

Western Energy Services Corp.
Condensed Consolidated Financial Statements
March 31, 2026 and 2025
(Unaudited)

Western Energy Services Corp.

Condensed Consolidated Balance Sheets (unaudited)
(thousands of Canadian dollars)

	Note	March 31, 2026	December 31, 2025
Assets			
Current assets			
Cash and cash equivalents		\$ 3,308	\$ 2,657
Trade and other receivables	18	41,335	39,701
Other current assets	5	1,893	2,560
Assets held for sale	6	-	810
		46,536	45,728
Non current assets			
Property and equipment	7	327,558	332,919
		\$ 374,094	\$ 378,647
Liabilities			
Current liabilities			
Trade payables and other current liabilities		\$ 15,037	\$ 21,363
Current portion of long term debt	8	8,846	4,524
Current portion of lease obligations	9	1,669	1,696
		25,552	27,583
Non current liabilities			
Long term debt	8	75,790	80,997
Lease obligations	9	3,626	3,899
Deferred taxes		1,087	720
		106,055	113,199
Shareholders' equity			
Share capital	10	521,631	521,604
Contributed surplus		20,282	20,337
Retained earnings (deficit)		(306,063)	(307,828)
Accumulated other comprehensive income		30,026	29,074
Non controlling interest		2,163	2,261
		268,039	265,448
		\$ 374,094	\$ 378,647

The accompanying notes are an integral part of these condensed consolidated financial statements.

Western Energy Services Corp.

Condensed Consolidated Statements of Operations and Comprehensive Income (unaudited)
(thousands of Canadian dollars except share and per share amounts)

	Note	Three months ended March 31, 2026	Three months ended March 31, 2025
Revenue		\$ 55,257	\$ 69,010
Expenses			
Operating		38,795	49,908
Administrative		4,101	5,026
Depreciation	7	9,336	10,043
Stock based compensation	11	299	(931)
Finance costs	13	2,013	2,353
Other items	14	(1,500)	(217)
Income before income taxes		2,213	2,828
Income tax expense	15	(381)	(442)
Net Income		1,832	2,386
Other comprehensive income (loss) ⁽¹⁾			
Gain(Loss) on translation of foreign operations		427	(45)
Unrealized foreign exchange gain (loss) on net investment in subsidiary		525	(29)
Comprehensive Income		\$ 2,784	\$ 2,312
Net income attributable to:			
Shareholders of the Company		\$ 1,765	\$ 2,262
Non controlling interest		67	124
Comprehensive income attributable to:			
Shareholders of the Company		\$ 2,717	\$ 2,188
Non controlling interest		67	124
Net income per share:			
Basic and diluted		\$ 0.05	\$ 0.07
Weighted average number of shares:			
Basic and diluted	12	33,843,404	33,843,022

(1) Other comprehensive income includes items that may be subsequently reclassified into profit and loss.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Western Energy Services Corp.

Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)
(thousands of Canadian dollars)

	Share capital	Contributed surplus ⁽¹⁾	Retained earnings (deficit)	Accumulated other comprehensive income ⁽²⁾	Non controlling interest	Total shareholders' equity
Balance at December 31, 2024	\$ 521,604	\$ 21,178	\$ (281,830)	\$ 32,669	\$ 2,229	\$ 295,850
Common shares:						
Stock based compensation	-	(931)	-	-	-	(931)
Distributions to non controlling interest	-	-	-	-	(91)	(91)
Comprehensive income (loss)	-	-	2,262	(74)	124	2,312
Balance at March 31, 2025	521,604	20,247	(279,568)	32,595	2,262	297,140
Stock based compensation	-	90	-	-	-	90
Distributions to non controlling interest	-	-	-	-	(248)	(248)
Comprehensive income (loss)	-	-	(28,260)	(3,521)	247	(31,534)
Balance at December 31, 2025	521,604	20,337	(307,828)	29,074	2,261	265,448
Issued for cash on exercise of stock options	19	-	-	-	-	19
Fair value of exercised options	8	(8)	-	-	-	-
Stock based compensation	-	(47)	-	-	-	(47)
Distributions to non controlling interest	-	-	-	-	(165)	(165)
Comprehensive income (loss)	-	-	1,765	952	67	2,784
Balance at March 31, 2026	\$ 521,631	\$ 20,282	\$ (306,063)	\$ 30,026	\$ 2,163	\$ 268,039

(1) Contributed surplus relates to stock based compensation described in Note 11.

