

ESG REPORT

2023





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Message From Leadership

On behalf of Source's Executive Leadership, senior management team, and our Board of Directors, we are pleased to present to you our 2023 ESG Report. Our third annual ESG report focuses on our ESG performance in 2022 and is designed to provide enhanced transparency alongside accountability on the information and topics that are important to our stakeholders.

ESG in Our Industry and Our Business

Our industry will continue to face unique and complex challenges as the world transitions to a lower-carbon economy. We firmly believe that Canada's energy industry has the resources and technologies required to remain resilient and meet the growing global demand for clean, reliable, and responsibly produced energy. Our energy industry has proven to be a global leader in shifting to a lower-carbon economy and Source has an important role to play in this transition.

Our commitment to ESG performance is rooted in our core values of People First, Innovative, Resourceful, Passionate, and Professional. Since inception Source has made a conscious effort to operate its business the right way. We believe that integrating ESG factors into our corporate strategy and business decisions will help us mitigate risks and capture opportunities. As a service provider, we have an important role to play in supporting our customers and stakeholders, with meeting their ESG and climate change objectives. We are committed to being environmentally responsible and safety focused in our operations, supporting employees in their social responsibility efforts, and fostering vibrant and resilient communities for all our stakeholders. Source strives to help employees feel engaged, inspired, and passionate about making a difference.

2022 ESG Highlights

Highlights of our Company's 2022 ESG achievements:

- Reduced our GHG emissions intensity by 2.4% year over year after adjusting for the increased activity levels in 2022, exceeding our 2022 target to reduce our GHG emissions intensity by 2.0%. This was supported by several specific programs, including improving dryer automation, operational upgrades at our Wisconsin operations, and reducing idle time on heavy equipment. For more details on Source's efforts to reduce GHG emissions, I invite you to read the Climate Change and Greenhouse Gas Emissions section.
- Continued the rollout of our revamped core health and safety training program, Body ImpACT. For more details on Source's efforts to promote employee health and safety, I invite you to read the Workforce Health and Safety section.
- Supported local community organizations, causes, and events, with monetary and in-kind donations. For more details on Source's efforts to support and engage with local communities, I invite you to read the Community Relations section.

Future Plans on ESG

We continue to monitor ESG disclosure standards especially with the introduction of the IFRS sustainability disclosure standard. We acknowledge that running a business the right way is a continuous



evolution of making the correct business and strategic decisions. We also acknowledge that developing an integrated approach to ESG is a continuous journey. In 2022, we rolled out a new three-year health, safety and environment strategy with accompanying objectives and developed our 2023 environmental emissions plan.

We take pride in our business, our industry, and the ESG culture we have developed in Source.

Scott Melbourn
President, CEO and member of the Board of Directors

About This Report

This ESG report provides information on our approach and performance on environmental, social and governance factors for the reporting period of January 1, 2022, to December 31, 2022.

Financial data is stated in Canadian dollars, unless otherwise noted. Data presented covers the entire Company, unless stated otherwise. Where available, we have provided multi-year data to enable trendline analysis. See ESG Performance Data Table for a consolidation of Source's ESG performance data.

Abbreviations

Within this report, the terms "**Source**", "**Source Energy**", "**SHLE**", the "**Company**", "**our**", "**we**", "**us**", and other similar terms refer to Source Energy Services Ltd. and its subsidiaries.

- **CN or CN Railway** Canadian National Railway Company
- **ESG** environmental, social and governance
- **GHG** greenhouse gases
- **M** million
- **metric tonnes or MT** one metric tonne or 1,000 kilograms (equivalent to approximately 1.102 short tons or approximately 2,205 pounds)
- **NGL** natural gas liquid
- **NRP** not reported on
- **PPE** personal protective equipment

Reporting Frameworks

This report is aligned with the following investor preferred ESG reporting frameworks:

- Sustainability Accounting Standards Board's Oil and Gas – Services and Metals & Mining Sustainability Accounting Standards: We selected the SASB Standards as this framework has



emerged as the investor-preferred ESG reporting framework. For further details, see the SASB Index.

- The recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”): We selected the TCFD Recommendations as this framework has emerged as the investor-preferred reporting framework for climate-related disclosure. For further details, see the TCFD Index.
- We also outline in the UN SDGs Index our contributions to select SDGs and their underlying targets for the 2022 year.

Additional ESG-related and Company information can be found on Source’s website at www.sourceenergyservices.com.

Industry Metrics

This report includes certain metrics, carbon intensity (also referred to as emissions intensity, GHG intensity and GHG emissions intensity in this report), which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional information to evaluate the Company’s performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods. The carbon intensity or emissions intensity estimates for Source that are provided herein were calculated by the Company. For the 2023 reporting year, based on 2022 performance, Source’s carbon intensity was calculated to be 0.027 tonnes of CO₂-e per metric tonnes of sand sales. Source quantified and reported its GHG emissions using the “operational control” approach. Source’s deemed organizational boundary included all mineral resource extraction and processing facilities, all rail terminal and wellsite operations and its associated support facilities. Source elected to report its Scope 1 and 2 GHG emissions and not to report its Scope 3 GHG emissions. For the purposes of Source’s GHG emissions reporting:

- Scope 1 emissions were defined as direct emissions from GHG sources that Source owned or controlled (including, but not limited to, emissions from stationary equipment and mobile combustion,
- Scope 2 emissions were defined as indirect GHG emissions that resulted from Source’s consumption of energy in the form of purchased electricity; and
- Scope 3 emissions were defined as Source’s indirect emissions other than those covered in Scope 2, including from all sources not owned or controlled by Source, but which occurred as a result of Source’s activities.

Emission factors were calculated using the Greenhouse Gas Protocol Calculation Tools.

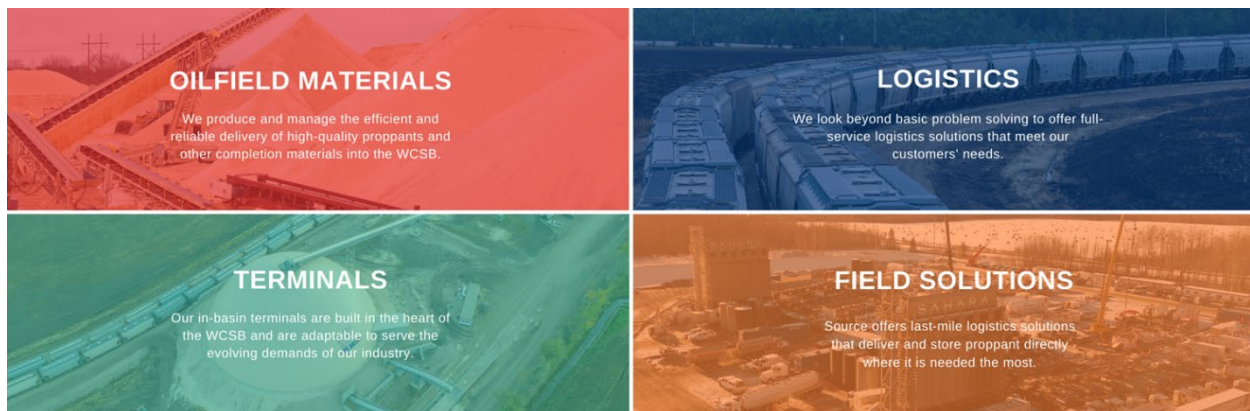


About Source Energy Services

Source Energy Services Ltd. is a leading oilfield logistics company that focuses on the supply and distribution of high quality frac sand¹ as well as the distribution of other bulk oil and gas well completion materials. Source provides its customers with a full end-to-end solution supported by our Wisconsin and Peace River mines and processing facilities, our Western Canadian terminal network and our logistics division. In addition to our industry leading frac sand transload terminal network and in-basin frac sand storage capabilities, Source has also developed Sahara, a proprietary mobile wellsite sand storage and handling system.



Our key lines of business include:



[Feedback? Contact Us](#)

[TSX: SHLE](#)

The WCSB's Leading Energy Logistics Company

As the largest supplier of proppant into the Western Canadian Sedimentary Basin ("WCSB"), we have 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. Logistics hubs are essential to enable increasing frac efficiencies in the WCSB.

¹ Frac sand is a proppant used to enhance hydrocarbon recovery in the hydraulic fracturing of oil and natural gas wells.



Production and Services

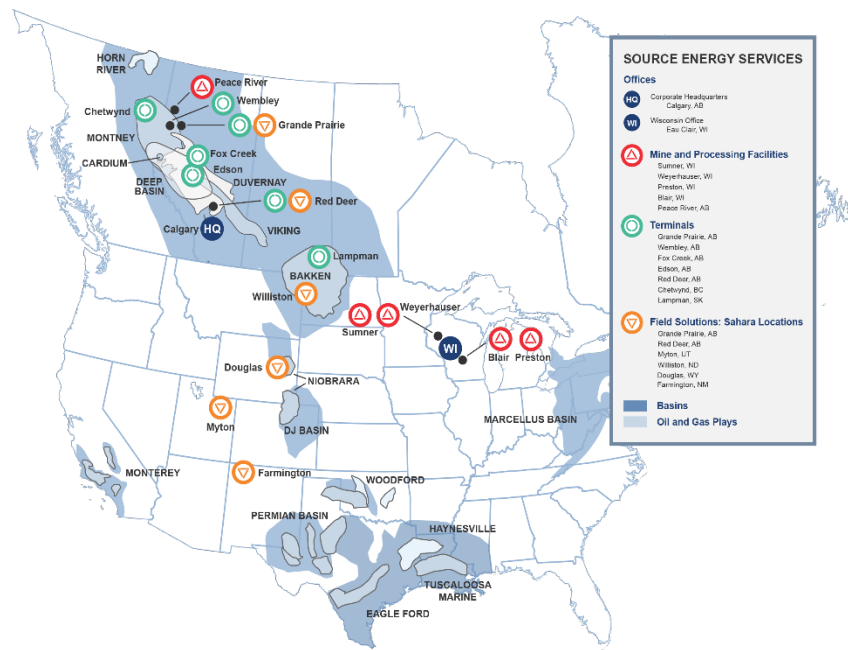
Source has developed an integrated supply chain for the delivery of frac sand into the WCSB. This supply chain provides our customers with the highest levels of reliable services and access to products. Source's integrated supply chain is made up of the following components: sand resources; mining and processing; rail load out; rail fleet; terminal network; last mile logistics and Sahara wellsite solutions. Source sells its products primarily to oil and natural gas exploration and production companies and oilfield service companies.

Our Sand Resources, Mining and Processing, Rail Load Out and Rail Fleet

Source owns and operates a Northern White frac sand mine and related closed-loop wet processing plant located in east-central Barron County near the town of Sumner, Wisconsin; a dry processing plant, storage and a unit train capable rail load out facility, located in

Weyerhaeuser, Wisconsin; a Northern White frac sand mine and related closed-loop wet processing plant, dry processing plant and storage, and unit train capable load out facility, located near Blair, Wisconsin; an additional

Northern White frac sand mine and related closed-loop wet processing plant, dry processing plant and storage, and rail load out facility, also located near Blair, Wisconsin, and operates a domestic frac sand and related wet processing plant, dry processing plant and storage, and truck load out facility, located near Peace River, Alberta.



The Wisconsin facilities have a combined total annual production capacity of approximately 4.8 million metric tonnes. The Weyerhaeuser, Blair and Preston Facilities have on-site rail infrastructure providing direct access to the CN rail network. This enables Source to efficiently process and deliver frac sand to customers through our integrated network of CN rail connected receiving terminals. Source also operates the Peace River facility, which has 400,000 metric tonnes of domestic frac sand production capability. The Peace River Facility is the closest domestic sand mine to the Montney region, is not rail dependent and will ensure efficiency of supply for our customers.

Our Terminal Network

Source owns nine and actively operates seven terminals strategically located throughout the WCSB. Source believes that its WCSB terminals are well positioned to capture growing demand for frac sand in



the Montney, Duvernay and Deep Basin. All of Source's existing terminals have on-site storage that enable the Company to manage in-basin inventory and respond to customer demand. Source's terminals are serviced by the CN network.

The Wembley Terminal, near Grande Prairie, Alberta, is Source's highest volume terminal, with an estimated throughput capacity of 2.0 million metric tonnes per annum and over 75,000 metric tonnes of storage capacity to service high levels of activity in the Montney. Source believes that this capacity allows it to meet peak demand through the combination of inventory and rapid material handling. The Wembley Terminal is capable of unloading a dedicated unit train in under 24 hours.

The Fox Creek Terminal, near Fox Creek, Alberta, is Source's second highest volume terminal, with an estimated throughput capacity of 1.0 million metric tonnes per annum and over 35,000 metric tonnes of storage capacity. This unit train facility is in the heart of the Duvernay, which is home to some of the largest fracs in the WCSB.



Together, Source's nine terminals have over 230,000 metric tonnes of in-basin storage capacity. Source believes that its terminal network provides a competitive advantage over its competitors by providing industry leading coverage, significant reach for supply to all key plays, and rapid load out facilities.

Sahara Wellsite Solution

In addition to its transload terminal network, Source has developed Sahara, a proprietary mobile wellsite sand storage and handling system. Sahara offers significant competitive advantages over traditional wellsite storage systems, such as decreased unloading times for trucks delivering proppant to wellsites, reduced physical footprint, reduced occupational hazards associated with silica dust, reduced proppant damage and increased ability to store multiple types of proppants. At Source, we strive to optimize the performance of our Sahara Units to ensure smooth well-completion activities. The Sahara's compact and dynamic design enables operators to have on-demand proppant at the wellsite, reducing wait times for delivery and allowing continuous operations in a dust-free environment.



2022 PERFORMANCE HIGHLIGHTS

Key highlights for the year ended December 31, 2022, included the following:

- realized Adjusted EBITDA ² of \$61.5 million, a 59% increase from 2021;
- reported a net loss of \$8.8 million, a \$15.6 million improvement from 2021;
- realized sand sales volumes of 2,845,600 MT and total revenue of \$415.9 million, a 15% and 30% increase, respectively, from 2021;
- recorded utilization of 75% for the Canadian Sahara fleet and 74% for the US Sahara fleet for the year;
- closed a transaction with Canadian Silica Industries (“CSI”) to assume operation of CSI’s Peace River frac sand facility, complementing Source’s Northern White proppant resources;
- closed a transaction for a new \$75.4 million (US\$55.0 million) credit facility;
- lowered borrowing costs by 200 basis points by commencing cash interest payments for the senior secured notes and further improved borrowing costs due to lower effective interest rates on the new credit facility;
- reduced amounts outstanding for the credit facilities by \$9.8 million at December 31, 2022 compared to prior year;
- renewed one major customer contract at the end of the year and a second major contract in early 2023; and

² Adjusted EBITA and Gross Margin (including on a per MT basis) are not defined under IFRS. Please refer to “non-IFRS” measures on appendix A for reconciliations to measures recognized by IFRS. For additional information please refer to Source’s MD&A available online at [SEDAR+ - Landing Page \(sedarplus.ca\)](https://www.sedarplus.ca).



- realized gross margin of \$58.1 million and Adjusted Gross Margin² of \$79.0 million, increases of 48% and 31%, respectively, when compared to 2021.

ESG Materiality Assessment

Source conducted an ESG materiality assessment focused on identifying and prioritizing the ESG factors with the greatest potential to impact the value of the Company over the short, medium and long term. This ESG materiality assessment informs the content of this report.

To identify potential ESG factors we reviewed peers' disclosure, conducted an analysis of investors and customers' ESG priorities, referenced key ESG frameworks (including SASB's Oil & Gas – Services and Metals & Mining Sustainability Accounting Standards, SASB's Climate Risk. Technical Bulletin, the TCFD Recommendations), and reviewed the methodologies of key ESG research and ratings providers.

We also reviewed several additional sources including industry regulations, trends, and initiatives, and relevant ESG guidance. We then assessed the potential impact and likelihood of each ESG factor over the short, medium and long term.

The results of the ESG materiality assessment were validated by key members of the Executive Leadership team and the Board of Directors (the “**Board**”). We are committed to annually reviewing and updating the ESG materiality assessment as needed given the dynamic nature of materiality and changing market conditions.

The process we took for conducting the ESG materiality assessment is depicted below.



