Refer to Source's audited consolidated financial statements available online at www.sedarplus.ca.

2023 RESULTS

Total revenue for the year ended December 31, 2023 was \$569.7 million, Source's highest annual revenue reported to date and an increase of \$153.8 million compared to last year, as activity levels in the Western Canadian Sedimentary Basin ("WCSB") remained strong throughout 2023. Despite a challenging operating environment experienced earlier in the year, due to wildfires and flooding, and an overall weakening of commodity prices, Source realized higher sand sales volumes, strong average realized sand pricing, record high trucked volumes and a 235-day increase in Sahara days utilized which drove the increase in total revenue for the year.

Cost of sales, excluding depreciation, increased for the year ended 2023, compared to 2022, due to higher sand sales volumes realized, the impact of a weaker Canadian dollar, increased "last mile" logistics trucked volumes, higher rail transportation costs and the impact of changes in terminal mix. Overall, cost of sales, excluding depreciation, benefited from lower production costs at the processing facilities compared to last year, a reduction in transportation fuel surcharges and lower costs incurred for third-party sand purchases.

For the year ended December 31, 2023, gross margin increased by \$51.3 million, or 88% compared to 2022. Excluding gross margin from mine gate volumes, Adjusted Gross Margin was \$46.07 per MT, compared to \$29.80 per MT in 2022, favorably impacted by lower production costs, strong sand spot market pricing and contract renewals, despite the impact of terminal sales mix and higher rail transportation costs. Increased sand volumes trucked and lower transportation fuel charges also contributed to the improvement in gross margin and Adjusted Gross Margin compared to last year. The weakening of the Canadian dollar relative to 2022, which negatively impacted cost of sales for US dollar denominated expenses, was fully offset by an increase in revenue denominated in US dollars for the year.

Operating expenses increased by \$2.8 million on a year-over-year basis, primarily due to higher selling costs related to higher royalty costs and higher people costs, including increased variable incentive compensation costs. These increases were offset by a reduction in repairs and maintenance costs compared to 2022. General and administrative

expense increased by \$3.9 million during 2023, due primarily to higher salaries and variable incentive compensation expense compared to last year.

At December 31, 2023, as a result of continued strong industry activity levels, significant improvement in the financial performance of the Company and an improved business outlook, Source carried out an assessment of the recoverable value of its operations. The assessment resulted in the reversal of \$128.6 million of impairment losses, previously realized on property, plant and equipment in 2019 and 2020. Refer to Note 7 of the Company's audited consolidated financial statements for the year ended December 31, 2023 for additional information related to this impairment reversal.

Liquidity and Capital Resources

Free Cash Flow (\$000's)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Adjusted EBITDA ⁽¹⁾	28,322	6,454	99,115	61,501
Financing expense paid	(7,305)	(16,311)	(29,150)	(28,599)
Capital expenditures, net of proceeds on disposal of property, plant and equipment and reimbursement of capital costs	(6,658)	(3,940)	(13,045)	(13,288)
Payment of lease obligations	(5,088)	(4,746)	(19,592)	(15,751)
Free Cash Flow⁽¹⁾	9,271	(18,543)	37,328	3,863

Note:

(1) Adjusted EBITDA and Free Cash Flow are not defined under IFRS and might not be comparable to similar financial measures disclosed by other issuers, refer to 'Non-IFRS Measures' below. The reconciliation to the comparable IFRS measure can be found in the table below.

During the fourth quarter of 2023, Source realized an increase in Free Cash Flow of \$27.8 million compared to the fourth quarter of 2022. The improvement is primarily due to the increase in Adjusted EBITDA, driven by increased gross margin compared to 2022, and a reduction in financing expense paid. Finance expense paid was lower due to the timing of the August 2022 interest payment for the Notes which was not completed until after the closing of the new ABL facility in the fourth quarter of 2022, and incremental costs incurred in 2022 for the closing of the new ABL facility. The increase in Free Cash Flow was partly offset by higher net expenditures for capital assets during the fourth quarter of this year, as outlined below.

Source generated Free Cash Flow of \$37.3 million for the year ended December 31, 2023, an increase of \$33.5 million compared to the prior year. The increase is mainly attributed to the improvement in Adjusted EBITDA, as noted above, partly offset by an increase in payments for lease obligations. An increase in renewal rates on previously contracted rail cars, a full year of lease payments for the Peace River mining facility, which commenced in the second quarter of 2022, and the impact of a weaker Canadian dollar on US dollar denominated leases contributed to the increase in lease obligations.