(2) At March 31, 2026, the accumulated other comprehensive income balance consists of the translation of foreign operations and unrealized foreign exchange on the net investment in subsidiary.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Western Energy Services Corp.

Condensed Consolidated Statements of Cash Flows (unaudited)
(thousands of Canadian dollars)

	Note	Three months ended March 31, 2026	Three months ended March 31, 2025
Operating activities			
Net Income		\$ 1,832	\$ 2,386
Adjustments for:			
Depreciation	7	9,336	10,043
Non cash stock based compensation	11	(47)	(931)
Finance costs	13	2,013	2,353
Income tax expense	15	381	442
(Gain) loss on sale of assets	14	(1,478)	(231)
Other	14	(64)	140
Change in non cash working capital		(4,682)	(11,524)
Cash flow from operating activities		7,291	2,678
Investing activities			
Additions to property and equipment	7	(4,131)	(4,979)
Proceeds on sale of property and equipment		3,513	267
Distributions to non controlling interest		(165)	(91)
Change in non cash working capital		(698)	914
Cash flow used in investing activities		(1,481)	(3,889)
Financing activities			
Proceeds from exercise of options	10	19	-
Finance costs paid		(3,756)	(4,312)
Principal repayment of second lien facility	8	(5,270)	(270)
Principal repayment of lease obligations	9	(464)	(435)
Draw on credit facilities	8	4,625	6,803
Principal repayment of HSBC facility	8	(313)	(313)
Principal repayment of US paycheck protection plan	8	-	(288)
Cash flow (used in) from financing activities		(5,159)	1,185
Increase (decrease) in cash and cash equivalents		651	(26)
Cash and cash equivalents, beginning of period		2,657	3,785
Cash and cash equivalents, end of period		\$ 3,308	\$ 3,759

The accompanying notes are an integral part of these condensed consolidated financial statements.

Western Energy Services Corp.

Notes to the condensed consolidated financial statements (unaudited)

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

1. Reporting entity:

Western Energy Services Corp. ("Western") is a company domiciled in Canada. The address of the head office is 1700, 215 - 9th Avenue SW, Calgary, Alberta. Western is a publicly traded company listed on the Toronto Stock Exchange under the symbol "WRG". These condensed consolidated financial statements as at March 31, 2026 and for the three months ended March 31, 2026 and 2025 (the "Financial Statements") are comprised of Western, its divisions and its wholly owned subsidiary (together referred to as the "Company"). The Company is an energy service company providing contract drilling services through its division, Horizon Drilling ("Horizon") in Canada, and its wholly owned subsidiary, Stoneham Drilling Corporation ("Stoneham") in the United States. Western provides production services in Canada through its division Eagle Well Servicing ("Eagle") which provides well servicing and its division Aero Rental Services ("Aero") which provides rental equipment services. Financial and operating results for Horizon and Stoneham are included in the contract drilling segment, while financial and operating results for Eagle and Aero are included in the production services segment.

2. Basis of preparation and material accounting policies:

Statement of compliance:

These Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS[®]") and in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the years ended December 31, 2025 and 2024. These Financial Statements have been prepared using accounting policies and estimates which are consistent with Note 3 and 4 of the consolidated financial statements as at and for the years ended December 31, 2025 and 2024 as filed on SEDAR+ at www.sedarplus.ca.

These Financial Statements were approved for issuance by Western's Board of Directors on April 28, 2026.

Functional and presentation currency:

These Financial Statements are presented in Canadian dollars, which is Western's functional currency.

Critical accounting estimates and recent developments:

The preparation of these Financial Statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The current economic environment and volatility of global demand for commodities results in uncertainty for the Company, as well as estimates and assumptions used by management to prepare these Financial Statements. Estimates and judgments made by management are subject to a higher degree of volatility in this uncertain time. A full list of critical accounting estimates is included in the Company's annual consolidated financial statements for the year ended December 31, 2025.

Stock based compensation awards:

In the three months ended March 31, 2026, Western's Board of Directors approved the Share Unit Incentive Plan and Deferred Share Unit Incentive Plan effective on February 25, 2026.

