

Q3 2025

Interim Condensed Consolidated Financial Statements

SOURCE

ENERGY SERVICES

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
UNAUDITED

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SOURCE ENERGY SERVICES LTD.

Interim Condensed Consolidated Statements of Financial Position - Unaudited

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

	Note	September 30, 2025	December 31, 2024
Assets			
Current assets			
Cash		\$ 30,395	\$ 32,717
Accounts receivable	22(d)	51,798	79,505
Prepaid expenses		5,993	9,624
Inventories	6	92,811	89,427
Lease receivable	7	1,542	1,320
Total current assets		182,539	212,593
Deferred income tax assets		15,677	21,825
Deposits and restricted cash	11(g)	3,370	3,729
Deferred finance costs	11(b)	354	566
Property, plant and equipment	8	296,689	280,670
Right-of-use assets	9	97,616	76,027
Lease receivable	7	1,649	2,808
Total assets		\$ 597,894	\$ 598,218
Liabilities and equity			
Current liabilities			
Accounts payable and accruals	22(e), 16	\$ 76,870	\$ 94,847
Contract liabilities	18	2,642	11,832
Lease liabilities	12	26,889	19,386
Current portion of long-term debt	11	14,727	8,093
Current income tax liabilities		5,771	5,251
Decommissioning provision	13	1,514	1,564
Total current liabilities		128,413	140,973
Lease liabilities	12	77,370	60,518
Long-term debt	11	166,292	186,874
Contract liabilities	18	1,608	1,636
Deferred income tax liabilities		4,745	9,123
Decommissioning provision	13	9,121	9,227
Total liabilities		\$ 387,549	\$ 408,351
Shareholders' equity			
Shareholders' equity	15	\$ 405,633	\$ 410,632
Contributed surplus		2,459	2,459
Accumulated deficit		(213,991)	(244,941)
Accumulated other comprehensive income		16,244	21,717
Total shareholders' equity		\$ 210,345	\$ 189,867
Total liabilities and shareholders' equity		\$ 597,894	\$ 598,218

See accompanying notes to these interim condensed consolidated financial statements.

Commitments and contingencies (Note 14)

SOURCE ENERGY SERVICES LTD.

Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) - Unaudited

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

			For the three months ended September 30,		For the nine months ended September 30,	
	Note		2025	2024	2025	2024
Sales						
Sand revenue	18	\$	100,265	\$ 142,236	\$ 424,640	\$ 415,286
Well site solutions	18		23,941	39,908	107,585	110,988
Terminal services	18		1,113	906	3,547	2,700
Total sales			125,319	183,050	535,772	528,974
Cost of sales	19	\$	95,016	\$ 139,768	\$ 410,665	\$ 400,364
Cost of sales - depreciation			10,676	9,613	31,951	26,662
Gross margin		\$	19,627	\$ 33,669	\$ 93,156	\$ 101,948
Operating expense	19	\$	7,149	\$ 6,493	\$ 23,459	\$ 18,862
General & administrative expense	19		3,235	3,518	12,982	14,719
Depreciation			5,484	4,753	16,616	13,252
Income from operations		\$	3,759	\$ 18,905	\$ 40,099	\$ 55,115
Other expense (income):						
Finance expense	20	\$	6,568	\$ 8,217	\$ 20,609	\$ 25,566
Share-based compensation expense (recovery)	16		321	1,016	(3,557)	9,325
Loss (gain) on asset disposal			443	(862)	983	(2,840)
Gain on Sahara finance lease	7		—	(1,992)	—	(1,992)
Other income			(22)	(12)	(737)	(568)
Other expense (recovery)	21		187	221	(12,037)	1,279
Loss on sublease	7		—	—	13	638
(Gain) loss on debt modification and extinguishment	11		(204)	—	(694)	164
Unrealized foreign exchange loss (gain)			3,529	—	(4,666)	—
Foreign exchange (gain) loss	22(f)		(349)	(66)	144	(571)
Total other expense			10,473	6,522	58	31,001
(Loss) income before income taxes		\$	(6,714)	\$ 12,383	\$ 40,041	\$ 24,114
Income taxes						
Current tax expense	10	\$	1,212	\$ 812	\$ 6,437	\$ 4,550
Deferred tax (income) expense	10		(1,709)	1,416	2,654	2,831
Total income taxes			(497)	2,228	9,091	7,381
Net (loss) income		\$	(6,217)	\$ 10,155	\$ 30,950	\$ 16,733
Other comprehensive (loss) income						
Foreign currency translation adjustment (subject to recycling)			2,633	549	(5,473)	1,223
Comprehensive (loss) income		\$	(3,584)	\$ 10,704	\$ 25,477	\$ 17,956
(Loss) earnings per share (in dollars)						
Basic	17	\$	(0.46)	\$ 0.75	\$ 2.31	\$ 1.24
Diluted	17	\$	(0.46)	\$ 0.74	\$ 2.31	\$ 1.24

