

FIRST SUPPLEMENTAL INDENTURE

THIS SUPPLEMENTAL INDENTURE is made as of October 14, 2022

AMONG:

SOURCE ENERGY SERVICES CANADA LP, a limited partnership subsisting under the laws of the Province of Alberta (hereinafter referred to as the “**LP Issuer**”)

AND

SOURCE ENERGY SERVICES CANADA HOLDINGS LTD., a corporation subsisting under the laws of the Province of Alberta (hereinafter referred to as the “**Corporate Issuer**” and together with the LP Issuer, the “**Issuers**”)

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada (hereinafter referred to as the “**Trustee**”)

RECITALS:

- A. The Issuers and the Trustee entered into a Trust Indenture dated as of December 30, 2020 (such Trust Indenture, as the same may be amended, modified, supplemented, extended, renewed, restated, replaced and/or superseded from time to time, being hereinafter referred to as the “**Indenture**”) under which the Issuers issued Notes designated as “10.5% Senior Secured First Lien Notes Due 2025” (the “**Notes**”).
- B. The Issuers have not made the payment of interest due in respect of the Notes on August 15, 2022 (the “**August Interest Payment**”)
- C. The Issuers and the Trustee have agreed to amend certain provisions of the Indenture (such amendments the “**Amendments**”) and, in connection therewith, the Issuers will make the August Interest Payment.
- D. In consideration for the Holders consenting to the Amendments, waiving the Event of Default arising as a result of the Issuers having not made the August Interest Payment, and consenting to the refinancing of the Issuers’ Credit Facilities, the Issuers have agreed to issue PIK Notes to the Holders in an aggregate amount equal to 1.00% of the principal amount of Notes held by each Holder.
- E. The Trustee has received the requisite consents of the Holders to effect the amendments and to enter into this Supplemental Indenture.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, it is hereby covenanted, agreed and declared as follows:

1. Interpretation

- (a) Defined Terms:

All terms contained in this Supplemental Indenture that are defined in the Indenture shall, for all purposes hereof, have the meanings given to such terms in the Indenture as amended by this Supplemental Indenture unless the context otherwise specifies or requires.

- (b) Headings, etc.:

The headings of all Sections hereof are inserted for convenience of reference only and shall not affect the construction or interpretation of this Supplemental Indenture.

2. Indenture Supplemental to Indenture

This Supplemental Indenture is supplemental to the Indenture and this Supplemental Indenture shall hereafter be read together and shall have effect, so far as practicable, with respect to the Notes as if all the provisions of the Indenture and this Supplemental Indenture were contained in one instrument. The Indenture is and shall remain in full force and effect with regards to all matters governing the Notes, as amended by this Supplemental Indenture.

3. Amendments to Indenture

- (a) The following new definitions shall be added to Section 1.1 of the Indenture in proper alphabetical order:

"Capital Expenditures" means, with respect to any Person for any period, the aggregate of all expenditures (on a net basis) by such Person during such period, for the acquisition, leasing (pursuant to a lease that would have been required to be classified and accounted for as a financing lease or capitalized lease obligation on a balance sheet in accordance with GAAP as in effect on and prior to December 31, 2018 and, for greater certainty, without regard to the effect of IFRS 16 (Leases)), construction, replacement, repair, substitution or improvement of fixed or capital assets or additions to equipment, in each case required to be capitalized under GAAP on a consolidated balance sheet of such Person.

"First Supplemental Indenture" means the Supplemental Indenture dated the First Supplemental Indenture Effective Date.

"First Supplemental Indenture Effective Date" means October 14, 2022.

"First Supplemental Indenture Record Date" means September 27, 2022.

"PIK Fee Amount" means the fee payable by the Issuers to the Holders in connection with the First Supplemental Indenture, pursuant to Section 2.4(g) hereof, in an amount equal to 1.00% of the principal amount of the Notes outstanding on the First Supplemental Indenture Record Date.

- (b) The definition of 'Permitted Investments' in Section 1.1 of the Indenture is hereby amended by deleting clause (n) thereof in its entirety, and replacing it with "[*reserved*]".
- (c) The definition of 'Permitted Liens' in Section 1.1 of the Indenture is hereby amended by deleting clause (aa) thereof in its entirety, and replacing it with "Liens securing Cash Management Obligations in favour of Bank of Montreal, in an aggregate amount not to exceed \$250,000.".
- (d) Section 2.2 is hereby amended by deleting the period after the reference to Section 2.4(d) and inserting "or Section 2.4(g), as applicable".

