

**AMENDED EARLY WARNING REPORT
FORM 62-103F1
REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

(This Amended Early Warning Report amends and replaces the Early Warning Report of MATCO Investments Ltd. dated May 20, 2022)

Item 1 – Security and Reporting Issuer

1.1 *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

The designation of securities to which this report relates is to common shares (“**Common Shares**”) and rights to purchase Common Shares (“**Rights**”) in the capital of Western Energy Services Corp. (“**Western**” or the “**Corporation**”).

Western's head office address is:

1700, 215 – 9th Avenue S.W.
Calgary, Alberta T2P 1K3

1.2 *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

See Item 2.2 below.

Item 2 – Identity of the Acquiror

2.1 *State the name and address of the acquiror.*

MATCO Investments Ltd. (“**MATCO**”)
4900, 525 – 8th Avenue S.W.
Calgary, Alberta, T2P 1G1

MATCO is a corporation incorporated under the laws of Alberta and operates as an investment holding company. MATCO is owned and controlled by Ronald P. Mathison.

2.2 *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

On May 18, 2022, MATCO acquired beneficial ownership and control of 392,439,525 common shares (“**Common Shares**”) in the capital of Western Energy Services Corp. (“**Western**” or the “**Corporation**”) pursuant to a rights offering to its shareholders (the “**Rights Offering**”). MATCO exercised 18,296,504 rights which allowed MATCO to purchase 21,448,880,337,4 Common Shares at a price of \$0.016 per Common Share until 5:00 p.m. (Toronto time) on May 13, 2022 (the “**Basic Subscription Privilege**”). The total cost of the Basic Subscription Privilege shares was \$6,278,032.40. Ronald P. Mathison (“**Mathison**”) is the President, Chief Executive Officer and sole shareholder of MATCO and is Chairman of the Board of Directors of Western.

MATCO also subscribed for Common Shares under the additional subscription privilege (the “**Additional Subscription Privilege**”) described in Western’s final short form prospectus dated April 11, 2022. MATCO acquired 88,320,107 Common Shares under the Additional

Subscription Privilege. The total cost of the Additional Subscription Privilege shares was \$1,413,121.71

In connection with the Rights Offering, G2S2 Capital Inc. ("**G2S2**") and its wholly-owned subsidiary, Armco Alberta Inc. ("**Armco**"), MATCO and Mathison previously entered into a standby purchase agreement with Western, whereby MATCO and such parties had agreed to exercise in full their Basic Subscription Privilege and, in the case of each of G2S2, Armco. Mathison and MATCO (collectively, the "**Standby Purchasers**"), agreed to purchase any Common Shares not subscribed for by other eligible shareholders under the Rights Offering (the "**Standby Commitment**"). As the Rights Offering was fully subscribed, Western did not utilize the Standby Commitment and the Standby Purchasers did not acquire any Common Shares pursuant to the Standby Commitment.

Immediately prior to this acquisition, Mathison and MATCO beneficially owned and/or controlled and aggregate of 18,296,504 Common Shares, 126,130 options to purchase Common Shares (the "**Options**") and 31,197 restricted share units which may be settled through the issuance of Common Shares (the "**Restricted Share Units**"). If all the Options were exercised and all Restricted Share Units were redeemed, Mathison and MATCO would have then owned and/or had control or direction over 18,453,831 Common Shares representing approximately 20.07% of the then issued and outstanding Common Shares (assuming no other Common Shares have been issued by the Corporation). Immediately following these acquisitions, Mathison and MATCO beneficially own and control an aggregate of approximately 499,056,109 Common Shares, 126,130 Options, and 31,197 Restricted Share Units. Immediately following these acquisitions, if all of the Options were exercised and all Restricted Share Units were redeemed, Mathison and MATCO would then own and/or have control or direction over 499,213,436 Common Shares, representing approximately 12.29% of the then issued and outstanding Common Shares (assuming no other Common Shares have been issued by the Corporation since closing the Debt Restructuring Transaction (as defined below).

2.3 *State the names of any joint actors.*

Mathison and MATCO are joint actors.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 *State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.*

See Item 2.2 above.

3.2 *State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.*

See Item 2.2 above.

3.3 *If the transaction involved a securities lending arrangement, state that fact.*

Not applicable.

3.4 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.*

See Item 2.2 above.

3.5 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which*

- (a) *the acquiror, either alone or together with any joint actors, has ownership and control,*

See Item 2.2 above.

- (b) *the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and*

Not applicable.

- (c) *the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.*

Not applicable.

3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.*

Not applicable.

3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.*

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

Not applicable.

Item 4 – Consideration Paid

4.1 *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

See Item 2.2 above.

4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

See Item 2.2 above.

4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) *the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*
- (b) *a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*
- (c) *a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*
- (d) *a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*
- (e) *a material change in the present capitalization or dividend policy of the reporting issuer;*
- (f) *a material change in the reporting issuer's business or corporate structure;*
- (g) *a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*
- (h) *a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*
- (i) *the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*
- (j) *a solicitation of proxies from securityholders;*
- (k) *an action similar to any of those enumerated above.*

The acquisition of Rights by MATCO was made for investment purposes. Subject to applicable law, Mathison and MATCO may from time to time dispose of, or acquire, additional securities of the Corporation.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

The Rights Offering was conducted in connection with the Corporation's debt restructuring agreement with Alberta Investment Management Corporation. ("**AIMCo**"), the lender under its second lien term loan facility (the "**Restructuring Transaction**"), as disclosed in the Western's press release dated March 22, 2022, which included the conversion of \$100 million of the principal amount outstanding under the second lien facility into Common Shares at an issue price of \$0.05 per Common Share. G2S2, Armco, Mathison and MATCO, entered into a standby purchase agreement with the Western wherein G2S2, Armco, MATCO and Mathison agreed to exercise in full their Basic Subscription Privilege and, the Standby Purchasers would provide the Standby Commitment As the Rights Offering was fully subscribed, Western did not utilize the Standby Commitment and the Standby Purchasers did not acquire any Common Shares pursuant to the Standby Commitment.

MATCO entered into an investor rights agreement (the "**Investor Rights Agreement**") as part of the Restructuring Transaction with Western, G2S2, Armco, and Mathison. Pursuant to the Investor Rights Agreement, Western granted AIMCo the right to nominate two directors for election to the board of Western as long as AIMCo, together with any entities controlled, directly or indirectly by AIMCo, holds 30% or more of the outstanding Common Shares, and under which G2S2, Armco, Matco and Mathison (or any affiliate holding Common Shares) have agreed not to vote against the election of an AIMCo nominee to serve as a director, or in favour of any proposal or resolution to remove any AIMCo nominee as a director, while AIMCo holds such nomination rights. Pursuant to the Investor Rights Agreement, two persons designated by AIMCo will be joining the board of directors of Western on May 24, 2022.

Item 7 – Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

See Item 2.2 and Item 6 above.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I certify to the best of my knowledge, information and believe, that the statements made in this report are true and complete in every respect.

Dated this 27th day of May, 2022.

/s/ Ronald Mathison

Ronald P. Mathison

MATCO INVESTMENTS LTD.

/s/ Ronald Mathison

Name: Ronald P. Mathison

Title: President