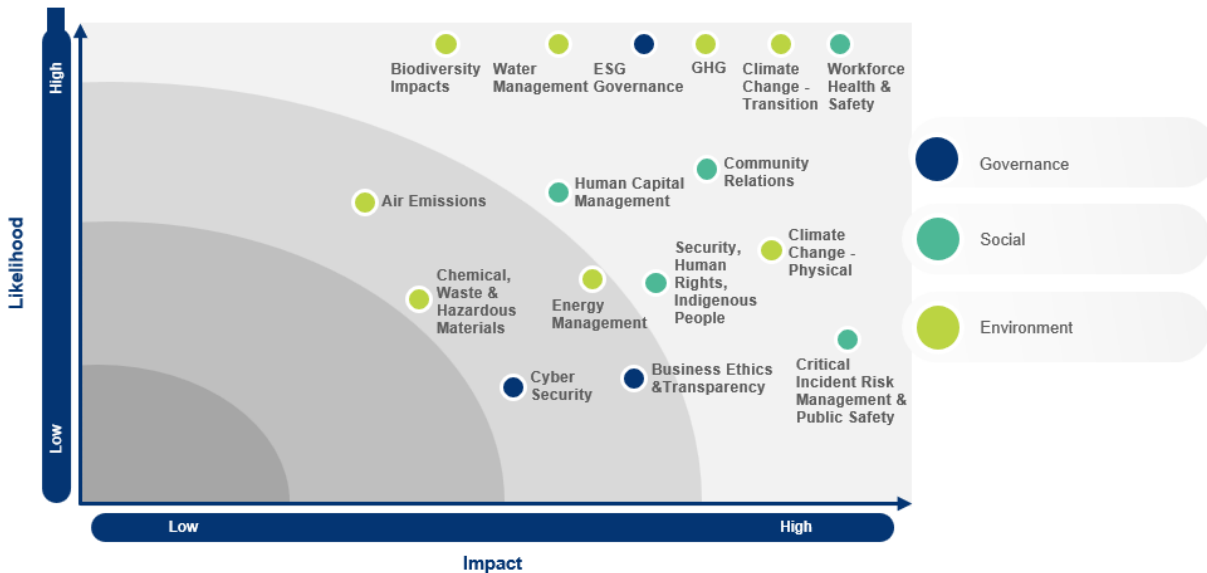


Materiality Matrix

The ESG factors identified through the ESG materiality assessment are shown in the Materiality Matrix below. All ESG factors identified are addressed in this report.

Materiality Matrix 2022

Source Energy Services Ltd.



Our Approach to ESG

ESG Strategy

Our Core Values:

PEOPLE FIRST | INNOVATIVE | RESOURCEFUL | PASSIONATE | PROFESSIONAL

We take pride in our business, our industry, and the ESG culture we have developed at Source. As a result, we have always been committed to keeping employees safe, being environmentally responsible in our operations, supportive of our employees in their social responsibility efforts, and proactive in fostering vibrant and resilient communities for all our stakeholders.

ESG factors are incorporated into Company decision making, setting annual objectives, and financial planning. As a pathway to diversifying our business, and to participate in the decarbonization of the economy, we are focused on advancing opportunities in our own operations as well as at the wellsite and at our terminals. For example, we have been adding new electric drive overs on our Sahara Units to replace our diesel-powered ones and have replaced terminal locomotives with rail car movers that are much more fuel efficient. Both initiatives reducing significant volumes of diesel fuel required for our operations. Over the longer-term, it is anticipated that these opportunities will contribute to grow to become a meaningful part of Source's business.



We are committed to continuous improvement on ESG and have been working to formalize and refine our approach. Over the past year, we have taken meaningful steps to ensure that business and operations decisions consider material ESG risks and opportunities to effectively guide the development of future strategy and goals. The development of a robust ESG strategy is an ongoing journey and we look forward to continuing to work with our customers, employees, suppliers, and communities to further integrate ESG factors into our decisions and operations to build a more sustainable future.

Risk Management

Source's key business/enterprise risks are maintained in a Company risk register and ESG risks are identified, assessed, and managed alongside all other business risks. The CEO is ultimately accountable for the enterprise risk process with the CFO being responsible for its completion. Risks are assessed annually by the Executive team with the assistance of the senior management team, based on the likelihood/probability and potential severity, and the risk level is ultimately categorized as high, medium or low. Likelihood/probability and severity criteria are clearly defined in a Risk Matrix. When assessing potential severity, Source considers impact according to the following dimensions: Diversification and Growth, Financing, Market Demands, Climate, ESG factors, Customers, Operations, Health Safety and Environment, Regulatory, Shareholder Value, and Talent Management.

Source maintains a Risk Management Standard which outlines the standard process for managing operational risk. The scope of the Risk Management Standard includes People, Environment, Assets, Reputational and Quality risk across all of Source's operations. Each Source operational location has a tiered assessment approach that measures risks that is inherent to our general operations, occurs day to day at specific locations, or situational risks that could arise at any time. Business Unit Presidents have responsibility for ensuring that the Risk Management Standard is implemented for their operations and the health, safety and environment team provides expert advice on the implementation of the Risk Management Standard as it relates to health, safety and environmental risks.

Metrics and Targets

ESG Metrics

We are committed to continuously improving our data collection, monitoring, and disclosure processes as we refine our approach to Environmental, Social, and Governance ("ESG") practices. Our primary goal is to provide valuable and actionable information to our investors, key stakeholders, Executive Leadership team, and Board of Directors.

In this ESG report, we disclose our performance across a range of ESG metrics. These metrics are also consolidated in the ESG Performance Data Table for ease of reference. The SASB Index provides a summary of our performance on relevant ESG metrics outlined in the SASB Oil & Gas – Services Sustainability Accounting Standards, as well as the Metals & Mining Sustainability Accounting Standards. The TCFD Index summarizes our climate-related disclosure practices based on the recommendations provided by the Task Force on Climate-related Financial Disclosures.

By utilizing these indices, we aim to effectively communicate our progress and achievements in various ESG areas to ensure transparency and accountability to all relevant stakeholders.



ESG Targets

Source has a range of internal ESG targets to drive improvements on ESG performance. Key ESG targets are highlighted in the table below. Over time, we will evaluate the feasibility and relevance of setting additional ESG targets. These targets have been approved by Executive Leadership and the Board.

Table 1: ESG Targets

ESG Metric	2021 Target	2021 Performance	2022 Target	2022 Performance
Severity Rate	5.5	3.99	3.75	2.53
Total Recordable Incident Frequency	1.0	1.25	1.0	0.69
Scope 1 and 2 GHG Emissions Intensity per Sand Volume Sale (Metric tonnes CO ₂ -e(t) per metric tonnes of sand sales)	2.5% Reduction	9.1% Reduction	2% Reduction	2.7% Reduction
Spill Rate ³	8.75	1.50	N/A	0

GOVERNANCE

ESG Governance

Why is this Important to Source?

Source considers corporate governance a critical ESG factor that influences decision-making and company value. We seek to foster ethical and responsible decision-making that is supported by a strong corporate governance framework for Source's Board, Board committees and individual directors. We are committed to continually reviewing our corporate governance practices to ensure effective compliance and reflecting current industry trends and best practices. This includes the role of the Board, individual skills and behaviours, and its overall composition as it relates to the way ESG factors are overseen and managed at Source.

Source's Approach

Strong corporate governance framework is critical for executing 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.

³ Internal measurement different from the SASB standard



Board Oversight of ESG

It is important that the Board functions as a key strategic and governing body that challenges our leadership team to be innovative and continually improving. Our Board is responsible for supervising the management of the business and affairs of Source. The stewardship of Source 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 full Board has responsibility for overseeing ESG factors. The principal mechanisms through which the Board oversees ESG are through the execution of the duties of the Board's sub-committees, which are to ensure that risks are being properly measured, monitored and reported throughout the Company and through the strategic planning process. The table below provides additional detail on the Board's sub-committees' responsibility for ESG oversight.

Table 2: Board Oversight of ESG Factors

Board Committee	Responsibility for ESG Oversight
The Compensation and Corporate Governance Committee	Provides oversight of executive compensation, social factors, including diversity and inclusion, human rights, and other legislative employment considerations. It also encompasses regulatory governance factors. In addition, we are dedicated to managing risks associated with talent management, succession planning, and compensation, in alignment with our governance mandate.
The Health, Safety and Environment Committee	Provides oversight of the health and safety of Source's employees and contractors, as well as oversees environmental factors, including climate change, air emissions, water management, operational integrity, and land management.
The Audit Committee	Provides oversight and ensures compliance for annual and quarterly financial statements, including financial disclosure practices and regulatory reporting. The Audit Committee also appoints and oversees Source's external auditors, and tracks all reports made through the Whistleblower Hotline, and oversees the annual risk management assessment.

Our directors possess the business experience, record of achievement and the skills and talents which enhance the Board and the overall management of the business and affairs of Source. Source maintains a detailed Board Skills Matrix that reflects the diverse skill set requirements of the Board and identifies the specific experience and expertise that is possessed by each director. The following figure reflects the ESG-related skills that are included in the Board Skills Matrix. The full Board Skills Matrix can be found in Source's [2023 Management Information Circular](#).



Figure 1: ESG-related skills included in the Board Skills Matrix⁴

Director Skills and Experience	J. Belford	C. Johnson (Chair)	C. Lonardelli	S. Sharpe	S. Melbourn (CEO)
Corporate Governance					
Deep understanding of corporate governance gained through experience as a senior executive officer or board member of public and private organization.					
Enterprise Risk Evaluation					
Executive or management experience evaluating and managing the spectrum of risks faced organization, including ESG Risk.					
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 communication, and social responsibility.					
Environmental, Social and Governance					
Experience with, or knowledge of, risks and opportunities related to a broad range of ESG issues and evolving ESG trends.					
Cyber Security					
Experience with, or knowledge of, cyber security measures and controls designed to mitigate risks.					

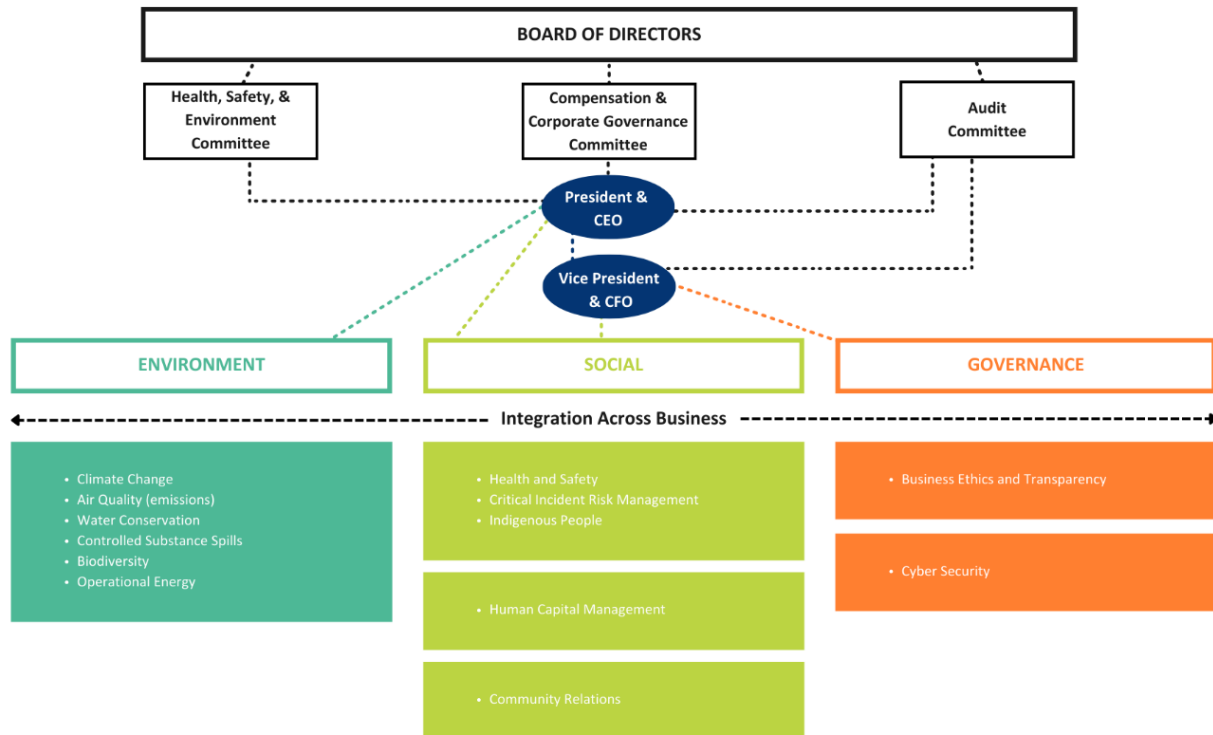
Management Accountability for ESG

The Board oversees activities of the Executive Leadership team, who are responsible for the day-to-day management of the business. Source's ESG governance structure outlining responsibility for specific ESG factors throughout the organization is depicted in the ESG Organizational Chart below. Source's President and CEO has ultimate responsibility for ESG factors and is supported by different Source team members in this responsibility. The President and CEO reports to the Board on a quarterly basis on various aspects of ESG.

⁴ Directors self-assessed their level of skill and experience.



Figure 2: Source's ESG Organizational Chart



Executive Compensation

The Company's approach to executive compensation is centered around the principle of "pay for performance." The compensation program is specifically designed to incentivize executive officers to achieve both short-term and long-term objectives, while ensuring that they do not engage in unnecessary risk-taking.

To achieve these goals, the compensation elements are carefully balanced to address the following objectives:

1. **Alignment with Company Performance:** The total compensation realized by executives will be closely tied to the overall performance of the Company. This ensures that executive compensation reflects the Company's success.
2. **Long-Term View and Shareholder Value Creation:** The compensation programs are structured to encourage executives to adopt a long-term perspective and focus on creating value for shareholders. A significant portion of each executive's variable pay is based on equity, and executives are required to have a substantial personal financial stake in the Company.
3. **Attraction, Retention, and Motivation of Executives:** The compensation programs are designed to attract, retain, and motivate qualified, experienced, and talented executives. By offering competitive compensation packages, the Company aims to secure executives who will drive shareholder value creation.



Additionally, at Source, executive compensation is directly tied to ESG (Environmental, Social, and Governance) performance. A quarter (25%) of the annual performance targets that influence executive and applicable employee compensation are related to internal health, and safety goals. This integration underscores the Company's commitment to responsible business practices.

Overall, the Company's executive compensation approach emphasizes performance-based rewards, long-term value creation, and alignment with ESG goals, with the aim of attracting and motivating top talent to drive sustainable shareholder value.

Diversity

Source is committed to diversity and inclusion at all levels of the 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 believes that to better foster corporate governance, highly qualified individuals from diverse backgrounds that enhance the overall management of the business should be included in the make-up of the Board accordingly, when the Compensation and Corporate Governance Committee identifies candidates to recommend for election or appointment to the Board, it will consider diversity criteria including gender, age, ethnicity and geographical background.

We have adopted a Diversity and Inclusion Policy to promote and encourage an inclusive and diverse workplace, in order to:

- Attract and retain the best employees;
- Improve the quality of decision-making through the consideration of diverse perspectives and ideas;
- 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 contribute 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.

There is presently one woman serving on the Board, representing 20%⁵ of the Board.

⁵ As of May 2023, the board of directors elected to fix the number of directors at five (5); four (4) male and one (1) female.



In 2022, Source's Executive Leadership team consisted of the CEO⁶⁷ and CFO each having been with Source for at least 9 years. As the Company expands its Executive Leadership team, a key consideration in the future would be the level of representation of women in executive officer positions when making executive officer appointments.

Presently, Source's senior management team consists of two presidents: President of Distribution and President of Production along with six vice presidents: VP of HSE & Sustainability⁸, VP of Sales & Marketing, VP of New Ventures, VP of Finance New Ventures, VP of Energy Transition and VP of Finance with a woman serving as the VP of Finance, representing females being 12.5% of the senior management team.

ESG-Related Policies

The Board oversees, approves, and manages several of Source's corporate policies and practices. Source maintains policies related to ESG factors, including the following:

Table 3: ESG-Related Policies

Policy Name	Policy Description
<u>Code of Business Conduct and Ethics Policy</u>	Source is committed to conducting the business of the Company ethically and legally. The Code of Business Conduct and Ethics Policy (the " Code ") and the specific related policies and practices, and any guidelines approved and implemented by the Board or management of the Company, will be used in identifying and managing ethical situations and in making ethical business decisions which adhere to these commitments. The Code reflects the commitment of the Company to conduct its business affairs in accordance with not only the law but also the Company's values and standards. The Code will maintain and foster the Company's reputation for integrity in all business dealings. The Code applies to all employees, officers, contractors, consultants, employees and directors of the Company.
<u>Whistleblower Policy</u>	Our Whistleblower Policy addresses the continuing commitment of Source to integrity and ethical behavior. The Whistleblower Policy establishes procedures that allow employees, contractors and suppliers of Source to confidentially and anonymously submit any concerns regarding activity that may be considered ethically, morally or legally questionable without fear of discrimination, retaliation or harassment.
<u>Anti-Corruption Policy</u>	Source is committed to conducting the business of the Company ethically and legally. The Anti-Corruption Policy has been adopted to maintain our corporate reputation and protect the interests of our investors, employees, customers,

⁶ In March 2022, Thomas Bradley, resigned from the board and retired as CEO and was replaced by Scott Melbourne.