Share unit incentive plan ("Share Unit"):

The Company's Share Unit Incentive ("Share Unit") plan provides Share Units to be issued to directors, officers, and employees of the Company to reward them for their contributions to the business and align with the long-term performance of Western. Subject to the specific provisions of the Share Unit plan, eligibility, vesting period, terms of the Share Units and the number of Share Units granted are to be determined by the Board of Directors at the time of the grant. Stock based compensation expense and a corresponding liability for share units is recorded based on the estimated fair value of the units outstanding at the end of each quarter, calculated using a 10 day volume weighted average trading price and recognized over the vesting period. Upon maturity, the cash settlement paid reduces the liability. The liability relating to Share Units is included in trade payables and other current liabilities in the condensed consolidated balance sheet. The expense is included in stock based compensation in the condensed consolidated statement of operations and comprehensive income.

Included in the Share Unit plan are Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"). PSUs are subject to the Company's performance metrics assessed by management with a three-year performance period. PSUs vest over a three-year period on the anniversary date of the grant. Each PSU granted permits the holder to receive a cash payment equal to the fair market value of a common share as of the maturity date, adjusted for a performance multiplier. The RSUs vest

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2. Basis of preparation and material accounting policies (continued):

from one year, and up to three years on the anniversary date of the grant. Each RSU granted permits the holder to receive a cash payment equal to the fair market value of a common share as of the maturity date.

Deferred share unit plan ("DSU"):

The Company's DSU plan provides DSUs to members of the Board of Directors. DSUs represent cash settled rights to common shares, equal to the fair market value of a common share at the maturity date. DSUs vest and are paid upon the retirement of the Director. Stock based compensation expense and a corresponding liability for DSUs is based on the estimated fair value of the units outstanding at the end of each quarter, calculated using a 10 day volume weighted average trading price. Upon maturity, the cash settlement paid reduces the liability. The liability relating to DSUs is included in trade payables and other current liabilities in the condensed consolidated balance sheet. The expense is included in stock based compensation in the condensed consolidated statement of operations and comprehensive income.

3. Seasonality:

The Company's operations are often weather dependent, which has a seasonal effect. During the first quarter, the working conditions in the field are conducive to oilfield activities including frozen conditions allowing crude oil and natural gas exploration and production companies to move heavy equipment to otherwise inaccessible areas and the resulting demand for services, such as those provided by the Company, is typically high. The second quarter is normally a slower period in Canada, as the spring thaw and wet conditions create weight restrictions on roads, reducing the mobility of heavy equipment, which slows activity levels in the industry. The third and fourth quarters are usually representative of average activity levels. Therefore, interim periods may not be representative of the results expected for the full year of operation due to seasonality.

4. Operating segments:

The Company provides energy services primarily to oil and natural gas exploration companies through its contract drilling and production services segments in both Canada and the United States. Contract drilling includes drilling rigs along with related ancillary equipment. Production services include well servicing rigs and related equipment, as well as rental equipment.

The Company's executive officers review internal management reports for these operating segments on at least a monthly basis.

Information regarding the results of the operating segments is included below. Performance is measured based on operating earnings (loss), as included in internal management reports. Operating earnings (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain operating segments relative to other entities that operate within these industries. Operating earnings (loss) is calculated as revenue less operating expenses, administrative expenses, and depreciation.

The following is a summary of the Company's results by operating segment for the three months ended March 31, 2026 and 2025:

Three months ended March 31, 2026	Contract Drilling	Production Services	Corporate	Inter-segment Elimination	Total
Revenue	\$ 43,268	\$ 12,004	\$ -	\$ (15)	\$ 55,257
Expenses					
Operating	(29,702)	(9,108)	-	15	(38,795)
Administrative	(2,263)	(1,206)	(632)	-	(4,101)
Depreciation	(7,277)	(1,742)	(317)	-	(9,336)
Operating earnings (loss)	4,026	(52)	(949)	-	3,025
Add (deduct)					
Stock based compensation	18	(7)	(310)	-	(299)
Finance costs	-	-	(2,013)	-	(2,013)
Other items	1,324	(65)	241	-	1,500
Income (loss) before income taxes	\$ 5,368	\$ (124)	\$ (3,031)	\$ -	\$ 2,213

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Notes to the condensed consolidated financial statements (unaudited)

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4. Operating segments (continued):

Three months ended March 31, 2025	Contract Drilling	Production Services	Corporate	Inter-segment Elimination	Total
Revenue	\$ 50,852	\$ 18,264	\$ -	\$ (106)	\$ 69,010
Expenses					
Operating	(37,202)	(12,812)	-	106	(49,908)
Administrative	(2,016)	(1,487)	(1,523)	-	(5,026)
Depreciation	(7,609)	(1,975)	(459)	-	(10,043)
Operating earnings (loss)	4,025	1,990	(1,982)	-	4,033
Add (deduct)					
Stock based compensation	89	(4)	846	-	931
Finance costs	-	-	(2,353)	-	(2,353)
Other items	62	(35)	190	-	217
Income (loss) before income taxes	\$ 4,176	\$ 1,951	\$ (3,299)	\$ -	\$ 2,828