- (e) A new Section 2.4(g) is hereby included in the Indenture immediately following the existing Section 2.4(f), as follows:
- “(g) On the First Supplemental Indenture Effective Date, the Issuers shall pay the PIK Fee Amount to the Holders by (i) with respect to Notes represented by a Global Note registered in the name of, or held by, CDS or its nominee on the First Supplemental Indenture Effective Date, by increasing the principal amount of the outstanding Global Note by an amount equal to the amount of such PIK Fee Amount on such date (rounded down to the nearest whole dollar), or (ii) with respect to Notes in certificated form, by indicating the deferral thereof and an increase in the principal amount of the Notes in the register for the Notes and by issuing PIK Notes in certificated form in an aggregate principal amount equal to such PIK Fee Amount (rounded down to the nearest whole dollar) and the Trustee will, at the written request of the Issuers, certify and deliver such PIK Notes in certificated form for original issuance to the holders thereof on the First Supplemental Indenture Effective Date, as shown in the register for the Notes; *provided* that a holder of a Note represented by a physical certificate shall be entitled to a PIK Fee Amount so long as the increase in the principal amount of the Notes is recorded in the register for the Notes, whether or not PIK Notes represented by a physical certificate representing such PIK Fee Amount have been issued to such holder. Following an increase in the principal amount of a Global Note in accordance with this clause (g), such Global Note will bear interest on such increased principal amount from and after the First Supplemental Indenture Effective Date as otherwise set forth in Section 2.16. Any PIK Notes issued in certificated form pursuant to this clause (g) will be dated as of the First Supplemental Indenture Effective Date and will bear interest from and after such date as otherwise set forth in Section 2.16.”
- (f) A new Section 2.23 is hereby included in the Indenture immediately following the existing Section 2.22, as follows:
- “Section 2.23 Default Interest**
- After the occurrence and during the continuance of an Event of Default hereunder, the *per annum* effective rate of interest on all outstanding Indenture Obligations, shall be increased by 3.0%.”
- (g) Clause (ii) of the third paragraph of Section 4.3(b) is hereby deleted in its entirety and replaced with the following:
- “(ii) to the extent not already reflected in the amount set forth in (i) above, the aggregate amount of (x) overburden removal and any mine stripping costs incurred to offset mine depletion, and (y) maintenance capital expenditures incurred in respect of facilities (but excluding any one off maintenance capital expenditures incurred in connection with the rehabilitation of the Issuers’ Peace River frac sand facility), in each case as approved by the Board of Directors of Pubco, as included in the Issuers’ consolidated audited financial statements delivered pursuant to Section 5.5(a)(ii); *less*”.
- (h) Section 5.11(b)(i) of the Indenture is hereby amended by (i) deleting the words “(excluding amounts under the Additional Liquidity Facility)”, and (ii) deleting the words “\$63.0 million plus US\$8,500,000 in respect of letters of credit”, and replacing them with “US\$55,000,000 (including, for certainty, the Additional Liquidity Facility)”.

- (i) Section 5.11(b)(iii) of the Indenture is hereby deleted in its entirety and replaced with “[reserved]”.
- (j) Section 5.21 of the Indenture is hereby deleted in its entirety and replaced with “[reserved]”.
- (k) A new Section 5.22 is hereby included in the Indenture immediately following the existing Section 5.21, as follows:

“Section 5.22 Capital Expenditures

The members of the Restricted Group shall not expend or become obligated for any Capital Expenditures other than:

- (a) Capital Expenditures relating to overburden removal and any mine stripping costs incurred to offset mine depletion;
- (b) maintenance Capital Expenditures incurred in respect of facilities (but excluding any amounts incurred pursuant to clause (c) below);
- (c) one off maintenance Capital Expenditures incurred in connection with the rehabilitation of the Issuers’ Peace River frac sand facility in an aggregate amount not to exceed \$4.5 million; and
- (d) any other Capital Expenditures in an aggregate amount not to exceed \$3.0 million in each fiscal year.”

3 Confirmation of Indenture

The Indenture, as amended by this Supplemental Indenture shall be and continue in full force and effect and is in all respects hereby confirmed. The Notes shall continue in full force and effect as originally issued pursuant to the Indenture, except as amended hereunder, and are in all respects hereby confirmed.

4 Conditions Precedent

This Supplemental Indenture shall become effective upon satisfaction of the following conditions precedent:

- (a) receipt by the Issuers and the Trustee of a fully executed copy of this Supplemental Indenture;
- (b) payment by the Issuers of the August Interest Payment substantially concurrently with the effectiveness of this Supplemental Agreement; and
- (c) the payment of a consent fee to each Holder as of 4:30 p.m. (Calgary time) on October 14, 2022 in an amount equal to 1.00% of the principal amount of all Notes held by such Holder as at such time, such fee to be paid in PIK Notes substantially concurrently with the effectiveness of this Supplemental Indenture and pursuant to Section 2.4(g) of the Indenture, as amended by this Supplemental Indenture.

5 Governing Laws

This Supplemental Indenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

6 Further Assurances

The Issuers and the Trustee shall do all such things and provide all such reasonable assurances as may be required to give effect to the amendments contemplated by this Supplemental Indenture.

7 Counterparts

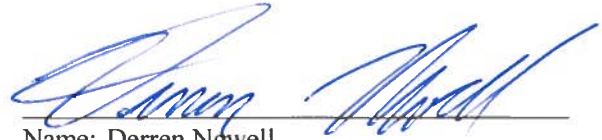
This Supplemental Indenture may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear date effective as of the date first written above.

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IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture as of the date first written above.

**SOURCE ENERGY SERVICES CANADA LP, BY
ITS GENERAL PARTNER, SOURCE ENERGY
SERVICES CANADA LP GP LTD.**

Per:



Name: Derren Newell

Title: Chief Financial Officer

**SOURCE ENERGY SERVICES CANADA
HOLDINGS LTD.**

Per:



Name: Derren Newell

Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF
CANADA**

Per: 

Name: Corentin Leverrier
Title: Corporate Trust Officer

Per: 

Name: Angela Fletcher
Title: Corporate Trust Officer