

**SOURCE ENERGY SERVICES LTD.**  
**COMPENSATION AND CORPORATE GOVERNANCE**  
**COMMITTEE MANDATE**

**Section 1 Purpose**

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

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

**Section 2 Composition and Meetings**

- (a) The Committee shall be comprised of at least three directors of the Company appointed by the Board. A majority of the members shall be “independent” for the purposes of National Policy 58-201 – *Corporate Governance Guidelines* and each member of the Committee shall be (or shall become within a reasonable period of time after appointment) familiar with recent compensation and corporate governance practices and with the Company’s compensation and staffing policies and programs.
- (b) The Chair of the Board of Directors may be a full member of the Committee. If he or she is not a member of the Committee, he or she will nonetheless be entitled to attend and participate

(except if he or she is conflicted) in the discussion of meetings of the Committee. He or she will have a vote as to Committee matters if and only if he or she is a member of the Committee.

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

### **Section 3      Role**

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

#### **(1)      General**

- (a) Review and recommend to the Board changes to this Mandate, as considered appropriate from time to time.

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

**(2) Review and Recommendation of Compensation**

- (a) Review the senior management and Board compensation policies and/or practices followed by the Company and seek to ensure such policies are designed to recognize and reward performance and establish a compensation framework, which results in the effective development and execution of a Board-approved strategy. To be effective, the strategy will result in creation of value over the long term while always preserving the Company's license to conduct its business among its various stakeholders. For the purpose of this clause, "stakeholder" will mean any party, group or institution whose reasonable approval is required for the Company to execute its Board-approved strategy.
- (b) Seek to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect industry-competitive cash compensation relative to corporate performance and considering individual performance in the context of the overall performance of the Company. Overall performance should be measured by the degree that the Company's strategy (as proposed and justified by management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian mining or oilfield services companies of a similar size in general and also the Canadian mining or oilfield services companies with the most similar scope of business) differentiate. Participation in stock-based compensation should reflect the level of responsibility and level of contribution of participants within the Company.
- (c) Develop, for review and approval of the Board, a written position description for the CEO.
- (d) Annually evaluate the Company's and the senior executive's performance by the degree that the Company's strategy (as proposed and justified by management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian mining or oilfield services companies of a similar size in general and also the Canadian mining or oilfield services companies with the most similar scope of business) differentiate.
- (e) Annually, review and recommend to the Board an evaluation of the performance of senior executives and provide recommendations for annual compensation based on such evaluation and other appropriate factors, including industry competitiveness relative to position descriptions and Corporate and individual performance.

**(3) Compensation Programs**

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

**(4) Compensation Risk Oversight**

- (a) Provide risk oversight in respect of the Company's compensation policies and practices.
- (b) Identify any compensation policies or practices that could encourage senior executives or other individuals in a principal business unit or a division of the Company to take inappropriate or excessive risks.

- (c) Identify any other risks that may arise from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

**(5) Report on Executive Compensation**

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

**(6) Compensation of the Board of Directors**

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

**(7) Human Resources Matters**

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

**(8) Governance**

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

- (i) Review, on a periodic basis, senior management succession plans.
- (j) Coordinate orientation for new directors and oversee continuing education programs for all directors.

**(9) Reporting Process**

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

**(10) Nominating Role**

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

**(11) Share Ownership Policies**

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

*Approved by the Board on February 10, 2017.*