

**WESTERN ENERGY SERVICES CORP. (THE “CORPORATION”)  
CODE OF BUSINESS CONDUCT AND ETHICS**

Purpose

1. The purpose of the Code of Business Conduct and Ethics (the “**Code**”) for the Corporation is to provide written conduct guidelines designed to promote integrity and deter wrongdoing, protect the Corporation’s business and reputation, protect the Corporation from financial loss and legal liability, and address:
  - (a) compliance with applicable laws, regulations, stock exchange requirements and governance requirements adopted by the Corporation in all jurisdictions where the Corporation carries on business;
  - (b) conflicts of interest including transactions and agreements in which directors or executive officers have a material interest;
  - (c) protection and proper use of corporate assets and opportunities;
  - (d) confidentiality of corporate information;
  - (e) fair dealing with securityholders, customers, suppliers, competitors and employees; and
  - (f) reporting of illegal and unethical behaviour.

Scope

2. The Code applies to all directors, executive officers, management, employees and consultants (collectively “**Applicable Persons**”) of the Corporation and each individual is responsible to ensure his or her conduct is consistent with the letter and the spirit of this Code.
3. The Code, in providing guidance for acceptable behaviour, does not replace existing policies of the Corporation and does not describe every specific act that is considered unacceptable.

Compliance

4. All Applicable Persons of the Corporation are required, in the discharge of their duties and while on or using the property of the Corporation, to comply with all laws, regulations, policies of applicable exchanges and governance policies adopted by the Corporation which are applicable to the Corporation and the individual in all of the jurisdictions where the Corporation carries on business and where the individual is carrying out duties on behalf of the Corporation.
5. Employees shall comply with all of the Corporation’s policies, including, the Corporation’s Insider Trading Policy with respect to buying or selling shares of the Corporation.

### Director and Officer Conflicts of Interest

6. Each Applicable Person of the Corporation who has a material interest of any kind in any existing or proposed transaction or agreement with the Corporation is required to abide by the disclosure requirements set out in section 120 of the *Business Corporations Act* (Alberta) (the “**ABCA**”) including by taking the following steps:
  - (a) disclosing the nature and extent of his or her interest to the board of directors of the Corporation (the “**Board**”) at the meeting at which a proposed contract or transaction in which the director or officer has an interest is first considered or at the first meeting after the director or officer becomes interested;
  - (b) upon the request of the Board upon its being advised of the conflict, excusing him or herself from all Board or Committee deliberations in respect of the existing or proposed transaction or agreement;
  - (c) abstaining from voting in respect of the existing or proposed transaction or agreement in which the director or officer has a material interest; and
  - (d) abiding by all of the requirements set out in section 120 of the ABCA.

### Management and Employee Conflicts of Interest

7. Applicable Persons are not permitted to take steps contrary to the best interests of the Corporation and may not:
  - (a) use the Corporation’s property for his or her own material benefit;
  - (b) influence the Corporation’s contractors, consultants or advisors for his or her personal gain;
  - (c) recommend decisions for the Corporation that materially benefit the employee, his or her family members, friends, or other business interests;
  - (d) personally act on business opportunities presented to the Corporation;
  - (e) own more than a 5% interest in any entity that sells supplies, furnishes services or otherwise engages in business with the Corporation without first advising the Chair of the Corporate Governance and Nominating Committee and obtaining the approval of the Corporate Governance and Nominating Committee;
  - (f) own more than a 5% interest in any entity that is a competitor of the Corporation without first advising the Chair of the Corporate Governance Committee and obtaining the approval of the Corporate Governance Committee; and
  - (g) serve on the Board of an entity that is a competitor of the Corporation without first advising the Chair of the Corporate Governance and Nominating Committee and obtaining the approval of the Corporate Governance and Nominating Committee.
8. Prior to acknowledging compliance with the Code, and at any time when a conflict arises, executive officers, management, employees and consultants are required to report in writing their existing or potential conflicts of interest to the Chair of the Corporate Governance Committee.

### Nepotism

9. The Corporation permits the engagement of an Applicable Person's spouse, parents, children and other family members provided such employment is in the best interests of the Corporation. Hiring decisions are made strictly on the basis of individual qualifications and family members shall not report to each other.

### Full Time and Attention

10. During business hours, Applicable Persons of the Corporation are required to devote their full time and attention to the Corporation and no outside activities, business or secondary employment is permitted during business hours.

### Proprietary Information

11. Information stored, processed and used by the Corporation, including and not limited to information regarding the Corporation's customers, suppliers, business contracts, employees and technical operations, is proprietary, must be kept confidential and may not be released or used for personal gain.

### Accounting and Financial Reporting

12. Applicable Persons must comply with the Corporation's accounting, reporting and internal control procedures and are forbidden to forge, falsify or leave out information which may mislead auditors or other internal or external reviewers of the Corporation's documents, financial or otherwise.