Source's capital expenditures for the fourth quarter of 2023 were \$9.7 million, an increase of \$5.5 million compared to the fourth quarter last year. The increase was largely attributed to terminal expansion activities and costs to rebuild a piece of equipment at a terminal facility which malfunctioned earlier in the year. The costs incurred to rebuild the equipment were recovered by insurance proceeds received during the fourth quarter. Higher costs associated with overburden removal for mining operations also contributed to the increase in capital expenditures for the fourth quarter, compared to the same period last year.

For the year ended December 31, 2023, total capital expenditures, net of proceeds on disposals and reimbursements, decreased by \$0.2 million compared to 2022. Higher capital expenditures for existing terminal expansion activities, as noted above, as well as higher costs associated with overburden removal for mining operations, attributed to higher sales volumes when compared to 2022, were incurred. These increases were more than offset by lower expenditures for the Peace River facility, now fully online and operational, and proceeds from the sale of excess property, plant and equipment, including proceeds from the sale of the previously closed terminal facility located in Berthold, North Dakota earlier this year. Capital expenditures incurred for the rebuild of equipment that malfunctioned and construction costs associated with building Source's tenth and eleventh Sahara units were fully recovered during the year.

Q4 2023 RESULTS

Source sold sand volumes of 819,113 MT for the three months ended December 31, 2023, the highest fourth quarter sand volume sales in Source's history, generating sand revenue of \$124.3 million, an increase of \$54.0 million or 77% from the fourth quarter of 2022. Higher sand revenue was due to an increase in quarter-over-quarter sand sales volumes, including a 134% increase in sand volumes from the Peace River facility, as well as a 22% increase in average realized sand price. During the fourth quarter, revenue from mine gate sales lowered the average realized

sand price by \$13.02 per MT; however, the impact of mine gate sales on average realized sand pricing was more than offset by strong pricing realized for spot and contract customers. The sale of lower-value mine gate sales has a favorable impact on production costs by creating efficiencies.

For the three months ended December 31, 2023, wellsite solutions revenue was \$29.4 million, an increase of \$13.2 million or 82% compared to the same period last year. During the quarter, “last mile” logistics trucked volumes were 115% higher compared to the fourth quarter of 2022, which was negatively impacted by delays in certain customer jobs and permitting delays. Sahara-related revenue increased 27% on a quarter-over-quarter basis, due primarily to an 11% increase in days utilized across the seven-unit Canadian fleet. Sahara units operating in the US achieved a 17% increase in revenue generated compared to the same period last year, attributed to strong utilization of units operating in Wyoming and Utah during the fourth quarter. For the fourth quarter of 2023, terminal services revenue was \$0.8 million, a decrease of \$0.2 million compared to the fourth quarter of 2022. The reduction was due to lower rental revenue, attributed to the sale of the Berthold terminal facility earlier this year, and lower storage revenue.

Cost of sales, excluding depreciation, increased by \$46.3 million for the fourth quarter of 2023 compared to the same period in 2022, driven by higher sand sales volumes realized and costs associated with increased trucked volumes for the period. An increase in costs for rail transportation, as well as the impact of terminal sales mix, also contributed to the quarter-over-quarter increase. These increases were partly offset by lower amounts of third-party sand purchases for the fourth quarter of 2023, compared to the same period last year, and a reduction in production costs experienced at the Wisconsin manufacturing facilities. During the fourth quarter of 2023, a weakening of the Canadian dollar on US dollar denominated components of cost of sales contributed an increase of \$0.68 per MT to cost of sales, compared to the same period last year. These increases were fully offset by an increase in US dollar denominated revenue for the quarter.

Gross margin increased by \$17.1 million for the fourth quarter of 2023 and, excluding gross margin from mine gate volumes, Adjusted Gross Margin was \$47.45 per MT, compared to \$30.15 per MT for the same period in 2022. These margin improvements resulted from continued strength in pricing and production efficiencies as well as gross margin generated from “last mile” logistics trucking which increased by 154% on a quarter-over-quarter basis, driven by a 115% increase in volumes trucked as well as lower transportation fuel costs, compared to the fourth quarter of 2022.

For the fourth quarter of 2023, total operating and general and administrative expense decreased \$0.6 million compared to the same period in 2022. During the three months ended December 31, 2023, operating expense decreased by \$0.7 million from the same period last year, primarily due to lower repairs and maintenance costs incurred. Last year, incremental repairs and maintenance costs were incurred for required improvements at the Peace River facility. Lower compensation costs, attributed to the timing of the recognition of variable compensation expense in 2022, also contributed to the reduction in operating expense compared to the same period last year. This reduction was partly offset by an increase in selling costs, including higher royalty costs incurred as a result of higher sand shipments from mines that require royalty payments and increased insurance expense, compared to the fourth quarter of 2022. General and administrative expense increased \$0.1 million in the fourth quarter of 2023 compared to the same period in 2022, the result of slight increases for IT related expenses and other supplies, as well as higher variable incentive compensation costs, partly offset by lower professional fees incurred.