Total assets and liabilities by operating segment are as follows:

As at March 31, 2026	Contract Drilling	Production Services	Corporate	Total
Total assets	\$ 303,787	\$ 64,527	\$ 5,780	\$ 374,094
Total liabilities	44,360	23,401	38,294	106,055

As at December 31, 2025	Contract Drilling	Production Services	Corporate	Total
Total assets	\$ 312,481	\$ 61,740	\$ 4,426	\$ 378,647
Total liabilities	46,748	24,173	42,278	113,199

Additions to property and equipment by operating segment are as follows:

	Contract Drilling	Production Services	Corporate	Total
Additions to property and equipment - Three months ended March 31, 2026	\$ 3,707	\$ 374	\$ 50	\$ 4,131
Additions to property and equipment - Three months ended March 31, 2025	4,207	517	255	4,979

Segmented information by geographic area is as follows:

As at March 31, 2026	Canada	United States	Total
Property and equipment	\$ 273,476	\$ 54,082	\$ 327,558
Total assets	315,340	58,754	374,094

As at December 31, 2025	Canada	United States	Total
Property and equipment	\$ 278,847	\$ 54,072	\$ 332,919
Total assets	318,818	59,829	378,647

	Canada	United States	Total
Revenue - Three months ended March 31, 2026	\$ 51,398	\$ 3,859	\$ 55,257
Revenue - Three months ended March 31, 2025	62,319	6,691	69,010

Revenue from long term contracts:

For the years ended March 31, 2026, and 2025, the Company had no revenue from long term contracts in the contract drilling or production services segments.

Western Energy Services Corp.

Notes to the condensed consolidated financial statements (unaudited)

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

5. Other assets:

The Company's other assets as at March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026	December 31, 2025
Current		
Prepaid expenses	\$ 1,468	\$ 2,129
Inventory	70	64
Deposits	291	279
Deferred charges	64	88
Total other assets	\$ 1,893	\$ 2,560

6. Assets held for sale:

The following table summarizes the Company's assets held for sale:

	March 31, 2026	December 31, 2025
Current		
Building and land	\$ -	\$ 810
Total assets held for sale	\$ -	\$ 810

In March 2026, the Company completed the sale of a field support building located in Canada for proceeds of \$3.1 million. Included in other items in the condensed consolidated statement of operations and comprehensive income is a gain of \$2.3 million related to this sale.

7. Property and equipment:

The following table summarizes the Company's property and equipment:

	Land	Buildings	Contract drilling equipment	Production services equipment	Office and shop equipment	Finance lease assets	Total
Cost:							
Balance at December 31, 2025	\$ 4,600	\$ 3,798	\$ 849,025	\$ 195,809	\$ 13,227	\$ 17,009	\$ 1,083,468
Additions to property and equipment	-	-	3,707	367	57	-	4,131
Lease additions	-	-	-	-	-	164	164
Disposals	-	-	(5,344)	-	-	(100)	(5,444)
Foreign exchange adjustment	-	-	2,958	-	9	10	2,977
Balance at March 31, 2026	\$ 4,600	\$ 3,798	\$ 850,346	\$ 196,176	\$ 13,293	\$ 17,083	\$ 1,085,296
Accumulated depreciation:							
Balance at December 31, 2025	\$ -	\$ 2,349	\$ 578,768	\$ 145,009	\$ 13,227	\$ 11,196	\$ 750,549
Depreciation	-	26	7,151	1,544	57	558	9,336
Disposals	-	-	(4,128)	-	-	(91)	(4,219)
Foreign exchange adjustment	-	-	2,104	-	9	(41)	2,072
Balance at March 31, 2026	\$ -	\$ 2,375	\$ 583,895	\$ 146,553	\$ 13,293	\$ 11,622	\$ 757,738
Carrying amounts:							
At December 31, 2025	\$ 4,600	\$ 1,449	\$ 270,257	\$ 50,800	\$ -	\$ 5,813	\$ 332,919
At March 31, 2026	\$ 4,600	\$ 1,423	\$ 266,451	\$ 49,623	\$ -	\$ 5,461	\$ 327,558

As at March 31, 2026, the Company reviewed for indicators of impairment and indicators of impairment reversal and determined no such indicators existed.