⁷ In March 2022, Scott Melbourne resigned as COO when he was appointed CEO and member of the board.

⁸ In April 2023, Shawn Furlong was promoted to President of Production, and Lori Tomczak became our Director of HSE & Sustainability, retiring the title of VP of HSE and Sustainability.



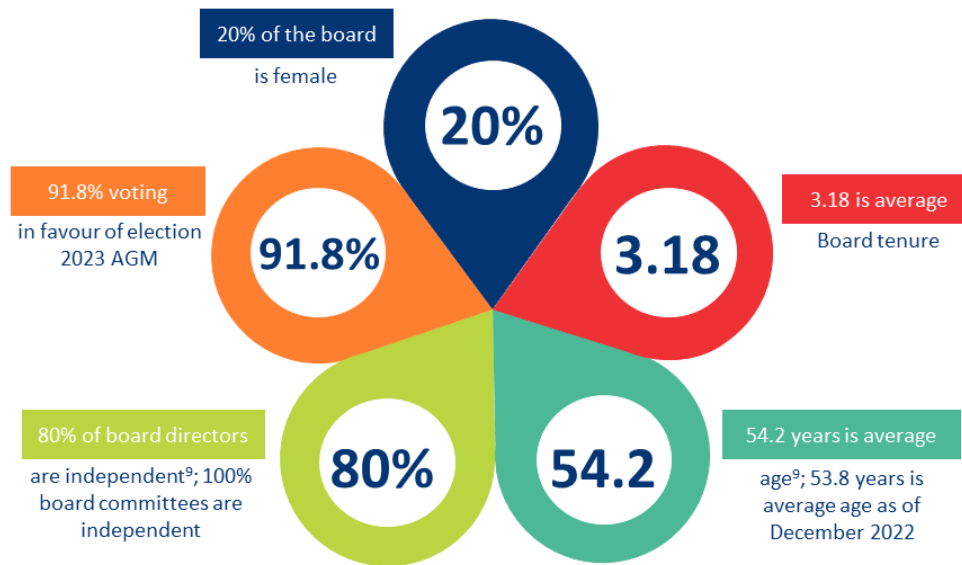
	suppliers, business partners, stakeholders and the communities we serve. The Anti-Corruption Policy outlines guiding principles for conducting business in the areas of bribery and improper payments, facilitation payments, lobbying, gifts, books and records and internal controls. The Anti-Corruption Policy also applies to third parties and individuals retained by Source including, but not limited to consultants, advisors, contractors, and suppliers.
Diversity and Inclusion Policy	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.
Quality, Health, Safety and Environment Policy	Source is committed to protecting our people and environment from harm while continually improving the quality of our products and services. The implementation of our strategic pillars; Leadership, Learning and Engagement, will ensure these commitments are imbedded throughout the organization. The Quality, Health, Safety and Environment (QHSE) Policy outlines Source's commitments to employees, the environment and customers in pursuit of QHSE excellence.
Indigenous Relations Policy	Source recognizes the importance of building and maintaining constructive, mutually beneficial relationships with Indigenous people and communities in the areas in which we operate. We acknowledge that Indigenous people are stewards of this land, and we respect their unique cultures, traditions, and knowledge. The Indigenous Relations Policy outlines Source's commitments to ensure effective engagement with Indigenous people and communities.
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.
Shareholder Engagement Policy	Source's Board believes in the importance of engaging in constructive communication with our shareholders. Constructive engagement with shareholders can provide valuable insight that will assist the Board in maintaining the high standards of governance to which the Board is committed. The Board has adopted a Shareholder Engagement Policy to promote open and sustained dialogue with shareholders. Management is principally responsible for shareholder communications and engagement. In addition, the Board wishes to ensure there is the opportunity for direct dialogue between directors and shareholders. Shareholders are encouraged to initiate communications directly with the Board.
Respect in the Workplace Policy	Source is committed to providing a safe, healthy, and supportive work environment where our employees and customers are treated with respect, fairness and sensitivity. Source is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, which includes: bullying, sexual harassment or



	any other unwarranted negative behaviors. Actions, words, jokes, or comments based on an individual's gender, race, color, national origin, age, religion, disability, sexual orientation, creed, marital status, veteran status, gender identity, or any other legally protected characteristic will not be tolerated. The Respect in the Workplace Policy defines behavior that constitutes workplace harassment/bullying and explains procedures for reporting and resolving such incidents.
Acceptable Use Policy	The purpose of the Acceptable Use Policy is to establish acceptable practices regarding the use of Source Information Resources in order to protect the confidentiality, integrity and availability of information created, collected, and maintained. The Acceptable Use Policy applies to any individual, entity, or process that interacts with any Source Information Resource
Workplace Violence Policy	Source is committed to protecting its employees and others from the risk of physical or psychological violence and will ensure appropriate measures are in place to prevent and mitigate incidents of workplace violence and to ensure that all employees are provided with a safe, violence free work environment. Source is committed to ensure that incidents of workplace violence are thoroughly investigated and will take appropriate steps are taken to assist the victims of any incidents that may occur.



ESG GOVERNANCE PERFORMANCE



Business Ethics and Transparency¹⁰

Why is this Important to Source?

The successful business operation and reputation of Source is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a conscientious regard for the highest standards of conduct and personal integrity. Our continued success is dependent upon our customers' trust, and we are dedicated to preserving that trust.

Source operates in the United States and Canada, both countries that are generally not perceived to have high levels of corruption. On Transparency International's 2022 Corruption Perception Index, the United States scored 69/100, ranking 24th overall in the index and Canada scored 74/100 ranking 14th overall in the index [EM-SV-510a.1, EM-MM-510a.2]. We are subject to both foreign and domestic anti-corruption and transparency legislation and, being a Canadian company that is listed on the Toronto Stock Exchange, we are also expected to comply with strict stock market requirements designed to protect investors and market integrity.

⁹ In May 2023, the board of directors decided to set the number of directors at five (5) after Stew Hanlon's resignation. This change affected both the percentage of independent board members and the average age.

¹⁰ SDG Target 16.5



Source's Approach

[EM-SV-510a.2, EM-MM-510a.1]

Code of Business Conduct and Ethics

Source is committed to conducting the business of the Company ethically and legally. The Code of Business Conduct and Ethics Policy reflects our commitment to conduct business affairs in accordance with not only the law but also Source's values and standards. The Code outlines guidelines related to ethical conduct, fair dealing, conflicts of interest, dishonesty and fraud, inducements and gifts, political activities, and more.

The Code applies to all employees, officers, contractors, consultants, employees and directors of the Company and all of these entities are required to provide annual certification of compliance with the Code. Source's CEO is responsible for ensuring that all annual certifications of the Code are obtained.

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. Any reports of variance from the Code of Business Conduct and Ethics are to be reported to the Board.

Whistleblower Policy and Mechanisms

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, Source has adopted a Whistleblower Policy which provides employees, customers 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. 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.

All directors, officers, employees and consultants of Source are encouraged to promptly report concerns to their immediate supervisor or any senior officer of Source.

In instances where a satisfactory response is not received from a supervisor or a senior officer, or if the individual reporting is uncomfortable addressing concerns to a senior officer, other avenues to report concerns have been established:

- Email: whistleblower@sourceenergyservices.com
- Mail: "To be Opened by the Board of Directors Only"
500, 1060 7 Street SW, Calgary, Alberta, T2R 0C4



Concerns will be reported to the Company on a secure, confidential and anonymous basis. Should any individual who is making a report wish to contact the Board Source directly, they can do so by writing to the chair of the Board.

All serious allegations will be thoroughly investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any corrective and disciplinary actions. In conducting any investigation, all reasonable efforts shall be taken to protect the confidentiality and anonymity of the complainant. Source strictly prohibits and does not tolerate unlawful retaliation against any individual making a report.

Anti-Corruption Policy and Training

Source is committed to conducting the business of the Company ethically and legally. Source strongly believes that the Company has a responsibility to take an active stand against bribery and corruption. We have adopted an Anti-Corruption Policy to maintain our corporate reputation and protect the interests of our investors, employees, customers, suppliers, business partners, stakeholders and the communities we serve.

The purpose of the Anti-Corruption Policy is to affirm Source's compliance with applicable domestic and foreign anti-corruption legislation where we conduct business, and our commitment to such compliance, by establishing rules and providing guidance for conducting business in accordance with such legislation. The Policy outlines guiding principles for conducting business in the areas of bribery and improper payments, facilitation payments, lobbying, gifts, books and records and internal controls. The Policy also applies to third parties and individuals retained by Source including, but not limited to, consultants, advisors, contractors and suppliers.

Source will determine requirements for anti-corruption training based on a risk assessment and will implement training and education program(s) as deemed appropriate. Education regarding this Policy will also be incorporated into the new employee orientation process. Internal audits will be conducted from time to time to monitor compliance with the Policy.

Political Contributions and Lobbying

Source does not align itself with any political party nor does it make contributions to political parties or candidates for political office. Further, Source does not directly engage in any political lobbying. Source is, however, a member of certain industry associations that have, in the past, been sporadically active in lobbying [EM-SV-530a.2].

BUSINESS ETHICS AND TRANSPARENCY PERFORMANCE

We do not generate revenue or produce in countries that have the 20 lowest ranking in the Transparency International Corruption Perception Index. [EM-SV-510a.1, EM-MM-510a.2]



Cybersecurity

Source is subject to a variety of information technology and system risks as a part of our normal course operations. Increased use of technology in the oil and gas value chain makes companies operating within the industry more vulnerable to cyberattacks. Cyberattacks can disrupt Company operations, impacting revenue and reputation with customers as well as potential increases in capital and operating expenditures alongside regulatory penalties if a data breach were to occur.

Source's Approach

Acceptable Use Policy

The purpose of the Acceptable Use Policy is to establish acceptable practices regarding the use of Source Information Resources in order to protect the confidentiality, integrity and availability of information created, collected, and maintained. The Acceptable Use Policy applies to any individual, entity, or process that interacts with any Source Information Resource and outlines guidelines related to the following notable topics (among others):

- Data Security
- Email and electronic communication
- Privacy
- Security training and awareness

All personnel must be provided with and acknowledge they have received and agree to adhere to the Acceptable Use Policy before they are granted access to Source Information Resources.

Approach and Training

Cybersecurity is an ongoing endeavor to protect the confidentiality, integrity, and availability of Source's assets, while also protecting its customers and vendors. A multi-layered approach and monitoring are critical, and Source has a layered security approach reaching out from the end user all the way to email delivery. Source utilizes a managed detection and response ("MDR") solution that provides proactive monitoring and threat awareness. This comprehensive solution includes email screening, endpoint protection, and remediation support. Source has also adopted a vulnerability management solution; seen as the third cyber pillar (MDR and Cybersecurity Awareness Training and Testing being the other two pillars)

Cybersecurity is not strictly an IT and operations issue – it goes far beyond the back office. In today's threat landscape, information security has a distinctly human element and as exploiting software and hardware vulnerabilities grows more difficult, attackers turn to exploiting human vulnerabilities. To address the human aspect of security, Source partnered with an expert cybersecurity training provider that provides Source with ongoing user cybersecurity training and testing.

Disaster Recovery and Incident Recovery Plan

Source's approach to providing secure IT Infrastructure is one that focuses on data security, availability, and recoverability.



ENVIRONMENT

Climate Change and Greenhouse Gas Emissions¹¹

Why is this Important to Source?

We recognize that climate change is a global challenge that has the potential to impact our operations. Source operates in Canada and the United States – both countries are members of the Paris Agreement and have made commitments to reduce their GHG emissions and take action against climate change. The Canadian federal government has made commitments to reach net-zero GHG emissions by 2050 and announced its 2030 Emissions Reduction Plan (2022), which includes expectations that the oil and gas sector continue to contribute to lowering GHG emissions¹². The Biden Administration has set a target to reduce GHG emissions in the United States by 50-52% by 2030, and to achieve net-zero GHG emissions by 2050¹³.

Our industry will continue to face unique and complex challenges as the world transitions to a lower-carbon economy. We firmly believe that Canada's energy industry has the resources and technologies required to remain resilient and meet the growing global demand for clean, reliable, and responsibly produced energy. Our energy industry has proven to be a global leader in shifting to a lower-carbon economy.

We are committed to being an environmental steward and as a service provider to energy companies, we know we have an important role to play in the transition to a lower-carbon economy and to support our customers with meeting their ESG and climate change objectives.

Source's Approach

[EM-MM-110a.2]

Governance

[TCFD Governance a and b]

The Health, Safety and Environment Committee of the Board provides oversight of Source's environmental factors, including climate change. The Board Skills Matrix disclosed in Source's [2023 Management Information Circular](#) identifies the specific experience and expertise possessed by each Board director. See the Board Oversight of ESG section for a summary of the ESG-related skills that are included in the Board Skills Matrix.

Annually, Source sets a GHG emissions intensity reduction target approved by the Board and identifies a range of specific GHG emissions reduction initiatives to support the achievement of this target. In 2022,

¹¹ SDG Target 13.2

¹² The plan includes a projected contribution from the oil and gas sector of emission reductions to 31% below 2005 levels in 2023 (or to 42 percent below 2019 levels) - [Canada's climate plans and targets - Canada.ca](#)

¹³ The White House - [Fact Sheet: President Biden Sets 2023 GHG Pollutions Reduction Target](#)



progress against the target and related to the specific reduction initiatives was reported to the Board by the Chief Executive Officer (CEO) on a quarterly basis.

Source's President and CEO has the highest level of executive accountability for climate change factors and reports directly to the Board on climate change factors on a bi-annual basis. Source's current ESG governance structure outlining responsibility for climate change factors throughout the organization is depicted in the ESG Organizational Chart in the Management Accountability for ESG section.

Strategy

[TCFD Strategy a and b]

Climate change factors influence our business, strategy and financial planning. As a service provider to energy companies, our customers' ability to remain competitive in the face of climate change risks could impact our business and we have an important role to play in supporting our customers with meeting their climate change objectives. The ESG materiality assessment that we conducted (as described in greater detail in the ESG Materiality Assessment section) included the consideration of climate change transition risks and climate change physical risks. We assessed the potential impact and likelihood of these risks over the short (0 to 1 years), medium (1 to 3 years) and long term (greater than 3 years).

Climate Change Transition Risks

We identified GHG emissions and climate change transition risks as top risks for Source over the short, medium and long term. The Risk Disclosures section of our [2022 Annual Information Form](#) includes discussion of our exposure to material climate change transition risks including policy and legal risks, market risks and reputational risks, summarized in the table below.

Table 4: Transition Climate Change Risks

Transition Climate Change Risks	Potential Impacts and Response
Policy and Legal Risks	<ul style="list-style-type: none"> Source's business could be impacted by climate change legislation and regulatory initiatives as Source's customers are increasingly the subject of climate-related regulation (in particular GHG emissions limiting regulation) in Canada. We have implemented a range of initiatives to reduce our own GHG emissions and support our customers in achieving their GHG emissions and climate change objectives (see Energy Management section). We are continuously installing technologically advanced equipment at our processing facilities to ensure resiliency and that we are contributing to lowering GHG emissions. We are also developing growth opportunities related to the transition to a lower-carbon economy and evaluating opportunities to diversify our business.
Market Risk	<ul style="list-style-type: none"> Source's business could be impacted by changing input prices, in particular related to energy inputs. Potential climate change regulations, carbon



	<p>and/or other emissions taxes could result in higher production costs for energy.</p> <ul style="list-style-type: none"> • In order to manage this risk, we have implemented a range of initiatives to reduce our energy consumption and promote energy efficiency across our operations. We have also hedged natural gas prices through the use of physical contracts for a portion of our natural gas needs.
Reputational Risks	<ul style="list-style-type: none"> • Source's reputation could be impacted by changing consumer and societal perceptions of companies/industries' contribution to, or detraction from, the transition to a lower-carbon economy and their willingness to address the issue of climate change. • There is also increased pressure from the investment community related to climate change, including on disclosure of GHG emissions and reduction targets. • We have implemented a range of initiatives to reduce our GHG emissions and support our customers in achieving their GHG emissions and climate change objectives (see Energy Management section). We are continuously installing technologically advanced equipment at our processing facilities to ensure resiliency and that we are contributing to lowering GHG emissions. • We are also responding to evolving expectations from the investment community by enhancing our ESG and climate change disclosure in alignment with investor preferred ESG reporting frameworks (e.g., the SASB Standards and the TCFD Recommendations).

Physical Climate Change Risks

We identified physical climate change risks as risks for Source over the medium and long term. The Risk Disclosures section of our [2022 Annual Information Form](#) includes discussion of our exposure to material climate change physical risks including chronic and acute physical impacts, summarized in the table below.