ESG

Source’s third annual ESG report was released in November, 2023 and details the Company’s 2022 ESG performance. For more information, Source’s most recent ESG report is available at www.sourceenergyservices.com.

BUSINESS OUTLOOK

The fourth quarter, a historically slower quarter where E&P companies exhaust budgets as they approach the end of the year, did not follow this trend for 2023 where total sand sales volumes were the highest fourth quarter volumes ever achieved by Source, and second only to the first quarter of this year. WCSB activity levels are expected to remain strong in 2024, with modest growth in completion activities throughout the Montney, but particularly in northeastern British Columbia as LNG Canada comes online. Increased demand by Source’s E&P customers for mine to wellsite services in the Attachie area will create additional opportunities for Source to continue to grow its business in 2024.

Source continues to improve production efficiencies through an expansion of mesh sizes and ongoing operating cost management. Source’s leading service offerings and logistics capabilities required for larger volumes of sand per well, as well as Source’s existing terminal network footprint, will continue to support strong operational performance for 2024.

In the longer-term, Source believes the increased demand for natural gas, driven by power generation facilities, increased natural gas pipeline export capabilities and liquefied natural gas exports will drive incremental demand for

Source's services in the WCSB. Source continues to see increased demand from customers that are primarily focused on the development of natural gas properties in the Montney, Duvernay and Deep Basin. This trend is consistent with Source's view that natural gas will be an important transitional fuel that is critical for the successful movement to a less carbon-intensive world.

Source continues to focus on increasing its involvement in the provision of logistics services for other items needed at the wellsite in response to customer requests to expand its service offerings and to further utilize its existing Western Canadian terminals to provide additional services.

UPDATED NI 43-101 TECHNICAL REPORTS FOR THE MINERAL PROJECTS IN WISCONSIN, UNITED STATES

Source is pleased to announce that it has filed with the applicable Canadian securities regulatory authorities updated National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") technical reports for each of its three mineral projects in Wisconsin, United States (collectively, the "Technical Reports").

The Technical Reports have each been prepared with an effective date of December 31, 2023 and were updated as part of an annual assessment that accounts for conventional mining depletion of the mineral resources and include updated production records. The updated resources do not represent a 100% or greater change in the total mineral resources.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve. Source has not based its production decisions and ongoing mine production on mineral reserve estimates, preliminary economic assessments, prefeasibility studies or feasibility studies. As a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery and historically projects without any mineral reserves have increased uncertainty and risk of failure.

Further details with respect to the scientific and technical information contained in this press release are available in the Technical Reports, which are available under the Company's SEDAR+ profile at www.sedarplus.ca.

FOURTH QUARTER CONFERENCE CALL

A conference call to discuss Source's fourth quarter financial results has been scheduled for 7:30 am MST (9:30 am ET) on Thursday, March 7, 2024.

Interested analysts, investors and media representatives are invited to register to participate in the call. Once you are registered, a dial-in number and passcode will be provided to you via email. The link to register for the call is on the [Upcoming Events](#) page of our website and as follows:

Source Energy Services Q4 2023 Results Call

The call will be recorded and available for playback approximately 2 hours after the meeting end time, until April 7, 2024, using the following dial-in:

Toll-Free Playback Number: 1-800-319-6413

Playback Passcode: 0671

ABOUT SOURCE ENERGY SERVICES

Source is a company that focuses on the integrated production and distribution of frac sand, as well as the distribution of other bulk completion materials not produced by Source. Source provides its customers with an end-to-end solution for frac sand supported by its Wisconsin and Peace River mines and processing facilities, its Western Canadian terminal network, its "last mile" logistics capabilities and Sahara, a proprietary wellsite mobile sand storage and handling system.

Source's full-service approach allows customers to rely on its logistics platform to increase reliability of supply and to ensure the timely delivery of frac sand and other bulk completion materials at the wellsite.

IMPORTANT INFORMATION

These results should be read in conjunction with Source's audited consolidated financial statements for the years ended December 31, 2023 and 2022, together with the accompanying notes (the "Financial Statements") and its corresponding MD&A for such periods. The Financial Statements and MD&A and other information relating to Source, including the Annual Information Form, are available under the Company's SEDAR+ profile at www.sedarplus.ca. The Financial Statements and comparative statements have been prepared in accordance with International Financial

Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Unless otherwise stated, all amounts are expressed in Canadian dollars.