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Notes to the condensed consolidated financial statements (unaudited)

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

8. Long term debt:

The following table provides information about the contractual terms of the Company's long-term debt instruments:

	March 31, 2026	December 31, 2025
Current:		
Second Lien Facility	\$ 1,080	\$ 1,080
HSBC Facility	3,125	3,438
Operating Facility	4,918	293
Less: unamortized issue costs	(277)	(287)
Total current portion of long term debt	8,846	4,524
Non current:		
Second Lien Facility	75,832	81,102
Less: unamortized issue costs	(42)	(105)
Total non current portion of long term debt	75,790	80,997
Total long term debt	\$ 84,636	\$ 85,521

Credit Facilities:

As at March 31, 2026, the Company's credit facilities consisted of a \$35.0 million syndicated revolving credit facility (the "Revolving Facility") and a \$10.0 million committed operating facility (the "Operating Facility" and together the "Credit Facilities"). On January 27, 2025, the Company announced that its lender, Alberta Investment Management Corporation ("AIMCo") had approved an extension of the maturity date of its second lien term loan facility (the "Second Lien Facility") to May 18, 2027. In conjunction with the Second Lien Facility extension, the maturity date of the Company's Credit Facilities were extended by a year automatically by their terms, to the earlier of (i) six months prior to the maturity date of the Second Lien Facility, which is now November 18, 2026 or (ii) March 22, 2027. The total commitments under the Company's Credit Facilities were unchanged and there were no changes to the Company's financial covenants.

Amounts borrowed under the Credit Facilities bear interest at the bank's Canadian prime rate, or the banker's acceptance rate plus an applicable margin depending, in each case, on the ratio of Consolidated Debt to Consolidated EBITDA as defined by the Credit Facilities agreement. The Credit Facilities are secured by the assets of the Company.

As at March 31, 2026, the Company's Credit Facilities are subject to the following financial covenants:

	Covenant	March 31, 2026
Maximum Consolidated Senior Debt to Consolidated EBITDA Ratio ⁽¹⁾⁽²⁾	3.0:1.0 or less	0.0:1.0
Maximum Consolidated Debt to Consolidated Capitalization Ratio ⁽³⁾⁽⁴⁾	0.5:1.0 or less	0.2:1.0
Minimum Debt Service Coverage Ratio ⁽⁵⁾	1.15:1.0 or greater	Not applicable

(1) Consolidated Senior Debt in the Credit Facilities is defined as indebtedness under the Credit Facilities and vehicle lease obligations, reduced by unrestricted cash.

(2) Consolidated EBITDA in the Credit Facilities is defined on a trailing twelve month basis as consolidated net income (loss), plus interest, income taxes, depreciation and amortization and any other non-cash items or extraordinary or non-recurring losses, less gains on sale of property and equipment and any other non-cash items or extraordinary or non-recurring gains that are included in the calculation of consolidated net income (loss).

(3) Consolidated Debt in the Credit Facilities is defined as Consolidated Senior Debt plus the HSBC Facility and Second Lien Facility less unrestricted cash.

(4) Consolidated Capitalization in the Credit Facilities is defined as the aggregate of Consolidated Debt and total shareholders' equity as reported on the consolidated balance sheet.

(5) The Debt Service Coverage Ratio is defined as the ratio of Consolidated EBITDA to the total of all regularly scheduled debt payments, including interest, paid on a trailing twelve month basis. It is only applicable if the Company has more than \$25.0 million drawn on its Credit Facilities, or if the net book value of property and equipment is less than \$250.0 million. As at March 31, 2026, the Company had \$4.9 million drawn on its Credit Facilities and the net book value of its property and equipment was greater than \$250.0 million, therefore the covenant was not applicable.

As at March 31, 2026, the Company was in compliance with all covenants related to its Credit Facilities.

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Notes to the condensed consolidated financial statements (unaudited)

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

8. Long term debt (continued):

Second Lien Facility:

At March 31, 2026, the Company had \$76.9 million outstanding on the Second Lien Facility. Interest is payable semi-annually, at a rate of 8.5% per annum, on January 1 and July 1 each year or the next applicable business day. Amortization payments equal to 1.0% of the initial principal amount of \$108.0 million are payable annually, in quarterly installments, with the balance due on May 18, 2027.