See accompanying notes to these interim condensed consolidated financial statements.

SOURCE ENERGY SERVICES LTD.

Interim Condensed Consolidated Statements of Changes in Equity - Unaudited

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

	Note	Common share capital		Contributed Surplus	Accumulated Deficit	Accumulated other comprehensive income	Total Equity
		Number of Shares	\$				
Balance at December 31, 2024		13,545,055	\$ 410,632	\$ 2,459	\$ (244,941)	\$ 21,717	189,867
Net income					30,950		30,950
Repurchase and cancellation of shares under NCIB	15	(392,900)	(4,999)				(4,999)
Foreign currency translation adjustment						(5,473)	(5,473)
Balance at September 30, 2025		13,152,155	\$ 405,633	\$ 2,459	\$ (213,991)	\$ 16,244	210,345

	Note	Common share capital		Contributed Surplus	Accumulated Deficit	Accumulated other comprehensive income	Total Equity
		Number of Shares	\$				
Balance at December 31, 2023		13,545,055	\$ 410,632	\$ 2,459	\$ (254,450)	\$ 10,489	169,130
Net income					16,733		16,733
Foreign currency translation adjustment						1,223	1,223
Balance at September 30, 2024		13,545,055	\$ 410,632	\$ 2,459	\$ (237,717)	\$ 11,712	187,086

See accompanying notes to these interim condensed consolidated financial statements.

SOURCE ENERGY SERVICES LTD.

Interim Condensed Consolidated Statements of Cash Flows - Unaudited

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	2025	2024	2025	2024
Operating Activities					
Net (loss) income		\$ (6,217)	\$ 10,155	\$ 30,950	\$ 16,733
Adjusted for the following:					
Depreciation		16,160	14,366	48,567	39,914
Share-based compensation expense (recovery)	16	321	1,016	(3,557)	9,325
Loss (gain) on asset disposal		443	(862)	983	(2,840)
Finance expense	20	6,568	8,217	20,609	25,566
Gain on Sahara finance lease	7	—	(1,992)	—	(1,992)
(Gain) loss on debt modification and extinguishment	11	(204)	—	(694)	164
Income tax (recovery) expense	10	(497)	2,228	9,091	7,381
Loss on sublease	7	—	—	13	638
Foreign exchange loss (gain)		3,219	—	(5,398)	—
Satisfaction of performance obligations on contract liabilities	18	(613)	—	(9,555)	—
Income taxes paid		(1,111)	—	(5,715)	(1,169)
Payments for share-based compensation		(257)	(53)	(9,632)	(5,218)
Payments made for decommissioning provision	13	(575)	(307)	(1,191)	(1,070)
Net changes in non-cash working capital	4	17,780	(16,511)	23,077	(26,405)
Cash flows provided by operating activities		\$ 35,017	\$ 16,257	\$ 97,548	\$ 61,027
Investing Activities					
Capital expenditures		(25,667)	(9,306)	(47,908)	(28,244)
Asset acquisition	5	—	(437)	—	(1,682)
Proceeds on disposal of property, plant and equipment and reimbursement of capital costs		819	3,761	1,548	13,685
Net changes in non-cash working capital	4	(1,302)	(738)	(942)	719
Cash flows used in investing activities		\$ (26,150)	\$ (6,720)	\$ (47,302)	\$ (15,522)
Financing Activities					
Proceeds on long-term debt	11	4,863	192,668	12,355	557,661
Repayments on long-term debt	11	(11,723)	(189,312)	(19,926)	(566,730)
Repurchase and cancellation of shares under NCIB	15	(2,297)	—	(4,999)	—
Payment of lease obligations	12	(6,832)	(5,328)	(19,427)	(15,434)
Financing expense paid		(6,500)	(6,655)	(20,016)	(20,092)
Cash flows used in financing activities		\$ (22,489)	\$ (8,627)	\$ (52,013)	\$ (44,595)
(Decrease) increase in cash		\$ (13,622)	\$ 910	\$ (1,767)	\$ 910
Effect of foreign exchange differences		172	—	(555)	—
Cash, beginning of period		43,845	—	32,717	—
Cash, end of period		\$ 30,395	\$ 910	\$ 30,395	\$ 910
Supplementary information					
Interest paid		(5,843)	(6,349)	(17,972)	(19,053)