Table 5: Physical Climate Change Risks

Physical Climate Change Risks	Potential Impacts and Response
Acute Physical Risks	<ul style="list-style-type: none"> • Source's mining, processing and production facilities could be subject to risks related to inclement or hazardous weather conditions, including flooding, and the physical impacts of climate change. • This risk is expected to manifest over the medium and/or long term and depends on the success of global efforts to reduce GHG emissions and mitigate the physical impacts of climate change. Our adaptation strategies for our sites include strategically locating, designing, and operating to accommodate a range of climate conditions. For example, we have conducted planning sessions to prepare our operations for climate-related work stoppages.



Chronic Physical Risk	<ul style="list-style-type: none"> Source’s business could be subject to risks related to seasonality and climate change as level of activity in the oil and gas industry is influenced by seasonal weather patterns and changes in weather patterns could impact demand for Source’s services. This risk is expected to manifest over the medium and/or long term and depends on the success of global efforts to reduce GHG emissions and mitigate the physical impacts of climate change.
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Climate-Related Opportunities and Influence on Strategy

As a pathway to diversifying Source’s business, and to participate in the decarbonization of the economy, Source is advancing opportunities in our own operations as well as opportunities at the wellsite and at our terminals.

We will continue to monitor our exposure to climate-related risks and opportunities and report on them in alignment with the TCFD Recommendations. We have not yet conducted scenario analysis given our size and stage; however, we are committed to enhancing our understanding of climate-related risks and opportunities and the ways in which they could impact our business, strategy and financial planning.

Risk Management

[TCFD Risk Management a, b and c]

Climate change risks are incorporated into Source’s risk management process as described above in the Risk Management section. Source’s key business/enterprise risks are maintained in a Company risk register and climate change risks are identified, assessed, and managed alongside all other business risks. The CEO is ultimately accountable for the enterprise risk process with the CFO being responsible for its completion. Risks are assessed annually by the executive team with the assistance of the senior management team, based on the likelihood/probability and potential severity and the risk level is ultimately categorized as high, medium or low. Likelihood/probability and severity criteria are clearly defined in a Risk Matrix. When assessing potential severity, Source considers impact according to the following dimensions: diversification and growth, financing, market demands, climate change, ESG factors, customers, operations, health safety and environment, regulatory, shareholder value, and talent management.

Source maintains a Risk Management Standard which outlines the standard process for managing operational risk. The scope of the Standard includes People, Environment, Assets, Reputational and Quality risks across all of Source’s operations. Each Source operational location has a tiered assessment approach that measures risks that is inherent to our general operations, occurs day to day at specific locations, or situational risks that could arise at any time. Business Unit Presidents have responsibility for ensuring that the Standard is implemented for their operations and the health, safety and environment team provides expert advice on the implementation of the Standard as it relates to health, safety and environmental risks.



Climate-related Metrics

[TCFD Metrics and Targets a and b]

We strive to continuously improve our data collection, monitoring, and disclosure as our ESG strategy progresses to provide decision-useful information to our investors and key stakeholders. We have identified a set of metrics to monitor our performance on climate change factors, including related to GHG emissions, energy consumption and fuel consumption. We also set an annual GHG emissions intensity reduction target.

Table 6: GHG Emissions¹⁴

Emission Type	SASB Reference	Units	2019	2020	2021	2022
Gross Global Scope 1 GHG Emissions	EM-MM-110A.1	Metric tonnes CO ₂ -e (t)	60,657	40,582	53,492	55,873
Gross Global Scope 2 GHG Emissions	N/A	Metric tonnes CO ₂ -e (t)	26,234	24,225	20,586	26,956
Gross Global Scope 1 and 2 GHG Emissions Intensity per Sand Volume Sales	N/A	Metric tonnes CO ₂ -e (t) per metric tonnes of sand sales	0.039	0.033	0.030	0.027
Gross Global Scope 1 and 2 GHG Emissions Intensity per Revenue	N/A	Metric tonnes CO ₂ -e (t) per million of CAD revenue	261	259	231	185

In 2022, Source's Scope 1 and 2 GHG emissions were 82,829 metric tonnes CO₂-e. The production processes in Wisconsin make up 94% of these emissions, terminals account for 3% and Field Solutions account for 3%. We had an overall decrease in total emissions in 2022, as compared to our 2019 GHG emissions (baseline year).

With respect to our production, all locations reduced GHG emissions, with an overall decrease of 12% from 2019. Our terminal business unit saw a 24% decrease in the total amount of emissions released, driven mostly by the transportation emissions. This can be attributed to the replacement of locomotives at certain locations with rail car movers, which burn considerably less diesel to operate.

None of our GHG emissions are covered under emissions-limiting regulations [EM-MM-110a.1].

We also monitor our performance related to energy and fuel consumption, given their link to GHG emissions. Our energy and fuel data are provided in the Energy Management section.

¹⁴ GHG emissions are calculated using the [GHG Protocol](#)



Climate-related Targets

[TCFD Metrics and Targets c, EM-MM-110a.2]

In 2019, we introduced our GHG emissions reduction plans. We identified our internal source points of GHG emissions and established a baseline to measure against future improvement initiatives.

We set annual Scope 1 and 2 GHG emissions intensity reduction targets using GHG emissions per metric tonnes of sand sales. In 2022, we had a target of reducing Scope 1 and 2 GHG emissions intensity by 2.0%. From 2021 to 2022 we reduced our carbon intensity from 0.030 tonnes of CO₂-e per metric tonnes of sand sales to 0.027, achieving a reduction of GHG emissions intensity of 2.7%.

The achievement of this GHG emissions intensity reduction target can be attributed to the implementation of a range of different initiatives related to fuel consumption, purchased electricity and electricity usage designed to reduce energy use and promote energy efficiency across our operations. These specific initiatives are described in detail in the Energy Management section below.



Energy Management¹⁵

Why is this Important to Source?

Source requires energy for the operation of our frac sand mines and processing facilities and to power our equipment and fleet. Strong energy management practices can help reduce operating costs and ensure reliable access to energy to power our operations. Additionally, they can contribute to reductions in GHG emissions and help us to support our customers in meeting their GHG emissions and energy consumption objectives. Source primarily uses natural gas for drying as part of the frac sand production process and uses diesel to power our equipment and fleet. 100% of our total electrical energy consumed was from grid electricity and 2.97% came from renewable energy sources [EM-MM-130a.1].

Source's Approach

We have in place an environmental management program that is supported by specific environmental plans, including environmental plans that address fuel consumption, purchased electricity and electricity usage specifically. Each plan outlines a specific environmental objective and target and includes a list of initiatives to support our objective and target.

¹⁵ SDG Target 7.3



In 2022, the initiatives related to fuel consumption, purchased electricity and electricity usage designed to reduce energy use and promote energy efficiency included:

- Measure actual vs calculated fuel usage on Sahara Unit engines for more accurate emissions data.
- Implementing two electric drive-overs for the Sahara Units (drive-overs are used to unload sand trucks into the Sahara Units, eliminating the need to use their own diesel generators and requiring an external electrical source).
- Replacing some locomotives with rail car movers, which burn considerably less diesel.
- Removing attrition cell electric motors from production process.
- Purchasing 32,400 Gigajoules of Renewable Energy Credits to increase our use of renewable energy.
- Reduce idle time on heavy equipment – results yielded a 2.35% reduction for production locations.
- Full year of electric drive overs being utilized.
- Integrate the dust collector into the Sahara unit and eliminate the need for a separate diesel engine.

ENERGY MANAGEMENT PERFORMANCE

Table 7: Energy Consumption

Energy Consumption	SASB Reference	Units	2019	2020	2021	2022
Total energy consumed	EM-MM-130A.1	Gigajoules (GJ)	1,208,849	954,839	1,096,512	1,089,149
Total renewable energy purchased through Renewable Energy Certificates	N/A	Gigajoules (GJ)	0	32,400	32,400	32,400
Percentage of total energy consumed that was grid electricity	EM-MM-130A.1	Percentage (%)	14	18	15	15.26
Percentage of total energy consumed that was renewable	EM-MM-130A.1	Percentage (%)	0	3.39	2.95	2.97

Table 8: Fuel Consumption

Fuel Consumption	SASB Reference	Units	2019	2020	2021	2022
Total fuel consumed ¹⁶	EM-SV-110a.1	Gigajoules (GJ)	1,193,789	784,415	930,777	922,946

¹⁶ Considers transportation and combustion fuel. Driving energy calculated based on kilometers driven. The Field Solutions Sahara Unit fuel usage is based on estimates from engine hours as source does not supply the fuel to these units. Our customers supply fuel for the entire wellsite and are not able to break down what they supply to Source specifically. Sample representatives of how much fuel is burned are taken and applied to engine hours.



Percentage of total fuel consumed that is renewable ¹⁷	EM-SV-110a.1	Percentage (%)	0	0	0	0
Percentage of total fuel consumed used in on-road equipment ¹⁸	EM-SV-110a.1	Percentage (%)	0.47	0.55	0.45	0.86
Percentage of total fuel consumed used in off-road equipment ¹⁹	EM-SV-110a.1	Percentage (%)	99.53	99.45	99.55	99.14

In the delivery of services at the wellsite, the fuel is supplied by customers which makes it challenging to track our fuel consumption. In our Field Solutions business unit, the main source of GHG emissions is due to combustion from the Sahara Unit diesel generators. Historically, it has been difficult to quantify these GHG emissions as the diesel is supplied by our customers and they are not able to break out what was provided to Source specifically. We are focused on improving data accuracy and enhancing our ability to measure actual consumption volumes to better understand performance and opportunities for improvements.

Water Management²⁰²¹

Why is this Important to Source?

Mining and processing activities and oil and gas exploration and production activities can consume significant quantities of water. Our operations are subject to laws and regulations relating to the use of water. Companies can face risk related to water availability or contamination of local water resources, which could increase operating costs, result in regulatory penalties, or negatively impact reputation.

The services that we provide to oil and gas companies at the wellsite do not require the use of water or hydraulic fracturing fluids [EM-SV-140a.1, EM-SV-150a.1]. None of our operations are located in regions of high or extremely high baseline water stress [EM-MM-140a.1].²²



¹⁷ Considers transportation and combustion fuel.

¹⁸ Considers transportation fuel only.

¹⁹ Considers transportation fuel only.

²⁰ SGD Target 6.4

²¹ SGD Target 6.6

²² WRI - [Aqueduct Water Risk Atlas](#)



Source's Approach

Water management efforts are focused on our mining and processing activities as our wellsite services do not require the use of water.

Water Recycling

To minimize water use, we have engineered our processing facilities to have closed-loop water systems. These systems enable our wash plants to operate without discharging processed water into dry runs, wetlands, or creeks. This allows us to reuse and recycle the water in our production processes, significantly minimizing the need for groundwater withdrawals, and the elimination of settling ponds. We are focused on monitoring and improving our water recycling processes, performing monthly measurements of produced and recycled water at all facilities. Source also collects rainwater at our wash sites to be used as part of our sand washing process.

Despite these efforts, there is still some water loss through our closed loop system. This loss comes from a combination of evaporation of water from the storage ponds, water retention within the final sand products and within the waste product, infiltration of water from work in progress (WIP) piles and storage ponds, and the water used for dust suppression at the site.

Groundwater Monitoring Program and Wetland Hydrology Program

Source consistently monitors the groundwater quality and quantity near our operations. Source also monitors neighboring wells of the mine sites to ensure there are no adverse impacts to water quality due to our operations.

At Source's Sumner mine operations, we annually install shallow groundwater monitoring wells to monitor the hydrology in adjacent wetland complexes. This allows Source to determine and mitigate any potential impacts to hydrology in these wetlands and to also ensure post mining hydrology is restored once mining ceases in these areas. Near the end of 2020 and into 2021, a reduction of wetland water levels was noticed for the first time due to Source's operations. At the end of 2022 Source experienced another water reduction in adjacent wetland monitoring wells. This result was also experienced in Source's controlled wells where mining would have not impacted hydrology. As the mining activity moves away from this area, the lands will be reclaimed, returning the wetland water levels back to the original levels.

In 2022, we continued to maintain a strong percentage of water recycled for production usage.

Our overall freshwater withdrawal decreased in 2022 with some highlights listed below.

- Source recycled over 105 million gallons of water.
- Sumner operations set an operational record of over 65 million gallons of water recycled.
- Preston operations reduced well water intensities by 52% per ton of product washed compared to 2021.



WATER MANAGEMENT PERFORMANCE

Table 9: Fresh Water Use, Compliance and Recycling

Type	SASB Reference	Units	2019	2020	2021	2022
Total fresh water withdrawn	EM-MM-140a.1	Thousand cubic metres (m3)	701	760	907	884
Total fresh water consumed	EM-MM-140a.1	Thousand cubic metres (m3)	118	335	431	471
Number of incidents of non-compliance associated with water quality permits, standards and regulations	EM-MM-140a.2	Number	0	0	0	0
Water recycled for production usage	N/A	Percentage (%)	45.4	35.9	34.4	30.7

Biodiversity Impacts²³²⁴

Why is this Important to Source?

Source operates a vast network of assets, including our frac sand mines and our terminals, which can have impacts on biodiversity and ecosystems. Additionally, oil and gas exploration and development activities, and associated services and support activities, can have significant impacts on biodiversity and ecosystems, particularly when operating in ecologically sensitive areas. Our operations are subject to regulation relating to the protection of the environment, including permitting and licensing requirements, plant and wildlife protection, wetlands protection, reclamation and restoration obligations. Failure to protect biodiversity and minimize environmental impacts from our operations could increase operating costs, result in regulatory penalties or negatively impact reputation.

Acid rock drainage does not occur and is not predicted to occur at any of our mine sites [EM-MM-160a.2] and none of our resources are in or near sites with protected conservation status or endangered species habitats [EM-MM-160a.3]. We do not provide drilling, completion, fracturing and/or decommissioning services, which limits the disturbance caused by our oil and gas services activities. The management of acreage disturbed per oil and gas wellsite is outside of our control [EM-SV-160a.1].

Source's Approach

[EM-MM-160a.1, EM-SV-160a.2]

²³ SDG Target 15.1

²⁴ SDG Target 15.2



Our approach focuses primarily on reclamation given that we do not operate mines in or near sites with protected conservation status or endangered species habitats.

Land Reclamation

Each of our frac sand mines and operating facilities have a plan in place to address lifecycle stages through NR135 Reclamation Plan for Mine Sites²⁵. Land reclamation is a key activity Source completes as part of our operations. In an effort to actively manage our forested land, reclamation is conducted in stages that correlate with the different phases of the mining of our sand formations. Once a section of our mine has been completed, the area is backfilled and seeded to return the land back to a thriving vegetative state. Our approach not only promotes a healthy ecosystem it also eliminates large-scale reclamation operations in the future.



Land Management

We have voluntarily enrolled our Wisconsin properties with the Wisconsin Department of Natural Resources Sustainable Growth Program and have enrolled additional land with the Wisconsin Department of Natural Resources Managed Forest Law (MFL) Program (a landowner incentive program that encourages sustainable forestry on private woodland). Land enrolled in the MFL program must be managed according to a management plan written by a certified plan writer and promotes sustainable forestry practices which benefit timber harvesting, wildlife management, water quality, endangered resources, and aesthetics.

BIODIVERSITY IMPACTS PERFORMANCE	
Source reclaimed 13.7 acres of land at our Wisconsin production facilities in 2022 (24 ²⁶ acres officially certified by the Counties).	

Table 10: Acid Rock Drainage at Mine Sites

Type	SASB Reference	Units	2019	2020	2021	2022
Percentage of mine sites where acid rock drainage is predicted to occur	EM-MM-160a.2	Percentage (%)	0	0	0	0

²⁵ Wisconsin Depart of Natural Resources – Non-metallic Mining Reclamation

²⁶ It takes a year for the county of Wisconsin to evaluate the reclaimed acres before they officially declare the acres reclaimed and released.



Percentage of mine sites where acid rock drainage is actively mitigated	EM-MM-160a.2	Percentage (%)	0	0	0	0
Percentage of mine sites where acid rock drainage is under treatment or remediation	EM-MM-160a.2	Percentage (%)	0	0	0	0

Chemicals, Waste and Hazardous Materials Management

Why is this Important to Source?

Mining production and oil and gas operations can generate significant waste, including hazardous waste, and involve the storage and handling of hazardous materials. Failure to reduce waste from operations, or to deal with it appropriately when generated, could increase compliance costs and operational costs, or impact our reputation with customers. Frac sand mines generally produce less waste and substances of concern than mines that are processing minerals. Source does not generate any waste rock from our mining operations, we do not produce any tailings waste and we do not maintain any tailings storage facilities [EM-MM-540a.1, EM-MM-540a.2, EM-MM-540a.3].

Oil and gas services companies often produce oilfield chemicals as well as drilling and hydraulic fracturing fluids. Concerns about certain chemicals used in hydraulic fracturing fluids have led to fracturing bans, regulation, and legislative proposals to mandate disclosure of chemicals used in some regions. Source does not provide or utilize drilling or hydraulic fracturing fluids in its scope of services [EM-SV-150a.1, EM-SV-150a.2].