HSBC Facility:

At March 31, 2026, the Company had \$3.1 million outstanding related to its committed term non-revolving facility (the "HSBC Facility"). The HSBC Facility bears interest at a floating rate that is payable monthly. In 2023, the Company prepaid all monthly principal amounts for the remaining term of the loan, with the remaining balance due upon maturity on December 31, 2026. The Company continues to make voluntary monthly payments on the HSBC Facility.

9. Lease obligations:

The following table provides information about the Company's lease obligations:

	Amount
Balance at December 31, 2025	\$ 5,595
Additions	164
Finance costs	106
Lease payments	(570)
Balance at March 31, 2026	5,295
Less: current portion of lease obligations	(1,669)
Balance at March 31, 2026 - non current portion	\$ 3,626

Lease obligations include leases capitalized under IFRS 16, Leases. During both three months ended March 31, 2026 and 2025, the Company expensed \$0.2 million and \$0.1 million respectively, related to leases of low value assets or leases with a term of less than one year.

10. Share capital:

The Company is authorized to issue an unlimited number of common shares. The following table summarizes Western's common shares:

	Issued and outstanding shares	Amount
Balance at December 31, 2025	33,843,022	\$ 521,604
Issued for cash on exercise of stock options	6,813	19
Fair value of exercised stock options	-	8
Balance at March 31, 2026	33,849,835	\$ 521,631

11. Stock based compensation:

Stock options:

The Company's stock option plan provides for stock options to be issued to directors, officers, employees and consultants of the Company so that they may participate in the growth and development of Western. Subject to the specific provisions of the stock option plan, eligibility, vesting period, terms of the options and the number of options granted are to be determined by the Board of Directors at the time of grant. The stock option plan allows the Board of Directors to issue up to 10% of the Company's outstanding common shares as stock options, provided that, when combined, the maximum number of common shares reserved for issuance under all stock based compensation arrangements of the Company does not exceed 10% of the Company's outstanding common shares.

Western Energy Services Corp.

Notes to the condensed consolidated financial statements (unaudited)

(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

11. Stock based compensation (continued):

The following table summarizes the movements in the Company's outstanding stock options:

	Stock options outstanding	Weighted average exercise price
Balance at December 31, 2025	1,108,921	\$ 3.95
Exercised	(6,813)	2.86
Forfeited	(82,417)	4.16
Balance at March 31, 2026	1,019,691	\$ 3.94

For the three months ended March 31, 2026 and 2025 no stock options were cancelled. The Company did not grant any stock options during the year ended March 31, 2026. As at March 31, 2026, Western had 646,416 (December 31, 2025: 673,942) vested and exercisable stock options outstanding at a weighted average exercise price equal to \$4.20 (December 31, 2025: \$4.21) per stock option.

Share unit incentive plan ("Share Unit"):

The Company's Share Unit Incentive ("Share Unit") plan provides cash-settled Share Units to be issued to directors, officers, and employees of the Company to reward them for their contributions to the business and align with the long-term performance of Western. Subject to the specific provisions of the Share Unit plan, eligibility, vesting period, terms of the Share Units and the number of Share Units granted are to be determined by the Board of Directors at the time of the grant. Included in the Share Unit plan are Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"). The RSUs vest from one year, and up to three years on the anniversary date of the grant. PSUs are subject to the Company's performance metrics assessed by management with a three year performance period. PSUs vest over a three year period on the anniversary date of the grant.

The following table summarizes the movements in the Company's outstanding Share Units:

	Outstanding
Balance at December 31, 2025	-
Granted	357,684
Balance at March 31, 2026	357,684

Included in stock based compensation expense for the three months ended March 31, 2026 is an expense of \$0.0 million (March 31, 2025: \$nil) relating to the Company's Share Unit plan. The stock based compensation costs for RSUs and PSUs granted are based on the 10 day volume weighted average trading price and recognized over the vesting period applied by the number of units, with the PSUs adjusted for a performance multiplier.

Deferred share unit plan ("DSU"):

The Company's DSU plan provides DSUs to members of the Board of Directors. DSUs represent cash settled rights to common shares. The DSUs vest upon grant and are paid upon the retirement of the Director.

The following table summarizes the movements in the Company's outstanding DSUs:

	Outstanding
Balance at December 31, 2025	-
Granted	106,796
Balance at March 31, 2026	106,796

Included in stock based compensation expense for the three months ended March 31, 2026 is an expense of \$0.3 million (March 31, 2025: \$nil) relating to the Company's DSU plan. The stock based compensation costs for DSUs granted are based on the 10 day volume weighted average trading price and recognized over the vesting period applied by the number of units.