See accompanying notes to these interim condensed consolidated financial statements.

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and nine months ended September 30, 2025 and 2024

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

1. GENERAL DESCRIPTION OF BUSINESS

Source Energy Services Ltd. and its subsidiaries ("Source" or the "Company") is a company that focuses on the integrated production and distribution of frac sand, as well as the distribution of other bulk completion materials not produced by Source. Source provides its customers with an end-to-end solution for frac sand supported by its Wisconsin, United States ("US") and Peace River, Alberta mines and processing facilities, its Western Canadian terminal network and its "last mile" logistics capabilities, including its trucking operations, and Sahara, a proprietary well site mobile sand storage and handling system.

The Company is incorporated under the Alberta Business Corporations Act and the head and principal office is located at 500, 438 - 11th Avenue SE, Calgary, Alberta, T2G 0Y4.

2. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as at and for the three and nine months ended September 30, 2025, and do not include all the information required for full annual financial statements. As such, they should be read in conjunction with the December 31, 2024 audited annual consolidated financial statements. These financial statements are available on SEDAR+.

The policies applied in these interim condensed consolidated financial statements are based on IFRS[®] Accounting Standards ("IFRS") issued and outstanding as at September 30, 2025. These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors (the "Board") on November 6, 2025.

Use of estimates and judgments

The preparation of these interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. These estimates are further described in the Company's December 31, 2024 audited annual consolidated financial statements.

Comparative figures

Certain prior year amounts have been reclassified to conform to current year presentation.

Material accounting policy information

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Company's December 31, 2024 audited annual consolidated financial statements.

Future Accounting Policy Changes

The accounting standards and amendments effective for fiscal years beginning on or after January 1, 2026 are consistent with those disclosed in the Company's December 31, 2024 audited annual financial statements.

3. SEASONALITY OF OPERATIONS

The Company's business is seasonal in nature and as a result, Source's operating results vary on a quarterly basis. Lower activity levels are usually realized in the fourth quarter, as exploration and production ("E&P") companies evaluate remaining capital spend for the year, and in the second quarter spring break-up may impact activity levels. There are other factors that will impact the Company's activities from quarter-to-quarter including commodity prices and completion activity levels of E&P companies.

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and nine months ended September 30, 2025 and 2024

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

4. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating assets and liabilities for the three and nine months ended September 30, 2025 and 2024 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Accounts receivable	\$ 33,497	\$ 3,036	\$ 28,672	\$ (24,241)
Prepaid expenses	1,730	(1,004)	4,571	850
Inventories	(11,527)	7,196	(6,339)	12,270
Contract liabilities	—	—	337	—
Accounts payable and accruals	(5,920)	(25,739)	(4,164)	(15,284)
Changes in non-cash working capital	\$ 17,780	\$ (16,511)	\$ 23,077	\$ (26,405)

Changes in non-cash investing assets and liabilities for the three and nine months ended September 30, 2025 and 2024 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Accounts payable and accruals	\$ (1,302)	\$ (738)	\$ (942)	\$ 719
Changes in non-cash working capital	\$ (1,302)	\$ (738)	\$ (942)	\$ 719

5. ACQUISITIONS

In March and August, 2024, the Company completed two transactions to purchase sand trucking assets for an aggregate purchase price of \$10,237, comprised of \$1,682 paid in cash, promissory notes payable (the "Promissory Notes") and the assumption of certain lease obligations. The purchases were treated as asset acquisitions, including \$1,658 of right-of-use assets, with the remainder allocated to property, plant and equipment.