NON-IFRS MEASURES

In this press release Source has used the terms Free Cash Flow, Adjusted Gross Margin and Adjusted EBITDA, including per MT, which 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) and gross margin, respectively, which represent the most directly comparable measures of financial performance as determined in accordance with IFRS.

Reconciliation of Adjusted EBITDA and Free Cash Flow to Net Income (Loss)

(\$000's)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Net income (loss)	153,000	(12,209)	167,345	(8,770)
Add:				
Income taxes	(17,377)	—	(17,377)	—
Interest expense	6,459	6,812	26,575	27,102
Cost of sales – depreciation	8,735	5,125	25,775	20,827
Depreciation	3,811	2,361	11,809	10,555
Impairment reversal	(128,555)	—	(128,555)	—
Loss (gain) on debt extinguishment	(483)	862	(763)	862
Finance expense (excluding interest expense)	2,616	2,000	9,767	6,045
Share-based compensation expense	1,721	645	6,759	947
Gain on asset disposal	(1,536)	(11)	(3,312)	(1,192)
Unrealized loss on derivative instruments	—	—	—	1,718
Gain on sublease	(31)	—	(28)	—
Other expense ⁽¹⁾	(38)	869	1,120	3,407
Adjusted EBITDA	28,322	6,454	99,115	61,501
Financing expense paid	(7,305)	(16,311)	(29,150)	(28,599)
Capital expenditures, net of proceeds on disposal of property, plant and equipment and reimbursement of capital costs	(6,658)	(3,940)	(13,045)	(13,288)
Payment of lease obligations	(5,088)	(4,746)	(19,592)	(15,751)
Free Cash Flow	9,271	(18,543)	37,328	3,863

Note:

(1) Includes expenses related to the incident at the Fox Creek terminal facility, asset repairs reimbursed by insurance claims and other one-time expenses.

Reconciliation of Gross Margin to Adjusted Gross Margin

(\$000's)	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Gross margin	27,697	10,630	109,406	58,145
Cost of sales – depreciation	8,735	5,125	25,775	20,827
Adjusted Gross Margin	36,432	15,755	135,181	78,972

For additional information regarding non-IFRS measures, including their use to management and investors, their composition and discussion of changes to either their composition or label, if any, please refer to the ‘Non-IFRS Measures’ section of the MD&A, which is incorporated herein by reference. Source’s MD&A is available online at www.sedarplus.ca and through Source’s website at www.sourceenergyservices.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking statements relating to, without limitation, expectations, intentions, plans and beliefs, including information as to the future events, results of operations and Source’s future performance (both operational and financial) and business prospects. In certain cases, forward-looking statements can be identified by the use of words such as “expects”, “believes”, “continues”, “focus”, “trend”, or variations of such words and phrases, or state that certain actions, events or results “may” or “will” be taken, occur or

be achieved. Such forward-looking statements reflect Source's beliefs, estimates and opinions regarding its future growth, results of operations, future performance (both operational and financial), and business prospects and opportunities at the time such statements are made, and Source undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change unless required by applicable law. Forward-looking statements are necessarily based upon a number of estimates and assumptions made by Source that are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Forward-looking statements are not guarantees of future performance. In particular, this press release contains forward-looking statements pertaining, but not limited to: expectations that WCSB activity levels will remain strong in 2024, particularly in northeastern British Columbia with the expectation that LNG Canada will come online; additional growth opportunities in 2024 in connection with mine to wellsite services in the Attachie area; improvement of Source's production efficiencies; strong operational performance for 2024; expectations that increased demand for natural gas, increased natural gas pipeline export capabilities and liquefied natural gas exports will drive incremental demand for Source's services in the WCSB; continued increase in demand from customers primarily focused on the development of natural gas properties in Montney, Duvernay and Deep Basin; views that natural gas is an important transitional fuel for the successful movement to a less carbon-intensive world; Source's focus on and expectations regarding increasing its involvement in the provision of logistics services for other wellsite items; expectations respecting future conditions; and profitability.

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

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

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

capital expenditures; and risks and uncertainties related to pandemics such as COVID-19, including changes in energy demand.

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

Any financial outlook and future-oriented financial information contained in this press release regarding prospective financial performance, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action based on management's assessment of the relevant information that is currently available. Projected operational information contains forward-looking information and is based on a number of material assumptions and factors, as are set out above. These projections may also be considered to contain future oriented financial information or a financial outlook. The actual results of Source's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. Actual results will vary from projected results. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The forward-looking information and statements contained in this document speak only as of the date hereof and have been approved by the Company's management as at the date hereof. The Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

FOR FURTHER INFORMATION PLEASE CONTACT:

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