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(tabular amounts are in thousands of Canadian dollars, except common share and per common share amounts)

11. Stock based compensation (continued):

Stock based compensation expense (recovery) recognized in the condensed consolidated statements of operations and comprehensive income is comprised of the following:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Stock options	\$ (47)	\$ (931)
Total equity settled stock based compensation recovery	(47)	(931)
Share units – cash settled expense	8	-
Deferred share units – cash settled expense	338	-
Total stock based compensation expense (recovery)	\$ 299	\$ (931)

12. Earnings per share:

The weighted average number of common shares is calculated as follows:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Issued common shares, beginning of period	33,843,022	33,843,022
Weighted average number of common shares issued	382	-
Weighted average number of common shares (basic and diluted)	33,843,404	33,843,022

For the three months ended March 31, 2026, 1,019,691 stock options (three months ended March 31, 2025, 1,498,567 stock options).

13. Finance costs:

Finance costs recognized in the condensed consolidated statements of operations and comprehensive income are comprised of the following:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Interest expense on long term debt	\$ 1,924	\$ 2,272
Amortization of debt financing fees	24	16
Accretion expense on Second Lien Facility	64	63
Accretion expense on HSBC Facility	9	11
Interest income	(8)	(9)
Total finance costs	\$ 2,013	\$ 2,353

The Company had an effective interest rate on its borrowings of 8.6% for the three months ended March 31, 2026 (three months ended March 31, 2025: 8.4%).

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14. Other items:

Other items recognized in the condensed consolidated statements of operations and comprehensive income are comprised of the following:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Gain on sale of fixed assets	\$ (1,478)	\$ (231)
Realized foreign exchange loss (gain)	28	(125)
Unrealized foreign exchange (gain) loss	(50)	139
Total other items	\$ (1,500)	\$ (217)

15. Income taxes:

Income taxes recognized in the condensed consolidated statements of operations and comprehensive income are comprised of the following:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Current tax expense	(14)	1
Deferred tax expense	(367)	(443)
Total income tax expense	\$ (381)	\$ (442)

During the three months ended March 31, 2026, the Company did not recognize a deferred tax asset of \$3.9 million (December 31, 2025: \$3.7 million), related to unrecognizable loss carry forwards. Loss carry forwards are only recognized as deferred tax assets when it is probable that taxable profits will be available against which the deductible balance can be utilized. As at March 31, 2026, the Company has loss carry forwards in Canada equal to approximately \$176.6 million, which will expire between 2036 and 2043. In the United States, the Company has approximately US\$48.3 million loss carry forwards, of which \$11.0 million is unrecognized, which will expire between 2028 and 2038, and others that have an indefinite expiry.

16. Costs by nature:

The Company presents certain expenses in the condensed consolidated statements of operations and comprehensive income by function. The following table presents significant expenses by nature:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Employee salaries and benefits	\$ 24,654	\$ 33,299
Repairs and maintenance	3,852	5,836
Third party charges	1,864	2,627

Employee salaries and benefits for the three months ended March 31, 2026 in the above table includes \$nil related to one-time reorganization costs (three months ended March 31, 2025: \$2.2 million).

17. Capital management:

The overall capitalization of the Company at March 31, 2026 and December 31, 2025 is as follows:

	Note	March 31, 2026	December 31, 2025
Second Lien Facility	8	\$ 76,912	\$ 82,182
HSBC Facility	8	3,125	3,438
Operating Facility	8	4,918	293
Lease obligations	9	5,295	5,595
Total debt		90,250	91,508
Shareholders' equity		268,039	265,448
Less: cash and cash equivalents		(3,308)	(2,657)
Total capitalization		\$ 354,981	\$ 354,299

Western Energy Services Corp.

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18. Financial risk management:

Interest rate risk:

The Company is exposed to interest rate risk on certain debt instruments, such as the Credit Facilities and the HSBC Facility, to the extent the prime interest rate changes and/or the Company's interest rate margin changes. Other long term debt, such as the Second Lien Facility and the Company's lease obligations, have fixed interest rates, however they are subject to interest rate fluctuations relating to refinancing.

Inflation risk:

The general rate of inflation impacts the economies and business environments in which Western operates. Increased inflation and any economic conditions resulting from governmental attempts to reduce inflation, such as the imposition of higher interest rates, could negatively impact Western's borrowing costs, which could, in turn, have a material adverse effect on Western's cash flow and ability to service obligations under the Credit Facilities, HSBC Facility and the Second Lien Facility.