6. INVENTORIES

Inventory consists of three main classifications:

As at	September 30, 2025	December 31, 2024
Unprocessed sand and work in progress	\$ 56,552	\$ 51,720
Sand available for shipment	31,487	33,814
Spare parts and supplies	4,772	3,893
Total inventories	\$ 92,811	\$ 89,427

Spare parts and supplies are for routine facilities and equipment maintenance. Included in the inventory balance is depreciation expense related to sand-producing properties of \$11,942 as at September 30, 2025 (December 31, 2024 - \$12,413). The total amount of inventory expensed through cost of sales during the three and nine months ended September 30, 2025 was \$72,558 and \$312,132, respectively (three and nine months ended September 30, 2024 - \$104,324 and \$302,193, respectively). No inventory write-downs or reversals of prior write-downs were recorded during the three and nine months ended September 30, 2025 (three and nine months ended September 30, 2024 - \$nil).

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and nine months ended September 30, 2025 and 2024

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

7. LEASE RECEIVABLE

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 4,128	\$ —
Additions	275	4,285
Interest income	397	149
Lease payments received	(1,479)	(448)
Exchange differences	(130)	142
Balance, end of period	\$ 3,191	\$ 4,128
Less: current portion	(1,542)	(1,320)
Long-term portion	\$ 1,649	\$ 2,808

Previously, the Company entered into arrangements to construct and subsequently lease two Sahara units, with costs to build the units fully reimbursed by customers. During 2024 the leases commenced, upon completion of construction, each payable over three-year terms with an option for each customer to purchase the respective unit at the end of the term. The leases have been classified as finance leases, resulting in the recognition of a lease receivable and derecognition of the constructed assets.

On January 1, 2025, the Company entered into a sublease agreement with a third party to lease the Company's previous head office location. The Company has classified the sublease as a finance lease due to the sublease term being equal to the remaining term of the head lease. As a result, the net book value of the original right-of-use asset was derecognized and a lease receivable was recorded, resulting in a loss of \$13 during the nine months ended September 30, 2025.

Future minimum lease payments are as follows:

2025	\$ 510
2026	1,850
2027	1,328
Total	\$ 3,688
Less: unearned finance income	497
Lease receivable	\$ 3,191

8. PROPERTY, PLANT AND EQUIPMENT

	Land & Building	Equipment & Vehicles	Other	Construction in Progress ⁽⁵⁾	Mine Preparation Costs	Total
Cost						
Balance as at December 31, 2023	\$ 210,938	\$ 213,764	\$ 6,564	\$ 25,780	\$ 35,728	\$ 492,774
Additions ⁽¹⁾⁽²⁾⁽³⁾	1,604	8,814	62	33,006	10,008	53,494
Disposals	(772)	(4,129)	(5)	—	—	(4,906)
Completed construction in progress	10,360	17,616	—	(27,976)	—	—
Derecognition ⁽⁴⁾	—	(11,502)	—	—	—	(11,502)
Transfers	46	2,013	—	—	—	2,059
Exchange differences	15,046	14,463	303	763	2,904	33,479
Balance as at December 31, 2024	\$ 237,222	\$ 241,039	\$ 6,924	\$ 31,573	\$ 48,640	\$ 565,398
Additions	1,086	205	63	37,203	10,413	48,970
Disposals	—	(7,221)	—	(214)	—	(7,435)
Completed construction in progress	9,178	13,487	—	(22,665)	—	—
Transfers	—	7,727	—	—	—	7,727
Exchange differences	(5,586)	(5,151)	(128)	(182)	(1,296)	(12,343)
Balance as at September 30, 2025	\$ 241,900	\$ 250,086	\$ 6,859	\$ 45,715	\$ 57,757	\$ 602,317

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and nine months ended September 30, 2025 and 2024