Source's Approach

[EM-MM-150a.10]

We are conscious of wasted materials and encourage recycling and waste management in our business practices and operating procedures. This is supported by our commitment to purchase, use, and dispose of products and materials in a manner that will best utilize natural resources and minimize negative impacts to the earth's environment.

CHEMICALS, WASTE AND HAZARDOUS MATERIALS MANAGEMENT PERFORMANCE

Table 11: Waste Generation, Recycling, and Incidents

Type	SASB Reference	Units	2019	2020	2021	2022
Total weight of non-mineral waste generated	EM-MM-150a.4	Metric tonnes (t)	0	0	0	0



Total weight of tailings produced ²⁷²⁸	EM-MM-150a.5	Metric tonnes (t)	3,200,208	3,014,531	3,772,629	3,485,070
Total weight of waste rock generated	EM-MM-150a.6	Metric tonnes (t)	0	0	0	0
Total weight of hazardous waste generated	EM-MM-150a.7	Metric tonnes (t)	0	0	0.19	0
Total weight of hazardous waste recycled	EM-MM-150a.8	Metric tonnes (t)	0	0	0	0
Number of significant incidents associated with hazardous materials and waste management	EM-MM-150a.9	Number	0	0	0	0

Air Quality

Why is this Important to Source?

Source's mining activities, including the process of drying sand, can emit dust and cause air quality concerns. If not managed appropriately, this could impact relationships with governments and the local communities we operate within. Emissions of air pollutants are subject to regulation that impose various monitoring, control, and reporting requirements. Failure to comply with regulation could lead to penalties and fines, increased costs and result in negative impacts to our reputation. Additionally, Source's customers increasingly expect their oil and gas service providers to help them reduce their air emissions. However, Source does not conduct drilling activities or supply equipment that produces significant air emissions.

Source's Approach

[EM-SV-110a.2]

We take a compliance-based approach to managing our air emissions and are committed to reducing our air emissions where possible and staying within regulatory limits. We implement initiatives to reduce our air emissions at our mine sites and on customer wellsites. For example, the Sahara Unit has been designed to limit silica dust emissions. It is a fully enclosed system with dust collectors that reduces silica dust exposure to workers and the immediate area. We also are focused on dust suppression at our mine sites, spraying water to limit impacts to air quality.

²⁷ This data represents the waste volume from the wash and dry processes.

²⁸ This data was mistakenly reported on the incorrect line in our 2022 report as "Total weight of non-mineral waste generated."



In 2020, our operations were scaled down due to COVID-19, which led to a surge in air emissions from 2020 to 2021. However, when compared to air emissions in 2019, those in 2021 showed a slight decrease. Furthermore, there was an overall reduction in air emissions for Source from 2021 to 2022.

Source does not currently have any engines in service that meet Tier 4 compliances for non-road diesel engine emissions [EM-SV-110a.3].

AIR QUALITY PERFORMANCE

Table 12: Air Emissions²⁹

Type	SASB Reference	Units	2019	2020	2021	2022
Air emissions of CO	EM-MM-120a.1	Metric tonnes (t)	63.12	39.54	57.79	59.84
Air emissions of NOx (excluding N2O)	EM-MM-120a.1	Metric tonnes (t)	79.73	58.25	72.45	62.88
Air emissions of SOx	EM-MM-120a.1	Metric tonnes (t)	0.25	0.18	0.23	0.23
Air emissions of particulate matter (PM10)	EM-MM-120a.1	Metric tonnes (t)	18.80	13.26	16.99	10.97
Air emissions of mercury (Hg)	EM-MM-120a.1	Metric tonnes (t)	0	0	0	0
Air emissions of lead (Pb)	EM-MM-120a.1	Metric tonnes (t)	0	0	0	0
Air emissions of volatile organic compounds (VOC's)	EM-MM-120a.1	Metric tonnes (t)	3.28	2.14	3.00	2.25

SOCIAL

Workforce Health and Safety³⁰

Why is this Important to Source?

We have employees who are exposed to health and safety hazards at mine sites and, rail terminals, and wellsites and it is critically important to us that our employees work in a safe and healthy environment. We are subject to laws and regulation related to the health and safety of our employees and health and

²⁹ Air emissions data includes dryer sources only and does not include mobile equipment.

³⁰ SDG Target 8.8



safety is a top priority for our customers. Developing a strong culture of health and safety can allow us to avoid accidents, protect our reputation with customers and in the community, enhance the productivity of our workforce and better manage our costs.

Source's Approach

[EM-SV-320a.2]

Source believes that safe work environments are the result of a deliberate and intentional focus on a safety culture that drives successful behaviours across all levels of the organization and that health and safety excellence is achieved through the relentless commitment and engagement of everyone involved. Source's goals are simple: no harm to people, the public, Company properties, or the environment. Source supports and promotes this objective through the implementation and communication of workforce health and safety programs, policies, and procedures. These programs include health and safety management systems and detailed emergency response plans.

Source's Executive Leadership team is directly responsible for workforce health and safety, supported by the guidance of the Director of Health, Safety & Environment, and Sustainability. We employ a team of experts that monitor the Company's activities and that provide advice on health, safety, environmental and regulatory compliance, and loss prevention. This team monitors current and future industry trends, issues and best practices to ensure that effective compliance and loss prevention controls measures are implemented. In addition, the Board established the Health, Safety and Environment Committee to oversee Source's policies and management systems and assess performance regarding the protection of the health and safety of all persons associated with our operations.

Our approach to safety is guided by our Quality, Health, Safety and Environment Policy which includes the following safety commitments:

- Protecting the health, safety and security of our people at all times;
- Providing products and services to meet or exceed our customers' expectations in a safe and environmentally conscientious manner;
- Actively assessing and managing risk throughout all levels of the organization to prevent potential loss;
- Providing employees with the authority to STOP any activity deemed unsafe and to ensure the unsafe activity is properly reported and reviewed;
- Ensuring adequate communication of policies to employees, contractors, clients and members of the public;
- Continually improving our health and safety performance through an effective management system, supported by established objectives;
- Plan for appropriate responses and recovery from an emergency crisis and business interruptions; and
- Complying with all requirements in the areas in which we work, including Source policies and procedures, local laws and regulations, and customer defined expectations.



Our Safety Culture and Strategy

The safety culture at Source ensures that all employees keep our People First core value top of mind. Embracing a culture of safety is fundamental to every aspect of Source's operations. We are committed to safe operations, keeping our people safe and protecting the communities in which we operate. Our Safety Vision Statement: The relentless pursuit of safety excellence, driven by all levels of the organization is the basis for three strategic pillars that form our Health, Safety and Environment (HSE) strategy and that drive our HSE culture:



Leadership: Leaders across the organization are actively involved in HSE programs and act as role models for others. Leaders ensure HSE controls are used to manage risk and they set and hold people accountable to expectations. Leadership skills are actively developed.

Learning: Fault free safety reporting where concerns are acknowledged and addressed. Continuous improved is driven by proactively assessing and managing risk and actively seeking out lessons from operational experience. Measurement of culture and organization systems is conducted to identify needs for corrections.

Engagement: Employees at all levels are empowered to raise HSE concerns and have the willingness to assess and address risk.

Health and Safety Management Systems

The Source Management System (SMS) is built upon a vision of striving for excellence in health, safety, and environmental (HSE) practices. Its main objective is to embed a safety-focused culture throughout the value chain and project lifecycle. This systematic approach aims to continuously improve and achieve world-class performance. The SMS employs a Leadership, Learning, and Engagement Cycle, which includes checks for identifying and addressing system issues, facilitating corrective actions, and driving improvement. The senior management team conducts periodic performance reviews to assess the effectiveness of the management system.

To demonstrate its commitment to safety and health, the SMS has been awarded the Certificate of Recognition (COR). This accreditation program validates the implementation of a comprehensive safety and health management system that meets national standards.

In the second quarter of 2022, Source introduced the ACTIVE Leadership HSE training course. This two-day program equips company leaders with practical, hands-on skills and tools specific to the HSE program. The course covers various leadership styles, the responsibilities of leaders in relation to HSE performance both internally and from a regulatory perspective, and the practical application of the HSE management system in day-to-day operations.



Source has also continued to make significant progress in its incident command system emergency response plan. All rail terminal locations now have fully developed and tested plans, with annual drills conducted in Red Deer and Grande Prairie terminals to comply with Transportation of Dangerous Goods regulations for HCL storage. Additionally, the establishment of the Emergency Support Team (EST) in the fourth quarter allowed for field support during emergencies, aligning with the overall emergency response process. The EST aims to conduct at least two field location drills per year.

Furthermore, Source expanded its HSE Live program in 2022 to enhance HSE communication at the field level. Recognizing the preference for short video and audio clips as a means of information consumption, HSE Live sessions replaced written communications and introduced interactive videos on the HSE dashboard.

Lastly, Source developed its inaugural Rail Standards program in 2022. This program ensures regulatory compliance across all Source locations and incorporates best practices, even in the absence of specific compliance requirements. In 2023, Source intends to further implement the program to improve the safety of the rail, create checks and balances to ensure the Rail Standards are being followed by all our locations and our employees.

Contractor Management

Source utilizes a third-party for contractor management software and contractor management support services to improve our overall contractor management process including contractor selection, onboarding, and performance management and reviews. Contractors considered “high risk” are required to submit detailed pre-qualification information which is assessed to ensure the contractor meets our requirements and are tracked through a web-based program. The requirements include aspects of a health, safety, and environment management system, insurance, and HSE performance metrics. Using the data collected, each contractor is assigned a compliance rating. Contractors who may require assistance in improving their compliance rating are helped. Source also independently rates contractors on their performance based on specific operational categories to help determine future work. Inspections of contractor compliance are conducted by Source once a month, and performance reviews quarterly to review overall operational and HSE performance and to discuss any specific incident that may have occurred.

Formal Joint Worksite Health and Safety Committees

Formal Joint Worksite Health and Safety Committees are in place for our Terminal and Field Solutions business units and Calgary locations. Committee members represent a range of disciplines and seniority levels representing both employees and the employer.

Health and Safety Performance Compliance and Risk Management Software

Specialized health, safety and environment performance compliance and risk management software is utilized to collect safety data, proactively track trends, and generate detailed reports regarding all safety-related data. Employees are fully engaged in the usage of the software to communicate any and all safety concerns through workplace observations, inspections, safety meetings and near miss and incident reports. This ensures that all employees have a say in their safety, and that health and safety is driven by all levels of the organization.



Hazard Identification System

Meeting or exceeding safety standards is paramount at Source and accomplished through hazard assessments and ongoing equipment inspections. Source has developed a tiered risk management program that provides employees with risk assessment tools to assess work tasks, and the authority to stop perceived unsafe or high-risk tasks.

Incident Investigations

Whenever an incident may occur, an investigation is conducted. All information is collected for analysis which is used to track trends, improve processes and systems, and for general learning to prevent further incidents. Each incident is thoroughly reviewed to determine and understand causes and to then identify corrective action needed. Critical and near miss incidents are communicated to the entire organization.

Health and Safety Training

Source has prioritized the development of a comprehensive training program, aiming to equip our employees with the necessary tools, resources, and knowledge to effectively identify risks, communicate safety concerns, and employ proper body techniques to prevent incidents related to stepping, handling, and lifting. In 2021, we took significant steps to enhance our core HSE course, the Body ImpACT Program, and successfully implemented training initiatives across our Canadian operations.

The Body ImpACT Program is designed to empower our employees and promote a safe working environment by focusing on two key components: Mind and Matter, and Hands and Feet. By providing our workforce with these tools, we enable them to protect themselves and their colleagues from potential harm.



During the first quarter of 2022, Source further expanded the Body ImpACT program by introducing a workstation ergonomic program. This initiative caters specifically to employees who frequently work at desks, ensuring that they are not at risk of work-related injuries or illnesses. Additionally, we successfully completed the Body ImpACT program at our Wisconsin sites, marking a significant milestone since the COVID-19 pandemic began.

In the second quarter, Source hosted a series of HCL awareness presentations in partnership with Chemtrade. These presentations provided information regarding the safe handling, delivery, and storage of HCL to employees, transport companies, and local emergency responders.

In the third quarter, Source conducted multiple HSE training courses throughout Canada and the United States. In Canada, we offered the Body & Mind Impact Course and the ACTIVE Leadership course, which attracted a diverse mix of terminal, field, and production employees. Simultaneously, we conducted six Body Impact courses in the United States.



Moving into the fourth quarter, Source introduced the "Walk this Way" campaign to improve safety within and around the Sahara Units. This initiative emphasizes the importance of employees adhering to designated paths and avoiding stepping off rig matting. By implementing this campaign, we aim to reduce the risk of accidents in these areas.

For more detailed information on our emergency preparedness training and our approach to managing health and safety concerns related to silica dust, please refer to the Critical Incident Risk Management and Public Safety section.

Table 13: Fatalities

Type	SASB Reference	Units	2019	2020	2021	2022
Fatality rate - full time employees	EM-SV-320a.1, EM-MM-320a.1	Rate	0	0	0	0
Fatality rate - contract employees	EM-SV-320a.1, EM-MM-320a.1	Rate	0	0	0	0
Fatality rate - short service employees	EM-SV-320a.1	Rate	0	0	0	0



WORK FORCE HEALTH AND SAFETY PERFORMANCE^{31,32,33,34}

Figure 4: Total Recordable Incident Rate³¹
[EM-SV-320a.1]

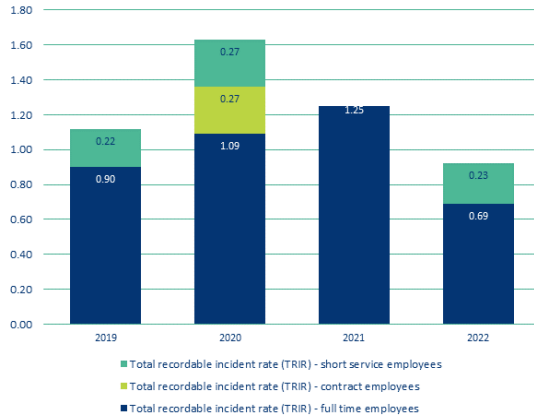


Figure 5: Near Miss Frequency Rate³²
[EM-SV-320a.1, EM-MM-320a.1]

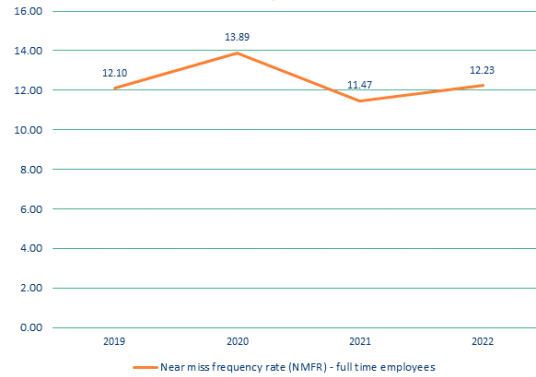


Figure 6: Lost Time Incident Rate³³

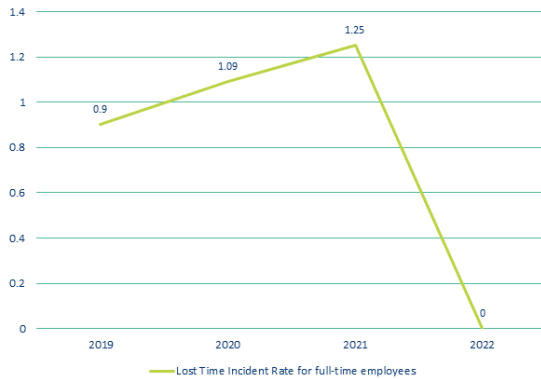


Figure 7: Total Vehicle Incident Rate³⁴
[EM-SV-320a.1]

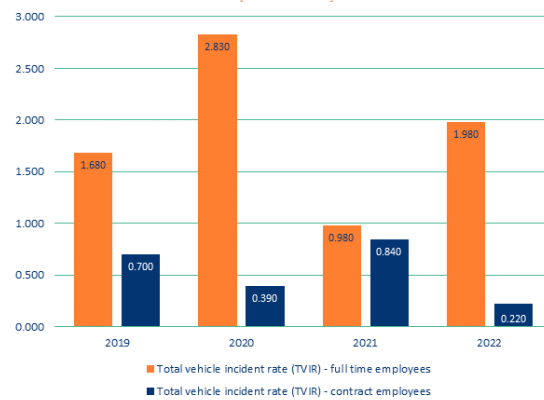
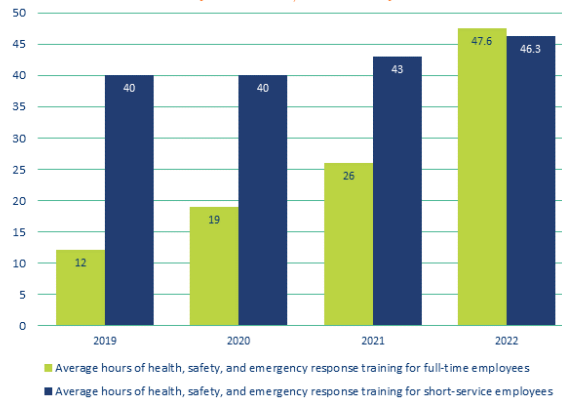


Figure 8: Average Hours of Health, Safety and Emergency Response Training
[EM-SV-320a.1, EM-M-320a.1]



³¹ Per 200,000 working hours

³² Per 200,000 working hours

³³ Per working hours. 2019: 829,594; 2020: 734,560; 2021: 802,171; 2022: 868,766

³⁴ Per 1,000,000 as per API guidelines. Calculated based on kilometers driven.