### Expense Reports

13. Applicable Persons must submit accurate expense reports in respect of items and activities that are purchased for the Corporation's business.

### Electronic Communications

14. The Corporation's electronic communications (including email and voicemail) are for use in pursuit of the Corporation's business and while limited use for personal purposes is permitted, such use is not private or confidential and the contents of such information may be accessed by the Corporation and others without the prior consent of the individuals who have used the electronic communications.
15. The Corporation's electronic communications may not be used:
  - (a) for sending communications that mask the sender's identity;
  - (b) using another individual's password to access technological resources;
  - (c) for generating, sending or saving offensive or illegal material;
  - (d) for copying or distributing copyrighted material; or
  - (e) for installing copyrighted material.

## Document Retention

16. Applicable Persons are required to inform themselves and comply with the Corporation's document retention requirements in compliance with applicable law.
17. If litigation or an investigation involving the Corporation is pending, Applicable Persons are prohibited from modifying or destroying relevant documents or records, including personal files and electronic records, and doing so may result in prosecution.

## Health, Safety and the Environment

18. Each Applicable Person is responsible for working safely and complying with all of the Corporation's health, safety and environment rules and protocols at all times.
19. The following behaviours, while at the Corporation's premises or in the conduct of business on behalf of the Corporation, are unacceptable:
  - (a) threats, violence, intimidation, assault, harassment;
  - (b) the possession, use or distribution of firearms, weapons and explosives;
  - (c) the use, sale, possession, distribution, manufacture or presence in the body of illegal drugs, inhalants or alcohol;
  - (d) the destruction or pollution of the Corporation's property or neighbouring property.
20. If evidence supports a reasonable suspicion of the use, possession or distribution of prohibited items, the Corporation reserves the right to conduct searches on the Corporation's premises and in property belonging to the Corporation.

## Discrimination and Harassment

21. The Corporation is committed to a healthy, harassment-free work environment for all our Employees. Workplace harassment will not be tolerated. Harassment occurs when an employee is subjected to unwelcome verbal or physical conduct because of race, religious beliefs, colour, place of origin, gender, mental or physical disability, ancestry, marital status, family status or source of income. Human rights laws prohibit harassment in the workplace. Unwanted sexual advances, unwanted requests for sexual favors, and other unwanted verbal or physical conduct of a sexual nature constitute sexual harassment when:
  - a. submission to such conduct is made either explicitly or implicitly a term of, or condition of, an individual's employment; or
  - b. submission to, or rejection of, such conduct by an individual affects that individual's employment.
22. Applicable Persons who discover workplace discrimination or harassment are required to report such activity to the human resources department or to the Chair of the Corporate Governance and Nominating Committee.

23. The Corporation prohibits retaliation in any form against individuals who advise of discrimination or harassment, or who file a complaint, testify, assist or participate in any investigation by the Corporation or any government agency.

#### Gifts and Entertainment

24. Applicable Persons may give and receive reasonable gifts and participate as hosts and guests in entertainment provided:
- a. there is no requirement or appearance of impropriety or obligation; and
  - b. the gift or entertainment does not violate the law, standards of business conduct or this Code.
25. Employees may not make payments, provide gifts or entertainment for the purpose of influencing any government or regulatory personnel having jurisdiction or influence over the business of the Corporation. Strict rules apply when we do business with governmental agencies and officials. Because of the sensitive nature of these relationships, talk with your supervisor before offering or making any gifts to governmental employees.

#### Fair Dealing

26. Applicable Persons are required to deal honestly and fairly with the Corporation's customers, suppliers, competitors and other third parties, including governmental agencies, and to that end shall not:
- a. make false or misleading statements to customers, suppliers or other third parties or about competitors;
  - b. solicit or accept from any person that does business with the Corporation, or offer to extend to any such person, cash of any amount, gifts, gratuities, meals or entertainment that could influence or give the appearance of influencing the Corporation's business relationship;
  - c. solicit or accept a fee, commission or other compensation for referring customers to third-party vendors; or
  - d. otherwise take unfair advantage of customers, suppliers or third parties through manipulation, concealment, abuse of confidential information or any other unfair practice.

#### Contractors and Suppliers

27. The Corporation requires its employees to evaluate contractors' and suppliers' products and services on the basis of its quality, reliability, service, price and delivery and prohibits purchases to be made on the basis of personal relationships or the opportunity for personal or financial gain.
28. Employees must respect the terms of supplier and contractor contracts and safeguard confidential information received from suppliers and contractors.

## Competitors

29. Information regarding competitors must be obtained legally and Applicable Persons are prohibited from obtaining competitor information through illegal means including information acquired during a prior employment relationship or through breaching the terms of a confidentiality information.

