

MODERN SLAVERY REPORT 2023



Western
ENERGY SERVICES CORP.



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Introduction

Western Energy Services Corp. (“Western”, “we”, “our” or “us”) has prepared this joint report (the “Report”) on behalf of itself and Stoneham Drilling Corporation (“Stoneham”), its wholly owned subsidiary, being submitted pursuant to Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) for the financial year ended December 31, 2023 (the “Reporting Period”).

Western is a company domiciled in Canada with its head office located at 1700, 215 - 9th Avenue SW, Calgary, Alberta. Western is a publicly traded company listed on the Toronto Stock Exchange (“TSX”) under the symbol “WRG”. Western is an energy service company providing contract drilling services through its division, Horizon Drilling (“Horizon”) in Canada, and 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 for the use in contract drilling and well servicing sectors.

Stoneham is organized under the laws of Oklahoma and provides contract drilling services from operations bases in Williston, North Dakota and Gardendale, Texas.

Western and Stoneham provide 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 includes well servicing rigs and related equipment, as well as rental equipment.

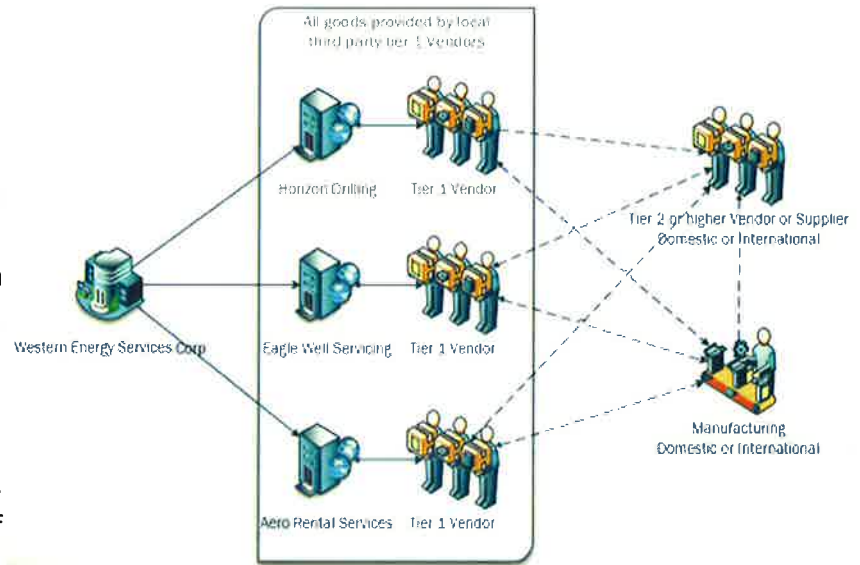




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Supply Chain

Western's supply chains are comprised of tier 1 third-party vendors. At the time of this report Western does not source or import goods directly from outside of its country of operations. Any goods used or provided in its daily operations which have been produced outside of its country of operations have been sold to Western through local third-party vendors. Any imports coming into Canada for Western are equipment and/or components that are being transferred from Stoneham for repair, recertification, asset reallocation, or have been shipped out of Canada as rental equipment for Aero Rental Services and are returning as the rentals are completed. Stoneham's supply chain is predominantly comprised of tier 1 local third party vendors to support its daily operations but occasionally may import equipment that was previously Western owned or provided by Western's local vendors and shipped from Canada to the United States.



Policies and Due Diligence

As a wholly owned subsidiary, the policies and due diligence procedures set out below apply equally to Stoneham.

Employee Requirements

Western expects each employee to review and acknowledge Western's Code of Business Conduct and Ethics (the "Code") annually. The Code expresses our expectation that all applicable personnel are committed to preventing and reducing the risk of any form of modern slavery, including child and forced labour, within our business and our supply chains. Further, we prioritize contracting with third parties who demonstrate a serious commitment to the health and safety of their people and operate in compliance with human rights laws and principles. Western's employees are not to condone the use of slave labour or human trafficking, denounce degrading treatment of individuals or unsafe working conditions, and support our products from being free of conflict minerals.





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Vendor Requirements

Prior to the Act coming into force, Western did not take specific action regarding forced and child labour; however, since January 1st, 2024, Western has laid out a path forward for its vendor requirements for fighting against forced labour and child labour. For each of Western's critical vendors or vendors who provide Western with imported goods, which may carry a higher risk of forced or child labour, Western expects these suppliers to signoff on its compliance certificate ("Compliance Certificate") and the Code.