Human Capital Management³⁵

Why is this Important to Source?

Our employees are critical to our long-term success and are essential to helping us meet our Company goals. It is important that we continue to be able to attract, retain and develop a sufficiently skilled and diverse workforce. Failure to develop strong policies, processes, commitments and demonstrated performance around employee engagement, diversity and talent development all have the potential to negatively impact the productivity of the workforce and our performance as a Company.

As of December 31, 2022, Source had approximately 409 employees: 219 employees in Canada and 190 employees in the U.S. None of Source's Canadian or U.S. employees are covered under collective bargaining agreements [EM-MM-310a.1].

Source's Approach

We are focused on developing a corporate culture that is built upon our core values:

PEOPLE FIRST | INNOVATIVE | RESOURCEFUL | PASSIONATE | PROFESSIONAL

All members of the Source team are innovators in their field and are passionate about what they do. Their enthusiasm is infused throughout our culture – a culture encouraging technical innovation and differentiation. Source is committed to providing a respectful workplace for our employees – one that is inclusive, that promotes a healthy and positive environment where everyone is treated with dignity and respect, and one that is free from discrimination and disrespectful behavior.

Source's Executive Leadership and senior management team is responsible for human resources, including development and oversight of guidelines and practices, policies and procedures, and implementing best practices, with direct guidance provided by the Vice President and Chief Financial Officer.

Our approach to human capital management is guided by the following policies:

- Diversity and Inclusion Policy
- Respect in the Workplace
- Workplace Violence Policy

For more details on these policies, see the ESG-Related Policies section.

Workplace Diversity and Inclusion

Source is committed to supporting an inclusive and diverse workplace and acknowledges its value in strengthening employee performance and Company results. Source believes that unique ideas, skills and perspectives contribute to building a positive and efficient workforce, that benefits our employees, clients

³⁵ SDG Target 10.3



and stakeholders. Source's Diversity and Inclusion Policy promotes and encourages an inclusive and diverse workplace, in order to:

- Attract and retain the best employees;
- Improve the quality of decision-making through the consideration of diverse perspectives and ideas;
- 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. This year, to advance training on diversity and inclusion, select employees participated in Indigenous Awareness Training. See the Human Capital Management Performance section for our diversity data.

Recognition Programs

Introduced in 2019, Source's Employee Recognition Program highlights outstanding contributions to HSE performance. Source also introduced its Pursuit of Excellence Program which allows co-workers to give recognition to each other for illustrating our core values and going above and beyond expectations. The program is broken into two main categories: HSE Rewards and Accolades of Excellence (A.C.E.) awards.

The HSE awards are given to employees who have submitted outstanding HSE observations each month and the A.C.E. awards are given to employees who have gone above and beyond their normal expected duties for the betterment of the Company. Positive employee behaviors can be nominated through employee peers, supervisors or managers, and can also have points attached to them which can be used in an online catalogue. The recognitions are automatically posted on the programs dashboard so that they are publicly visible throughout the Company.

Wellness Program

To enhance employee engagement and support, in 2021 Source implemented SPARK, a health & wellness program aimed at providing comprehensive support to our employees as individuals. Our commitment is to empower employees to prioritize their health and well-being, while creating awareness and promoting existing programs. This program focuses on five pillars: social/emotional, physical, community, financial, and career, aiming to support employees holistically. In 2022, we expanded our SPARK Health & Wellness program, through various means:

- Organizing quarterly company-wide Challenges to foster discussions and support well-being, encouraging employee engagement in health and wellness. Each Challenge centered around a different SPARK pillar, addressing a specific aspect of employees' well-being.
- Monthly sharing of articles and resources on different health and wellness themes with employees
- Integrating SPARK with other company programs to ensure the health and wellness program is not isolated.



- Sharing relevant resources from the company's benefits providers, including webinars, web tools, and articles, with employees.
- Provide lunch and learn assessments with quarterly SPARK themes.

The mission of the Talk to Me Society organization is to increase awareness of mental health programs for first responders in the community. 2022 was the 4th Annual Talk To Me Color Walk/Run, which is held in honour of Dustin Sieker, a first responder who lost his life to suicide stemming from PTSD. The monies raised by this event go back into the community. First, by funding two scholarships to the Community Foundation of Northwestern Alberta that the society has created, and second, by giving any extra funds to Youth Mental Health programs like AHS, Suicide Prevention, Mens Shed, and the EMS Foundation.



Benefits

Full-time employees are eligible for a suite of benefits including health insurance, an education assistant program, life insurance, short and long-term disability, and retirement savings plans.

Performance Evaluations

Employees and their supervisors are strongly encouraged to talk about performance regularly. On an annual basis at a minimum (depending on job classification), employees and their supervisors are expected to have scheduled formal performance evaluations. These discussions give both participants the opportunity to discuss job responsibilities and goals, encourage and recognize strengths, identify and correct any weaknesses, develop plans for dealing with any obstacles, and plan for the future.

HUMAN CAPITAL MANAGEMENT PERFORMANCE

Table 14: Diversity

Type	SASB Reference	Units	2019	2020	2021	2022
Percentage of female employees	N/A	Percentage (%)	17	17	16	17



Percentage of female employees in senior executive management ^{36,37}	N/A	Percentage (%)	0	0	0	0
Percentage of female employees in non-executive management ³⁸	N/A	Percentage (%)	17	17	17	22%

Table 15: Strikes and Lockouts

Type	SASB Reference	Units	2019	2020	2021	2022
Number of strikes and lockouts	EM-MM-310a.2	Number	0	0	0	0
Duration of strikes and lockouts	EM-MM-310a.2	Days	0	0	0	0

Community Relations³⁹

Why is this Important to Source?

Mining and oil and gas operations can have environmental and socio-economic impacts on nearby communities. Companies also frequently need support from local communities to be able to obtain permits and leases, and to conduct their activities economically. Effective management of relationships with local communities can help to mitigate conflicts, avoid disruptions, facilitate permitting, protect our reputation, and facilitate long-term partnerships with communities.

Source's Approach

[EM-MM-210b.1]

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.

Community and Stakeholder Engagement

Source engages with local communities and stakeholders in a variety of ways regarding our mining operations. We attend town meetings to provide updates on our operations, we facilitate site visits for interested stakeholders, and it is our objective to hire locally as much as possible. We attend job fairs in local communities and develop partnerships with educational institutions to source local talent. For our

³⁶ SDG Target 5.5.2

³⁷ Executive Management represents "C-Suite" executives.

³⁸ Non-executive management represents senior management roles.

³⁹ SDG Target 17.17



Canadian operations, engagement and approach is project dependent but typically involves engagement with local representatives, regulators and landowners, community presentations, and open houses.

Our [Whistleblower Policy](#) and reporting mechanism are both publicly available for community members to report any grievances. See the Business Ethics and Transparency section for more details on our different avenues for reporting concerns.

Community Investment⁴⁰

Source is committed to investing in local communities. Our various business units have community investment budgets to be used to fulfill funding requests from local organizations and support employee efforts in the local community. In 2022, Source supported over 60 local community organizations, causes, and events, with monetary and in-kind donations totaling \$93,741.25 CAD, a 35% increase from 2021. Examples include:

- Special Olympics Alberta
- Peace River Minor Hockey
- Talk to Me Society in Support of First Responder's Mental Health
- Sagitawa Friendship Society
- Blair Cheese Festival
- Mayo Clinic Health System Wisconsin

Over the course of 5 years, which started in 2019, Source has committed to donating \$100,000 to support the Wembley Arena and Recreation Centre – now named the Source Energy Services Arena and Rec Centre. The Source Energy Services Arena and Rec Centre is not only home to the Wembley Wildcats Hockey team but is also a pillar of the community with its many programs, fitness room, and recreational centre – promoting an active and healthy lifestyle.

In partnership with the Weyerhaeuser Area Community Club, Inc., starting in 2022, Source Energy will be providing \$10,000 over five years to support the Weyerhaeuser Pickleball Courts. The Weyerhaeuser Area Community Club and their partners have rehabilitated and converted two tennis courts at the Community Park in Weyerhaeuser into six lighted pickleball courts. As Pickleball is the fastest growing sport in the US, the courts are helping to make the community more attractive, bring more visitors into the area to enjoy the park and patronize local businesses, as well as give people the opportunity to partake in the sport.



⁴⁰ SDG Target 4.3



Edson Bike Donation

This year, our Edson team donated four bikes to the Mobbinkingz- Bikez 4 Kidz initiative. This program gathers bikes to give to children in need in the communities of Edson in Hinton, providing a pathway to health, happiness and opportunity. *Pictured on previous page.*

Fox Creek School

In 2022, Source Energy Services donated the funds to help Fox Creek School purchase a new planer for their Industrial Arts program.



The shop is now able to help students from grades 4 to 12 complete woodworking projects in a safer manner, while keeping the wood and materials costs down. In addition, the new planer allows the school to be more sustainable as they can now re-use wood and use wood that is not perfect.

COMMUNITY RELATIONS PERFORMANCE

2022 Community Investment Categories of Support Breakdown

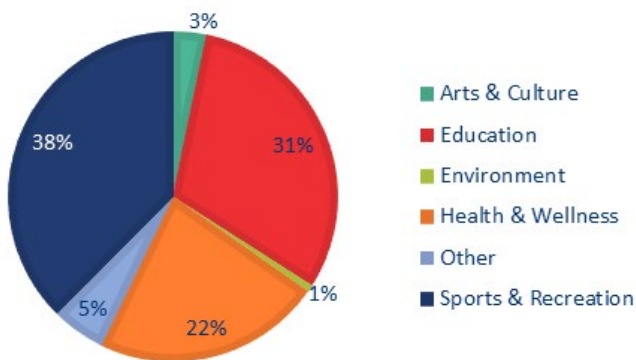




Table 16: Non-Technical Delays

Type	SASB Reference	Units	2019	2020	2021	2022
Number of non-technical delays	EM-MM-210b.2	Number	0	0	0	0
Duration of non-technical delays	EM-MM-210b.2	Days	0	0	0	0

Critical Incident Risk Management and Public Safety

Why is this Important to Source?

Oil and gas exploration, development and production activities can, in extreme circumstances, result in critical incidents related to spills and accidents. Release of hydrocarbons could have a range of impacts on the environment, employees, and local communities. Source's wellsite operations are focused on logistics and the supply and distribution of frac sand, and we do not conduct drilling or provide services that could directly result in safety incidents or emergencies. We are subject to laws and regulations relating to human exposure to crystalline silica given its potential impacts to human health.

Source's Approach

Emergency Preparedness via Training and Drills

[EM-SV-540a.1]

Source has made significant strides in enhancing its incident command system and emergency response plan. Every rail terminal location has tested plans, with annual drills held at the Red Deer and Grande Prairie terminals to ensure compliance with Transportation of Dangerous Goods regulations for HCL storage. In addition to this, the establishment of the Emergency Support Team (EST) in the fourth quarter has enabled field support during emergencies, seamlessly aligning with the overarching emergency response process. The EST is committed to conducting a minimum of two field location drills annually.

Furthermore, Source diligently conducts regular emergency response plan (ERP) drills to guarantee readiness and efficiency, supplementing this with comprehensive emergency preparedness training for all employees. In 2021, Source implemented an Incident Command System (ICS) ERP specifically tailored for its Canadian Terminal division. Each terminal location had a site-specific ICS emergency response plan developed, accompanied by ICS 100 training for employees and both ICS 100 and 200 training for management. The locations completed ERP orientations and engaged in tabletop drill exercises focused on the new ERP, a practice that has continued into 2022.

Reducing Silica Dust

As a proppant company, reducing silica dust levels is a top-level priority for our employees, communities, and customers. All Source facilities have detailed silica plans to protect employees, outlining the control measures from engineering to administrative action, to PPE requirements. We also have in place an employee health monitoring program and any employee who works near silica dust is proactively monitored as part of the program. The program includes setting respiratory baselines to ensure no short or long-term health effects occur and all employees must complete a Source-specific Silica Awareness Training course.



Each production facility has a fugitive dust control plan to limit emission levels, protect our communities, and the environment. Dust collectors installed in our production facilities ensure proper engineering controls keep dust levels to a minimum. Frequent internal silica dust sampling is conducted across all our facilities.

Source has a unique advantage due to our Sahara Units, as the Sahara Unit has been designed to limit silica dust emissions. It is a fully enclosed system with dust collectors that reduces silica dust exposure to workers and the immediate area.

The Sahara Advantage

Reducing silica levels for an entire well site:

- Industry leading silica dust management via fully enclosed 1,800MT sand storage units
- Proppants delivered via belts and belly dumps – no pneumatics!
- Integrated dust collection at potential high exposure point
- Meets the OSHA silica exposure level requirements



Security, Human Rights and Rights of Indigenous Peoples

Why is this Important to Source?

We recognize that resource development occurs in the traditional territories of Indigenous peoples. The effective management of risks related to security, human rights, and the rights of Indigenous peoples can help avoid disruptions of operations, cost increases, litigation and protect our reputation. Source has no proved or probable reserves in or near areas of conflict [EM-MM-210a.1] and no proved or probable reserves in or near Indigenous lands [EM-MM-210a.2].



Source's Approach

[EM-MM-210a.3]

Source is committed to providing a respectful workplace for our employees – one that is inclusive, that promotes a healthy and positive environment where everyone is treated with dignity and respect, and one that is free from discrimination and disrespectful behavior. Source is committed to building and maintaining constructive, mutually beneficial relationships with Indigenous people and communities in the areas in which we operate. We acknowledge that Indigenous people are stewards of this land, and we respect their unique cultures, traditions, and knowledge. We recognize the importance of cultivating meaningful relationships based on mutual respect, trust and cooperation.

Our approach to engagement with Indigenous communities is guided by our Indigenous Relations Policy. For more details on this policy, see the ESG-Related Policies section.

Indigenous Awareness Training

We provide Indigenous awareness training to select employees to increase their awareness and understanding of Indigenous peoples' distinct history, rights and culture.

Economic Opportunities

We are committed to working with Indigenous people and businesses in areas of our operations and throughout our supply chain. We have started to track our spending with Indigenous suppliers.

We also seek to provide employment and training for Indigenous peoples. Our approach is to engage with local human resource departments to facilitate work opportunities for Indigenous communities in proximity to our operations.

Forward Looking Statements

Certain statements contained in this report and the information incorporated herein by reference constitute forward looking information and statements that involve various risks, uncertainties, and other factors. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "should", "believe", "plans", or variations of such words and phrases and similar expressions and the negative and grammatical variations of such expressions are intended to identify forward looking information or statements. In particular, but without limiting the foregoing, this report contains forward-looking information and statements that reflect Source's beliefs, estimates and opinions pertaining to the following: plans, strategies and strategic objectives; expectations regarding cost-effective emissions reductions; the advancement of and focus on safety practices and performance; approach to and annual reassessment of its ESG reporting topics; monitoring of its ESG performance and ESG trends; climate strategy and the benefits thereof; anticipated future demand for our products; and approach to incident prevention and response. With respect to forward-looking information contained in this report, assumptions have been made regarding, among other things; the continued ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the consistency of the regulatory regime and 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; the amount of future capital investment will be consistent with current development plans and budget;



sustained future capital investment; future cash flows from production; taxes and royalties will remain consistent with calculated rates; the future sources of funding for our capital program; future debt levels; geological and engineering estimates in respect mineral resources; the geography of the areas in which we conduct exploration and development activities, and the access, economic, regulatory and physical limitations to which we may be subject from time to time; the impact of competition; and our ability to obtain financing on acceptable terms.

Statements relating to mineral resources are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described exist in the quantities predicted or estimated and that the mineral resources described might be able to be profitably produced in the future.