## Communications

30. Individuals who are not designated as spokespersons by the Corporate Governance and Nominating Committee, or otherwise authorized by the Board or executive officers to represent the Corporation, are required to decline to respond when contacted by other companies, government agencies, members of the media or individuals regarding the business of the Corporation and are required to report such requests for information, and any subpoena to testify, directly to the Corporate Governance and Nominating Committee.
31. Applicable Persons who are designated as spokespersons by the Corporate Governance and Nominating Committee, or otherwise authorized by the Board or executive officers to represent the Corporation, are required to ensure that all information they provide is truthful and accurate and must ensure that their oral and written comments are not intended to mislead.
32. Applicable Persons are required to abide by the Corporation's Communications Policy, particularly with respect to external communications, confidentiality obligations, trading restrictions and blackout periods.

## Monitoring

33. The Corporate Governance and Nominating Committee, on behalf of the Board, monitor's compliance with the Code and may require Applicable Persons to acknowledge their agreement that they have read, understood and will comply with the Code at the time of the commencement of employment and at any other time at the discretion of the Board as implemented by management.

## Violations and How to Report a Concern

34. Violations of the Corporation's Code or applicable laws, rules and regulations can result in serious damage to the Corporation, its reputation and the reputations of its Employees. Accordingly, if a Employee has knowledge of any possible violation of the Code or any possible breach of applicable laws, rules or regulations or any possible wrongdoing or questionable practices regarding accounting or auditing matters or internal accounting controls (collectively called an "**Alleged Wrongdoing**"), that Employee is encouraged to report such in accordance with the provisions of this paragraph.
35. The report should be made to the Employee's immediate supervisor, if appropriate. If the Employee is of the view that it would be more appropriate under the circumstances to take the Alleged Wrongdoing to higher levels, due to either the nature of the Alleged Wrongdoing or, if earlier reports through normal channels have not been acted upon, then that Employee has the right to directly contact:

- a. the Chairman of the Audit Committee through the Whistleblower Hotline to report an Alleged Wrongdoing that relates to any theft, fraud, questionable accounting (including internal accounting controls) or auditing matters or any other financial matters;
  - b. The Chief Operating Officer of the Corporation to report an Alleged Wrongdoing that relates to any matter other than those financial matters described above.
36. Complaints will be handled on a strictly confidential basis and may be submitted anonymously provided that if the Employee does identify his/herself, disclosure of the person's identity and the confidential information submitted may be disclosed to the extent required to permit a thorough and effective investigation or may be required to be disclosed by law. Unless required by law, the Corporation shall not make, nor shall it tolerate, any effort to ascertain the identity of the Employee making an anonymous report.
37. Each complaint will be thoroughly investigated to ensure there are sufficient grounds and evidence supporting it. Upon confirmation of the Alleged Wrongdoing, the matter will be resolved by appropriate action.
38. To access the Whistleblower Hotline for complaints described in paragraph 34 above, Employees can use any of the methods provided to them in the internal information the Corporation has provided to them.

#### Retaliation

39. The Corporation and its directors, officers and Employees shall not retaliate against any Employee who reports, in good faith, an Alleged Wrongdoing or a retaliatory act or who assists in the investigation of the Alleged Wrongdoing. The term "*in good faith*" means that the reporting Employee should have evidence or reasonable grounds for believing that an Alleged Wrongdoing or retaliatory act has occurred and must act without malicious intent or personal agenda. Reports of Alleged Wrongdoings or retaliatory acts that were not made in good faith will be viewed as a serious disciplinary offence and may be subject to sanctions, including termination of employment for cause without notice or payment in lieu of notice.
40. Applicable Persons are required to cooperate with investigations regarding complaints including complaints regarding retaliation.

#### Consequences

41. Individuals may face disciplinary action if they violate the Code or assist others to violate the Code, condone or fail to report violations of the Code or retaliate against any individual who reports a Code violation, including:
  - (a) a warning or written reprimand;
  - (b) suspension, demotion or termination of employment;
  - (c) required reimbursement of losses or damages; and
  - (d) referral for criminal prosecution or civil action.

### Waivers

42. Employees who have breached or whose future conduct or actions may breach this Code must immediately report the failure or anticipated failure to either the Chairman of the Corporate Governance and Nominating Committee or through the Whistleblower Hotline. If the reporting contains a request for a waiver of such breach, that request shall be filed with the Chairman of the Corporate Governance and Nominating Committee for review and recommendation by that Committee. The Corporate Governance and Nominating Committee shall examine the circumstances related to the breach or anticipated breach and the requested waiver and make an appropriate recommendation to the Board of Directors. The Corporation will promptly disclose waivers of this Code as required by law or stock exchange regulations.

### Acknowledgement

43. I, \_\_\_\_\_, hereby acknowledge that I have read, understood and will comply with the above Code of Business Conduct and Ethics I also understand that non-compliance with the above Code of Business Conduct and Ethics can result in disciplinary action up to and including termination of my employment for just cause without notice or payment in lieu of notice.

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(Signature of Applicable Person)

Approved by the Board of Directors March 22, 2010