Western is not directly responsible for the importation of goods used in its daily operations and many of its components are interchangeable with multiple vendors' parts or products. Accordingly, Western seeks certification from the applicable third-parties that provide Western and Stoneham with imported goods or critical components to its operations ("Higher Risk Vendors"), that they are adhering to all applicable laws and policies including, but not limited to, the Act (where applicable), human rights laws and Western's Code.

Western's vendor requirements direct that Higher Risk Vendors are provided with Western's Code and are asked to sign off on the Compliance Certificate. The Compliance Certificate contains the following terms:

- 01 The Vendor acknowledges that it has read, understands Western's Code and agrees not to take any action that would cause Western or any of its employees to be in violation of the code
- 02 The Vendor is in compliance with applicable laws.
- 03 The Vendor acknowledges that all references to forced labour and child labour are understood as having the same meaning as in the Act.
- 04 To the best of the Vendors knowledge, having made diligent inquiries, the Vendor has and will continue to:





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- a Assess the parts of its business and supply chains that carry a risk of forced labour and child labour.
- b Implement and update policies to address the parts of its business and supply chains that carry a risk of forced labour and child labour.
- c Take measures to manage the risk of the forced labour and child labour in its business and supply chains.
- d Take measures to remediate any forced labour or child labour discovered in its business or supply chains, which steps may include remedying loss of income to the most vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour.
- e Vendor shall advise Western immediately if previously undisclosed or subsequent developments arise that cause the representations and warranties made herein to Western to be no longer accurate or complete.
- f If Vendor is in the breach of the terms of the Compliance Certificate, Western may take actions, including but not limited to the withholding payment on invoices or terminating its agreement and business relations with Vendor upon written notice, effective immediately.

Whistleblower Hotline

To help any employee, vendor or interested party report any concern to the company, Western has a whistleblower hotline (1-888-650-7768) to report any alleged wrongdoing. Complaints will be handled on a strictly confidential basis and may be submitted anonymously provided that if the applicable person does identify him or 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, Western shall not make, nor shall it tolerate, any effort to ascertain the identity of the person making an anonymous report.





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Potential Risks in our Operations and Supply Chains

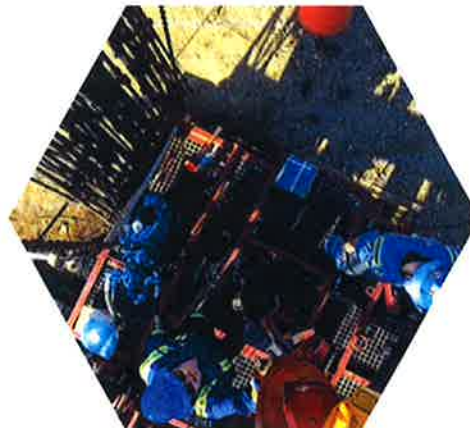
Operations

Western considers the risk in its operations, and Stoneham's operations, to be low. Both Western and Stoneham comply with all applicable laws and only hire personnel for employment who are of legal age and who voluntarily apply to work in its operations. All employees are free to leave their employment with Western at any time for any reason.

Supply Chains

Although Western does not directly purchase goods from outside of its country of operations and does not directly import non owned goods from outside countries, it acknowledges that some of the goods used in its operations could come from locations around the world which may be at a higher risk of using forced labour and or child labour in the manufacturing of these goods. However, we rely on the policies and processes in this report to prevent and reduce these risks. Given the nature of our tier 1 suppliers, as described above, Western and Stoneham consider the risk of child and forced labour in its supply chains to be low.

At the time of preparing this Report, neither Western nor Stoneham have identified or are aware of any instances of child or forced labour in their respective operations and supply chains. With no known vendors or personnel having been identified using forced or child labour, we have not taken any measures to remediate any instances of forced labour or child labour, including remediating any loss of income to any families or personnel as a result from any measures taken to eliminate forced labour or child labour.





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Training

We expect our employees to review and confirm compliance with the Code on an annual basis, which, in 2023, included a commitment to comply with all applicable laws, and in 2024, provisions specific to child and forced labour. As we continue to evaluate our compliance measures in place that are designed to prevent and reduce the risk of child and forced labour, we intend to consider, where appropriate, implementing more focused training sessions on these issues.

Assessing Effectiveness

As we continue to evaluate our compliance measures in place that are designed to prevent and reduce the risk of modern slavery, we intend to consider, where appropriate, implementing measures to assess the effectiveness of any of our processes.

Approval & Attestation

This Report was approved pursuant to Section 11(4)(b)(ii) of the Act, by the Board of Directors of Western Energy Services Corp. on behalf of Western and Stoneham on May 29, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

May 29, 2024

Alex MacAusland

President, Chief Executive Officer & Director

I have the authority to bind Western Energy Services Corp. and Stoneham Drilling Corporation