Actual results could differ materially from those anticipated in the forward-looking information that is contained herein as a result of the risks and risk factors that are set forth in our 2022 Annual Information Form dated March 8, 2023 for the year ended December 31, 2022 which is available on SEDAR at [SEDAR+ - Landing Page \(sedarplus.ca\)](https://www.sedarplus.ca), including, but not limited to: volatility in market prices and demand for oil, natural gas and NGLs; hedging activities related to oil, natural gas and NGLs; general economic, business and industry conditions; global supply chains and economic activity in general; variance of actual capital costs, operating costs and economic returns from those anticipated; negative public perception and protests against oil and natural gas development and hydraulic fracturing; actions by governmental authorities, including changes in government regulation, royalties and taxation; political changes; potential legislative and regulatory changes; 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 proppant; changes in the Company's indebtedness and liquidity including Source's leverage, restrictive covenants in Source's debt instruments and Source's capital requirements; management of the Company's growth; the ability to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions or businesses; the availability, cost or shortage of equipment, raw materials, supplies or qualified personnel; the adoption or modification of climate change legislation by governments; potential impacts of climate change on the Company's operations; operating hazards and uninsured risks; the risks of fires, floods and natural disasters, which could become more frequent or of a greater magnitude as a result of climate change; execution risks associated with our business plan; limited intellectual property protection and dependence on employees and contractors; third-party claims regarding the Company's right to use technology and equipment; failure to realize the anticipated benefits of acquisitions or dispositions; failure of properties acquired now or in the future to produce as projected and inability to determine mineral resource potential, identify liabilities associated with acquired properties or obtain protection from sellers against such liabilities; government regulations; changes in the application, interpretation and enforcement of applicable laws and regulations; environmental, health and safety requirements; restrictions on development intended to protect certain species of wildlife; potential conflicts of interests; actual results differing materially from management estimates and assumptions; seasonality of the Company's activities and the Canadian oil and gas industry; alternatives to and changing demand for petroleum products; extensive competition in the Company's industry; the continued availability of timely and safe transportation for Source's products, including without limitation,



rail accessibility; changes in the Company's credit ratings; third party credit risk; dependence upon key customers and the financial strength of our key customers; the ability of Source to successfully bid on new contracts and the loss of significant contracts; effects of fluctuations in the price of proppants; terrorist attacks or armed conflict; cyber security risks, loss of information and computer systems; inability to dispose of non-strategic assets on attractive terms; reassessment by taxing and royalty authorities of the Company's prior transactions and filings; variations in foreign exchange rates and interest rates; sufficiency of insurance policies; potential for litigation; variation in future calculations of non-International Financial Reporting Standards measures; breach of and potential enforceability issues in contracts; inability of the Company to respond quickly to competitive pressures; and the risks related to the common shares that are publicly traded and the Company's senior notes and other indebtedness. The forward-looking information and statements contained in this document speak only as of the date hereof and 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.



Consolidated ESG Performance Data

ESG Governance						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Percentage of women on the Board	Percentage (%)	N/A	NRP	14	14	20
Percentage of women on the senior executive management team	Percentage (%)	SDG Target 5 Indicator 5.5.2	NRP	NRP	17	22
Percentage of the Board that are independent	Percentage (%)	N/A	NRP	86	86	80
Percentage of Board committee chairs that are independent	Percentage (%)	N/A	NRP	NRP	100	100
Average age of Board directors ⁴¹	Years	N/A	NRP	55.4	56.4	53.8
Average years of tenure for Board directors	Years	N/A	NRP	2.17	3.17	3.18
Average vote in favor of the election of directors at the AGM	Percentage (%)	N/A	NRP	99.98	99.35	91.8
Percentage of Board and committee meeting attendance	Percentage (%)	N/A	NRP	97	100	100
Business Ethics and Transparency						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Metric tonnes (t) saleable	SASB EM-MM-510a.2	0	0	0	0
Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Reporting currency	SASB EM-SV-510a.1	0	0	0	0
Climate Change and Greenhouse Gas Emissions						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Gross Global Scope 1 GHG Emissions	Metric tonnes CO ₂ -e (t)	SASB EM-MM-110a.1 TCFD Metrics and Targets a and b	60,657	40,582	53,492	55,873
Gross Global Scope 2 GHG Emissions	Metric tonnes CO ₂ -e (t)	TCFD Metrics and Targets a and b	26,234	24,225	20,586	26,956

⁴¹ as at December 31, 2022



Percentage of gross global Scope 1 GHG emissions covered under emissions-limiting regulations	Percentage (%)	SASB EM-MM-110a.1 TCFD Metrics and Targets a and b	NRP	NRP	0	0
Energy Management						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Total energy consumed	Gigajoules (GJ)	SASB EM-MM-130a.1	1,208,849	954,839	1,096,512	1,089,149
Total renewable energy purchased through Renewable Energy Certificates	Gigajoules (GJ)	N/A	0	32,400	32,400	32,400
Percentage of total energy consumed that was grid electricity	Percentage (%)	SASB EM-MM-130a.1	14	18	15	15.26
Percentage of total energy consumed that was renewable	Percentage (%)	SASB EM-MM-130a.1	0	3.39	2.95	2.27
Total fuel consumed ⁴²	Gigajoules (GJ)	SASB EM-SV-110a.1	1,193,789	784,415	930,777	922,946
Percentage of total fuel consumed that is renewable ⁴³	Percentage (%)	SASB EM-SV-110a.1	0	0	0	0
Percentage of total fuel consumed used in on-road equipment ⁴⁴	Percentage (%)	SASB EM-SV-110a.1	0.47	0.55	0.45	0.86
Percentage of total fuel consumed used in off-road equipment ⁴⁵	Percentage (%)	SASB EM-SV-110a.1	99.53	99.45	99.55	99.14
Water Management						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022

⁴² Considers transportation and combustion fuel. Driving energy calculated based on kilometers driven. The Field Solutions Sahara Unit fuel usage is based on estimates from engine hours as source does not supply the fuel to these units. Our customers supply fuel for the entire wellsite and are not able to break down what they supply to Source specifically. Sample representatives of how much fuel is burned are taken and applied to engine hours.

⁴³ Considers transportation and combustion fuel only.

⁴⁴ Considers transportation fuel only.

⁴⁵ Considers transportation fuel only.



Total fresh water withdrawn	Thousand cubic metres (m³)	SASB EM-MM-140a.1	701	760	907	884
Percentage of fresh water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	SASB EM-MM-140a.1	NRP	NRP	0	0
Total fresh water consumed	Thousand cubic metres (m³)	SASB EM-MM-140a.1	118	335	431	471
Percentage of fresh water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	SASB EM-MM-140a.1	NRP	NRP	0	0
Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	SASB EM-MM-140a.2	0	0	0	0
Water recycled for production usage	Percentage (%)	N/A	45.4	35.9	34.4	30.7
Biodiversity Impacts						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Percentage of proved reserves in or near sites with protected conservation status or endangered species habitat	Percentage (%)	SASB EM-MM-160a.3	NRP	NRP	0	0
Percentage of probable reserves in or near sites with protected conservation status or endangered species habitat	Percentage (%)	SASB EM-MM-160a.3	NRP	NRP	0	0
Percentage of mine sites where acid rock drainage is predicted to occur	Percentage (%)	SASB EM-MM-160a.2	0	0	0	0
Percentage of mine sites where acid rock drainage is actively mitigated	Percentage (%)	SASB EM-MM-160a.2	0	0	0	0
Percentage of mine sites where acid rock drainage is under treatment or remediation	Percentage (%)	SASB EM-MM-160a.2	0	0	0	0
Land reclaimed	Acres	N/A	NRP	NRP	33.8	24
Chemicals, Waste, and Hazardous Materials Management						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Volume of hydraulic fracturing fluid used	Thousand cubic metres (m³)	SASB EM-SV-150a.1	0	0	0	0
Total weight of non-mineral waste generated	Metric tonnes (t)	SASB EM-MM-150a.4	0	0	0	0



Total weight of tailings produced ⁴⁶⁴⁷	Metric tonnes (t)	SASB EM-MM-150a.5	3,200,208	3,014,531	3,772,629	3,485,070
Total weight of waste rock generated	Metric tonnes (t)	SASB EM-MM-150a.6	0	0	0	0
Total weight of hazardous waste generated	Metric tonnes (t)	SASB EM-MM-150a.7	0	0	0.19	0
Total weight of hazardous waste recycled	Metric tonnes (t)	SASB EM-MM-150a.8	0	0	0	0
Air Quality						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Air emissions of CO	Metric tonnes (t)	SASB EM-MM-120a.1	63.12	39.54	57.79	59.84
Air emissions of NOx (excluding N2O)	Metric tonnes (t)	SASB EM-MM-120a.1	79.73	58.25	72.45	62.88
Air emissions of SOx	Metric tonnes (t)	SASB EM-MM-120a.1	0.25	0.18	0.23	0.23
Air emissions of particulate matter (PM10)	Metric tonnes (t)	SASB EM-MM-120a.1	18.80	13.26	16.99	10.97
Air emissions of mercury (Hg)	Metric tonnes (t)	SASB EM-MM-120a.1	0	0	0	0
Air emissions of lead (Pb)	Metric tonnes (t)	SASB EM-MM-120a.1	0	0	0	0
Air emissions of volatile organic compounds (VOCs)	Metric tonnes (t)	SASB EM-MM-120a.1	3.28	2.14	3.00	2.25
Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	Percentage (%)	SASB EM-SV-110a.3	NRP	NRP	0%	0%
Workforce Health and Safety						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022

⁴⁶ This data represents the waste volume from the wash and dry processes.

⁴⁷ This data was mistakenly reported on the incorrect line in our 2022 report as “Total weight of non-mineral waste generated.”



Total recordable incident rate – Full-time employees ⁴⁸	Rate	SASB EM-SV-320a.1	0.9	1.09	1.25	0.69
Total recordable incident rate – Contract employees ⁴⁹	Rate	SASB EM-SV-320a.1	0	0.27	0	0
Total recordable incident rate – Short-service employees ⁵⁰	Rate	SASB EM-SV-320a.1	0.22	0.27	0	0.23
Fatality rate – Full-time employees ⁵¹	Rate	SASB EM-SV-320a.1	0	0	0	0
Fatality rate – Contract employees ⁵²	Rate	SASB EM-MM-320a.1	0	0	0	0
Fatality rate – Short-service employees ⁵³	Rate	SASB EM-SV-320a.1	0	0	0	0
Near miss frequency rate – Full-time employees ⁵⁴	Rate	SASB EM-MM-320a.1	12.1	13.9	11.7	12.23
Lost time incident rate – Full-time employees ⁵⁵	Rate	SASB EM-SV-320a.1	0.67	0.27	0.25	0
Total vehicle incident rate – Full-time employees ⁵⁶	Rate	SASB EM-SV-320a.1	1.68	2.83	0.98	1.98
Total vehicle incident rate – Contract employees ⁵⁷	Rate	SASB EM-SV-320a.1	0.7	0.39	0.84	0.22
Average hours of health, safety, and emergency response training – Full-time employees	Hours	SASB EM-SV-320a.1 SASB EM-MM-320a.1	12	19	26	47.6
Average hours of health, safety, and emergency response training – Short-service employees	Hours	SASB EM-SV-320a.1	40	40	43	46.3
Human Capital Management						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Employees	Number	N/A	NRP	NRP	351	409
Canadian employees	Number	N/A	NRP	NRP	180	219

⁴⁸ Per 200,000 working hours.

⁴⁹ Per 200,000 working hours.

⁵⁰ Per 200,000 working hours.

⁵¹ Per 200,000 working hours.

⁵² Per 200,000 working hours.

⁵³ Per 200,000 working hours.

⁵⁴ Per 200,000 working hours.

⁵⁵ Per working hours. 2019: 829,594; 2020: 734,560; 2021: 802,171; 2022: 868,766

⁵⁶ Per 1,000,000 as per API guidelines. Calculated based on kilometers driven.

⁵⁷ Per 1,000,000 as per API guidelines. Calculated based on kilometers driven.



U.S. employees	Number	N/A	NRP	NRP	171	190
Percentage of active U.S. workforce covered under collective bargaining agreements	Percentage (%)	SASB EM-MM-310a.1	0	0	0	0
Percentage of active foreign workforce covered under collective bargaining agreements	Percentage (%)	SASB EM-MM-310a.1	0	0	0	0
Percentage of female employees	Percentage (%)	N/A	17	17	16	16.6
Percentage of female employees in executive management	Percentage (%)	SDG Target 5 Indicator 5.5.2	0	0	0	0
Percentage of female employees in non-executive management	Percentage (%)	N/A	17	17	17	22
Number of strikes and lockouts	Number	SASB EM-MM-310a.2	0	0	0	0
Duration of strikes and lockouts	Days	SASB EM-MM-310a.2	0	0	0	0
Community Relations						
ESG Metric	Unit of Measurement	ESG Reporting Framework	2019	2020	2021	2022
Number of non-technical delays	Number	SASB EM-MM-210b.2	0	0	0	0
Duration of non-technical delays	Days	SASB EM-MM-210b.2	0	0	0	0

SASB Index

The Sustainability Accounting Standards Board (“**SASB**”) publishes industry-specific sustainability accounting standards, intended to help companies disclose financially material, decision-useful ESG information to investors in a cost-effective and comparable way. We have reported applicable metrics from two SASB Standards applicable to our business: the SASB Oil & Gas – Services Standard and Metals & Mining Standard given that we are an oil and gas services company which owns and operates mine sites. Any omissions or deviations from the Standards are explained.

Oil & Gas – Services Sustainability Accounting Standard Index

Emissions Reductions Services and Fuel Management			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure



EM-SV-110a.1	Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicles and (2) off-road equipment	Gigajoules (GJ), Percentage (%)	Fuel consumed: 922,946 GJ ⁵⁸ Percentage renewable: 0% ⁵⁹ Percentage used in on-road equipment and vehicles: 0.86% ⁶⁰ Percentage used in off-road equipment: 99.14% ⁶¹ Energy Management Performance: Table 8, Page 31
EM-SV-110a.2	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts	N/A	Air Quality – Source’s Approach, Page 37
EM-SV-110a.3	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	Percentage (%)	Source does not currently have any engines in service that meet Tier 4 compliances for non-road diesel engine emissions (0%). Air Quality – Source’s Approach, Page 37
Water Management			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-SV-140a.1	(1) Total volume of fresh water handled in operations (2) Percentage recycled	Thousand cubic metres (m ³), Percentage (%)	The services that we provide to oil and gas companies at the wellsite do not require the use of water. We track the volume of freshwater withdrawn and consumed, and water recycled for production usage for our mine operations. Water Management Performance: Table 9, Page 34
EM-SV-140a.2	Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities, and impacts	N/A	The services that we provide to oil and gas companies at the wellsite do not require the use of water. We discuss our strategy and plans to address water consumption and disposal-related risks, opportunities and impacts for our mine operations. Water Management – Source’s Approach, Page 33
Chemical Management			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure

⁵⁸ Considers transportation and combustion fuel. Driving energy calculated based on kilometers driven. The Field Solutions Sahara Unit fuel usage is based on estimates from engine hours as source does not supply the fuel to these units. Our customers supply fuel for the entire wellsite and are not able to break down what they supply to Source specifically. Sample representatives of how much fuel is burned are taken and applied to engine hours.

⁵⁹ Considers transportation and combustion fuel only.

⁶⁰ Considers transportation fuel only.

⁶¹ Considers transportation fuel only.