Foreign exchange risk:

The Company is exposed to foreign currency fluctuations in relation to its US dollar capital expenditures and operations. At March 31, 2026, portions of the Company's cash balances, trade and other receivables, trade payables and other current liabilities were denominated in US dollars and subject to foreign exchange fluctuations which are recorded within net income.

In addition, Stoneham, Western's US subsidiary, is subject to foreign currency translation adjustments upon consolidation, which is recorded separately within other comprehensive income.

Credit risk:

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure to customers in the form of outstanding trade and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the financial assets which reflects management's assessment of the credit risk. The Company's trade receivables are with customers in the energy industry and are subject to industry credit risk.

The Company's practice is to manage credit risk by performing a thorough analysis of the creditworthiness of new customers by reviewing their financial position before credit terms are offered. In some cases, the Company may request prepayment before services are provided to help minimize credit risk. Additionally, the Company continually evaluates individual customer trade receivables for collectability considering payment history and aging of the trade receivables.

In accordance with IFRS 9, Financial Instruments, the Company evaluates the collectability of its trade and other receivables and its allowance for doubtful accounts at each reporting date. The Company records an allowance for doubtful accounts if an account is determined to be uncollectable. The allowance for doubtful accounts could materially change due to fluctuations in the financial position of the Company's customers.

The Company reviews its historical credit losses as part of its impairment assessment. The Company has had low historical impairment losses on its trade receivables, due in part to its credit management processes. As such, the Company assesses impairment losses on an individual customer account basis, rather than recognizing an impairment loss on all outstanding trade and other receivables.

The following table provides an analysis of the Company's trade and other receivables as at March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Trade receivables	\$ 36,399	\$ 36,483
Accrued trade receivables	6,189	4,517
Other receivables	618	541
Allowance for doubtful accounts	(1,871)	(1,840)
Total	\$ 41,335	\$ 39,701

For the three months ended March 31, 2026, the Company had one customer comprising 10.2% of the Company's total revenue. The total trade receivable balance outstanding related to the significant customer for 2026 was 8.2% of the Company's total trade and other receivables as at March 31, 2026. For the three months ended March 31, 2025, the Company had one customer comprising 11.7% of the Company's total revenue, and 7.8% of the Company's total trade and other receivable balance. There was one significant customer for the year ended December 31, 2025 comprising 10.6% of total revenue and 6.2% of the Company's total trade and other receivables as at December 31, 2025.

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18. Financial risk management (continued):

Liquidity risk:

Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they become due. The Company manages liquidity risk through management of its capital structure, monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants and maintaining unused credit facilities where possible to ensure there are available cash resources to meet the Company's liquidity needs. The Company's cash and cash equivalents, cash flow from operating activities, the Credit Facilities, the HSBC Facility, and the Second Lien Facility are expected to be greater than anticipated capital expenditures and the contractual maturities of the Company's financial liabilities. This expectation could be adversely affected by a material negative change in the energy service industry, which in turn could lead to covenant breaches on the Company's Credit Facilities, which if not amended or waived, could limit, in part, or in whole, the Company's access to the Credit Facilities and Second Lien Facility.

19. Commitments:

As at March 31, 2026, the Company has commitments which require payments based on the maturity terms as follows:

	2026	2027	2028	2029	2030	Thereafter	Total
Trade payables and other current liabilities ⁽¹⁾	\$ 11,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,591
Operating commitments ⁽²⁾	3,311	789	787	786	380	-	6,053
Second Lien Facility principal	810	76,102	-	-	-	-	76,912
Second Lien Facility interest	3,309	5,683	-	-	-	-	8,992
HSBC Facility principal	3,125	-	-	-	-	-	3,125
HSBC Facility interest	137	-	-	-	-	-	137
Lease obligations ⁽³⁾	1,545	1,744	1,428	909	479	-	6,105
Operating Facility	4,918	-	-	-	-	-	4,918
Total	\$ 28,746	\$ 84,318	\$ 2,215	\$ 1,695	\$ 859	\$ -	\$ 117,833

(1) Trade payables and other current liabilities exclude interest accrued as at March 31, 2026 on the Second Lien Facility and HSBC Facility which are stated separately.

(2) Operating commitments include purchase commitments, short term operating leases, and operating expenses associated with long term leases.

(3) Lease obligations represent the gross lease commitments to be paid over the term of the Company's outstanding long term leases.