EM-SV-150a.1	Volume of hydraulic fracturing fluid used, percentage hazardous	Thousand cubic metres (m ³), Percentage (%)	Source does not provide or utilize drilling or hydraulic fracturing fluids in its scope of services (0m ³). Chemicals, Waste and Hazardous Materials Management – Why is this Important to Source?, Page 36
EM-SV-150a.2	Discussion of strategy or plans to address chemical-related risks, opportunities, and impacts	N/A	Source does not provide or utilize drilling or hydraulic fracturing fluids in its scope of services. Chemicals, Waste and Hazardous Materials Management – Why is this Important to Source?, Page 36
Ecological Impact Management			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-SV-160a.1	Average disturbed acreage per (1) oil and (2) gas well site	Acres	Source does not provide drilling, completion, fracturing and/or decommissioning services, which limits the disturbance caused by our oil and gas services activities. The management of acreage disturbed per oil and gas wellsite is outside of our control, therefore we do not track this metric. Biodiversity Impacts – Why is this Important to Source?, Page 34
EM-SV-160a.2	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities	N/A	Source does not provide drilling, completion, fracturing and/or decommissioning services, which limits the disturbance caused by our oil and gas services activities. Our approach to address risks and opportunities related to ecological impacts from our core activities focuses primarily on reclamation activities at our mine sites. Biodiversity Impacts – Source's Approach, Page 34
Workforce Health and Safety			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-SV-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), (4) total vehicle incident rate (TVIR), and (5) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	Rate	TRIR (per 200,000 working hours): Full-time employees: 0.69 Contract employees: 0 Short-service employees: 0.23 Workforce Health and Safety Performance: Figure 4, Page 44 Fatality rate (per 200,000 working hours): Full-time employees: 0 Contract employees: 0 Short-service employees: 0



			<p>Workforce Health and Safety Performance: Table 13, Page 43 NMFR (per 200,000 working hours): Full-time employees: 12.23 Currently, we only track NMFR for full-time employees. Workforce Health and Safety Performance: Figure 5, Page 44 TVIR (per 1,000,000 as per API guidelines and calculated based on kilometers driven): Full-time employees: 1.98 Contract employees: 0.22 Currently, we do not track TVIR for short service employees. Workforce Health and Safety Performance: Figure 7, Page 44 Average hours of health, safety and emergency response training: Full-time employees: 47.6 Short-service employees: 46.3 Currently, we do not track training hours for contract employees. Workforce Health and Safety Performance: Figure 8, Page 44</p>
EM-SV-320a.2	Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	N/A	Workforce Health and Safety – Source’s Approach, Page 39
Business Ethics and Transparency			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-SV-510a.1	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index	Reporting Currency	<p>We do not generate revenue in any countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index. Source operates in the United States and Canada. The United States scored 69/100, ranking 24th overall in the index and Canada scored 74/100 ranking 14th overall in the index. Business Ethics and Transparency, Page 21</p>
EM-SV-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	N/A	Business Ethics and Transparency – Source’s Approach, Page 22
Management of Legal and Regulatory Environment			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure



EM-SV-530a.2	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	N/A	Source does not align itself with any political party nor does it make contributions to political parties or candidates for political office. Further, Source does not directly engage in any political lobbying. Source is, however, a member of certain industry associations that have, in the past, been sporadically active in lobbying. Business Ethics and Transparency – Source’s Approach, Page 22
Critical Incident Risk Management			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-SV-540a.1	Description of management systems used to identify and mitigate catastrophic and tail-end risks	N/A	Critical Incident Risk Management and Public Safety – Source’s Approach, Page 51
Activity			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-SV-000.A	Number of active rig sites	Number	Source does not provide or utilize rigs in its scope of services (0).
EM-SV-000.B	Number of active well sites	Number	86 active wellsites in 2022. This represents the number of Sahara site locations. 1701 total days on active wellsites in 2022.
EM-SV-000.C	Total amount of drilling performed	Metres (m)	Source does not conduct drilling in its scope of services (0m).
EM-SV-000.D	Total number of hours worked by all employees	Hours	868,766

Metals & Mining – Services Sustainability Accounting Standard Index

Greenhouse Gas Emissions			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Metric tonnes CO ₂ -e (t), Percentage (%)	Gross global Scope 1 emissions: 55,873 CO ₂ -e Percentage covered under emissions-limiting regulations: 0% GHG emissions are calculated using the GHG Protocol. Climate Change and Greenhouse Gas Emissions – Climate-related Metrics: Table 6, Page 29



EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	N/A	Climate Change and Greenhouse Gas Emissions – Source’s Approach, Page 25 Climate Change and Greenhouse Gas Emissions – Climate-related Targets, Page 30
Air Quality			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-120a.1	Air emissions of the following pollutants: (1) CO (2) NOx (excluding N2O) (3) SOx (4) Particulate matter (PM10) (5) Mercury (Hg) (6) Lead (Pb) (7) Volatile organic compounds (VOCs)	Metric tonnes (t)	CO: 59.84t NOx (excluding N2O): 62.88t SOx: 0.23t Particulate matter (PM10): 10.97t Mercury: 0t Lead: 0t Volatile organic compounds (VOCs): 2.25t Air emissions data includes dryer sources only and does not include mobile equipment. Air Quality Performance: Table 12, Page 38
Energy Management			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	Gigajoules (GJ), Percentage (%)	Total energy consumed: 1,089,149 GJ Percentage grid electricity: 15.26% Percentage renewable: 2.97% Energy Management Performance: Table 7, Page 31
Water Management			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-140a.1	(1) Total fresh water withdrawn (2) Total fresh water consumed (3) Percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic metres (m³), Percentage (%)	Total fresh water withdrawn: 883.74 thousand m³ Total fresh water consumed: 471.01 thousand m³ Percentage of each in regions with High or Extremely High Baseline Water Stress: 0% Water Management Performance: Table 9, Page 34
EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Number	There were zero incidents of non-compliance associated with water quality permits, standards and regulations in 2022 (0). Water Management Performance: Table 9, Page 34
Waste and Hazardous Materials Management			



SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-150a.4	Total weight of non-mineral waste generated	Metric tonnes (t)	0t Chemicals, Waste and Hazardous Materials Management Performance: Table 11, Page 36
EM-MM-150a.5	Total weight of tailings produced	Metric tonnes (t)	3,485,070t Chemicals, Waste and Hazardous Materials Management Performance: Table 11, Page 37
EM-MM-150a.6	Total weight of waste rock generated	Metric tonnes (t)	Source does not generate any waste rock from our mining operations (0t). Chemicals, Waste and Hazardous Materials Management Performance: Table 11, Page 37
EM-MM-150a.7	Total weight of hazardous waste generated	Metric tonnes (t)	0t Chemicals, Waste and Hazardous Materials Management Performance: Table 11, Page 37
EM-MM-150a.8	Total weight of hazardous waste recycled	Metric tonnes (t)	0t Chemicals, Waste and Hazardous Materials Management Performance: Table 11, Page 37
EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	Number	There were zero significant incidents associated with hazardous materials and waste management in 2022 (0). Chemicals, Waste and Hazardous Materials Management Performance: Table 11, Page 37
EM-MM-150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	N/A	Chemicals, Waste and Hazardous Materials Management - Source's Approach, Page 36
Biodiversity Impacts			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-160a.1	Description of environmental management policies and practices for active sites	N/A	Our approach focuses primarily on reclamation given that we do not operate mines in or near sites with protected conservation status or endangered species habitats. Biodiversity Impacts – Source's Approach, Page 34
EM-MM-160a.2	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	Percentage (%)	Acid rock drainage does not occur and is not predicted to occur at any of our mine sites. Percentage of mine sites where acid rock drainage is: Predicted to occur: 0%



			Actively mitigated: 0% Under treatment or remediation: 0% Biodiversity Impacts Performance: Table 10, Page 35
EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Percentage (%)	None of our proved or probable reserves are in or near sites with protected conservation status or endangered species habitats (0%). Biodiversity Impacts – Why is this Important to Source?, Page 34
Security, Human Rights and Rights of Indigenous Peoples			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Percentage (%)	None of our proved or probable reserves are in or near areas of conflict (0%). Security, Human Rights and Rights of Indigenous Peoples – Why is this Important to Source?, Page 52
EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near Indigenous land	Percentage (%)	None of our proved or probable reserves are in or near Indigenous land (0%). Security, Human Rights and Rights of Indigenous Peoples – Why is this Important to Source?, Page 52
EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, Indigenous rights, and operation in areas of conflict	N/A	Security, Human Rights and Rights of Indigenous Peoples – Source’s Approach, Page 53
Community Relations			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	N/A	Community Relations – Source’s Approach, Page 48
EM-MM-210b.2	Number and duration of non-technical delays	Number Days	Number of non-technical delays: 0 Duration of non-technical delays: 0 days Community Relations – Source’s Approach, Page 48
Labour Relations			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	Percentage (%)	U.S employees covered under collective bargaining agreements: 0% Foreign employees covered under collective bargaining agreements: 0%



			Human Capital Management – Why is this Important to Source?, Page 45
EM-MM-310a.2	Number and duration of strikes and lockouts	Number Days	Number of strikes and lockouts: 0 Duration of strikes and lockouts: 0 days Human Capital Management Performance: Table 15, Page 48
Workforce Health and Safety			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-320a.1	(1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	Rate	We do not track MSHA all-incidence rate. Fatality rate (per 200,000 working hours): Full-time employees: 0 Contract employees: 0 Workforce Health and Safety Performance: Table 13, Page 43 NMFR (per 200,000 working hours): Full-time employees: 12.23 Currently, we only track NMFR for full-time employees. Workforce Health and Safety Performance: Figure 5, Page 44 Average hours of health, safety and emergency response training: Full-time employees: 47.6 Short-services employees: 46.3 Currently, we do not track training hours for contract employees. Workforce Health and Safety Performance: Figure 8, Page 44
Business Ethics and Transparency			
SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	N/A	Business Ethics and Transparency – Source’s Approach, Page 22
EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index	Metric tonnes (t) saleable	We do not produce in any countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index. Source operates in the United States and Canada. The United States scored 69/100, ranking 24th overall in the index and Canada scored 74/100 ranking 14th overall in the index. Business Ethics and Transparency Performance, Page 21
Tailings Storage Facilities Management			



SASB Code	Accounting Metric	Unit of Measurement	2021 Disclosure and Location of Disclosure
EM-MM-540a.1	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	Various	Source does not produce any tailings waste from its mining operations and we do not maintain any tailings storage facilities. Chemicals, Waste and Hazardous Materials Management – Why is this Important to Source?, Page 36
EM-MM-540a.2	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	N/A	Source does not produce any tailings waste from its mining operations and we do not maintain any tailings storage facilities. Chemicals, Waste and Hazardous Materials Management – Why is this Important to Source?, Page 36
EM-MM-540a.3	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	N/A	Source does not produce any tailings waste from its mining operations and we do not maintain any tailings storage facilities. Chemicals, Waste and Hazardous Materials Management – Why is this Important to Source?, Page 36
EM-MM-000.A	Production of (1) metal ores and (2) finished metal products	Metric tonnes (t) saleable	We produce and supply frac sand. In 2022, our realized sand volumes were 2,845,600 MT.
EM-MM-000.B	Total number of employees, percentage contractors	Number/Percentage (%)	As at December 31, 2022, Source had approximately 409 employees: 219 employees in Canada and 190 employees in the U.S.

TCFD Index

The Taskforce on Climate-related Financial Disclosures (TCFD) developed a framework to help companies and other organizations more effectively disclose climate-related risks and opportunities. We have reported select applicable disclosures from the TCFD Recommendations as this framework has emerged as the leading investor-preferred framework for climate-related disclosure. We are taking a phased approach to implementing the TCFD Recommendations and we will strive to enhance the alignment of our disclosure with the TCFD Recommendations as our approach to climate change progresses over time.

TCFD Index		
TCFD Category	Recommended Disclosure	Location of Disclosure or Explanation






Governance	<p>a) Describe the board's oversight of climate-related risks and opportunities.</p> <p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Governance, Page 25</p> <p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Governance, Page 25</p>
Strategy	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Strategy, Page 26</p> <p>The Risk Disclosures section of our 2022 Annual Information Form includes discussion of our exposure to material climate change transition risks including policy and legal risks, market risks and reputational risks.</p> <p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Strategy, Page 26</p> <p>We have not yet conducted scenario analysis given our size and stage; however, we are committed to enhancing our understanding of climate-related risks and opportunities and the ways in which they could impact our business, strategy and financial planning.</p> <p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Strategy, Page 26</p>
Risk Management	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p> <p>b) Describe the organization's processes for managing climate-related risks.</p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Risk Management, Page 28</p>
Metrics and Targets	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.</p>	<p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Climate-related Metrics, Page 29</p> <p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Climate-related Metrics: Page 29</p> <p>Climate Change and Greenhouse Gas Emissions – Source's Approach: Climate-related Targets, Page 30</p>




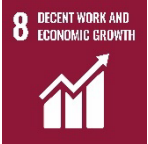


	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	
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UN SDGs Index




The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet and maps out the 17 Sustainable Development Goals (**SDGs**), which are an urgent call for action and global partnership. The 17 SDGs are underpinned by 169 targets, which outline specific objectives under each SDG. The SDGs are often used as a framework by companies to communicate their impact areas and alignment with the SDGs in ESG reporting. In this index, we have identified ten SDGs and the relevant underlying targets that we believe Source has positively impacted and driven forward in 2022.

UN SDG's Index		
UN SDG	Underlying Target	Source 2022 Contributions
	Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	<ul style="list-style-type: none"> 31% of our community investment support was towards education initiatives Source Energy Services hosted a series of HCL awareness presentations in partnership with Chemtrade in June 2022. The presentations provided information regarding the safe handling, delivery, and storage of HCL to employees, transport companies, and local emergency responders. See Community Relations, Page 48
	Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life Target 5.5.2: Proportion of women in managerial positions	<ul style="list-style-type: none"> Source is committed to supporting an inclusive and diverse workplace and acknowledges its value in strengthening employee performance and company results. We have in place a Diversity and Inclusion Policy which serves to reinforce this commitment. See Human Capital Management, Page 45
	Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	<ul style="list-style-type: none"> To minimize water use, we have engineered our processing facilities to have closed-loop water systems. At Source's Sumner mine operations, we annually install shallow groundwater monitoring wells to monitor the hydrology in adjacent wetland complexes. See Water Management, Page 32



	Target 6.6: By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes	
	Target 7.3: By 2030, double the global rate of improvement in energy efficiency	<ul style="list-style-type: none"> We have implemented a range of initiatives related to fuel consumption, purchased electricity and electricity usage designed to reduce energy use and promote energy efficiency. See Energy Management, Page 30
	Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	<ul style="list-style-type: none"> The safety culture at Source ensures that all employees keep our People First core value top of mind. Embracing a culture of safety is fundamental to every aspect of Source's operations. We are committed to safe operations, keeping our people safe and protecting the communities in which we operate. See Workforce Health and Safety, Page 38
	Target 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	<ul style="list-style-type: none"> Our 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. See Human Capital Management, Page 45
	Target 13.2: Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> Climate change factors influence our business, strategy and financial planning. We have an important role to play in supporting our customers with meeting their climate change objectives. In support of the move to a less carbon intensive world, Source has begun focusing on developing economic growth opportunities which transition from traditional fossil fuels to less carbon intense energy solutions. As a pathway to diversifying Source's business, and to participate in the decarbonization of the economy, Source is advancing opportunities in our own operations as well as at the wellsite and at our terminals. See Climate Change and Greenhouse Gas Emissions, Page 25
	Target 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular	<ul style="list-style-type: none"> We reclaimed a total of 13.7 acres of land at our Wisconsin production facilities, with 24 acres officially being certified by the counties.



	<p>forests, wetlands, mountains and drylands, in line with obligations under international agreements</p> <p>Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p>	<ul style="list-style-type: none"> • We have voluntarily enrolled our Wisconsin properties with the Wisconsin Department of Natural Resources Sustainable Growth Program and have enrolled additional land with the Wisconsin Department of Natural Resources Managed Forest Law (MFL) Program (a landowner incentive program that encourages sustainable forestry on private woodland). Land enrolled in the MFL program must be managed according to a management plan written by a certified plan writer and promotes sustainable forestry practices which benefit timber harvesting, wildlife management, water quality, endangered resources, and aesthetics. • See Biodiversity Impacts, Page 34
	<p>Target 16.5: Substantially reduce corruption and bribery in all their forms</p>	<ul style="list-style-type: none"> • We have in place a Code of Business Conduct and Ethics which reflects our commitment to conduct business affairs in accordance with not only the law but also Source's values and standards. The Code outlines guidelines related to ethical conduct, fair dealing, conflicts of interest, dishonesty and fraud, inducements and gifts, political activities, and more. • We have also adopted an Anti-Corruption Policy, which outlines guiding principles for conducting business in the areas of bribery and improper payments, facilitation payments, lobbying, gifts, books and records and internal controls. The Policy also applies to third parties and individuals retained by Source including, but not limited to, consultants, advisors, contractors and suppliers. • See Business Ethics and Transparency, Page 21
	<p>Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<ul style="list-style-type: none"> • We funded infrastructure projects in the town of Sumner through the Sumner Community Foundation. • See Community Relations, Page 48



APPENDIX "A"

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 Loss

(\$000's)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net loss	(12,209)	(14,566)	(8,770)	(24,403)
Add:				
Interest expense	6,812	6,594	27,102	25,677
Cost of sales – depreciation	5,125	4,071	20,827	21,102
Depreciation	2,361	2,426	10,555	9,873
Loss on debt extinguishment	862	—	862	—
Finance expense (excluding interest expense)	2,000	1,215	6,045	4,643
Share-based compensation expense	645	476	947	643
Gain on asset disposal	(11)	—	(1,192)	(63)
Unrealized loss (gain) on derivative assets	—	173	1,718	(247)
Other expense ⁶²	869	108	3,407	203
Adjusted EBITDA	6,454	1,656	61,501	38,587

Reconciliation of Gross Margin to Adjusted Gross Margin

(\$000's)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Gross margin	10,630	4,189	58,145	39,330
Cost of sales – depreciation	5,125	4,071	20,827	21,102
Adjusted Gross Margin	15,755	8,260	78,972	60,432

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 available online at [SEDAR+- Landing Page \(sedarplus.ca\)](https://www.sedarplus.ca) and through Source's website at www.sourceenergyservices.com.

⁶² Includes expenses related to the incident at the Fox Creek terminal facility and one-time retirement payments.