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

	Land & Building	Equipment & Vehicles	Other	Construction in Progress ⁽⁵⁾	Mine Preparation Costs	Total
Accumulated depreciation						
Balance as at December 31, 2023	\$ (81,708)	\$ (113,832)	\$ (6,406)	\$ —	\$ (31,116)	\$ (233,062)
Depreciation	(8,900)	(15,374)	(88)	—	(10,440)	(34,802)
Disposals	747	3,699	5	—	—	4,451
Transfers	(1)	(1,825)	—	—	—	(1,826)
Exchange differences	(7,004)	(9,406)	(302)	—	(2,777)	(19,489)
Balance as at December 31, 2024	\$ (96,866)	\$ (136,738)	\$ (6,791)	\$ —	\$ (44,333)	\$ (284,728)
Depreciation	(8,390)	(12,887)	(53)	—	(7,857)	(29,187)
Disposals	—	4,995	—	—	—	4,995
Transfers	—	(3,752)	—	—	—	(3,752)
Exchange differences	2,423	3,286	127	—	1,208	7,044
Balance as at September 30, 2025	\$ (102,833)	\$ (145,096)	\$ (6,717)	\$ —	\$ (50,982)	\$ (305,628)
Carrying amounts						
December 31, 2024	\$ 140,356	\$ 104,301	\$ 133	\$ 31,573	\$ 4,307	\$ 280,670
September 30, 2025	\$ 139,067	\$ 104,990	\$ 142	\$ 45,715	\$ 6,775	\$ 296,689

Notes:

- (1) In 2024, Source incurred capital costs of \$8,594 related to contracts to construct two Sahara units on behalf of and fully reimbursed by customers.
- (2) The Company incurred costs to replace a piece of equipment in 2024, located at a terminal facility, which malfunctioned in 2023. The costs to replace the equipment were reimbursed through an insurance claim received during 2024.
- (3) Includes sand trucking assets acquired in 2024. Refer to Note 5 for additional information.
- (4) During 2024, upon completion of construction for the Sahara units as outlined above, the Company commenced lease arrangements for the units. The leases have been classified as finance leases, resulting in the derecognition of the assets. Refer to Note 7 for additional information.
- (5) Assets under construction are not amortized until the asset is deemed ready for use, at which time they are allocated to their corresponding capital asset group and will commence depreciating.

No indicators of impairment were noted as at September 30, 2025.

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and nine months ended September 30, 2025 and 2024

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

9. RIGHT-OF-USE ASSETS

	Land & Building	Equipment & Vehicles	Rail cars	Peace River Facility	Total
Cost					
Balance as at December 31, 2023	\$ 11,831	\$ 30,171	\$ 52,911	\$ 26,865	\$ 121,778
Additions and modifications ⁽¹⁾	3,988	19,000	12,176	—	35,164
Expired leases	(2,838)	(1,555)	(11,131)	—	(15,524)
Transfers	—	(2,059)	—	—	(2,059)
Exchange differences	233	2,339	4,810	—	7,382
Balance as at December 31, 2024	\$ 13,214	\$ 47,896	\$ 58,766	\$ 26,865	\$ 146,741
Additions and modifications ⁽²⁾	861	28,129	15,888	—	44,878
Expired leases	—	(1,720)	(15,168)	—	(16,888)
Transfers	—	(7,727)	—	—	(7,727)
Exchange differences	(131)	(1,059)	(1,854)	—	(3,044)
Balance as at September 30, 2025	\$ 13,944	\$ 65,519	\$ 57,632	\$ 26,865	\$ 163,960
Accumulated depreciation					
Balance as at December 31, 2023	\$ (8,007)	\$ (13,457)	\$ (41,132)	\$ (3,062)	\$ (65,658)
Depreciation	(2,381)	(6,939)	(6,591)	(1,781)	(17,692)
Expired leases	2,838	1,547	11,131	—	15,516
Transfers	—	1,826	—	—	1,826
Exchange differences	(122)	(1,059)	(3,525)	—	(4,706)
Balance as at December 31, 2024	\$ (7,672)	\$ (18,082)	\$ (40,117)	\$ (4,843)	\$ (70,714)
Depreciation	(2,111)	(9,244)	(5,369)	(1,336)	(18,060)
Expired leases	—	1,720	15,168	—	16,888
Transfers	—	3,752	—	—	3,752
Exchange differences	61	451	1,278	—	1,790
Balance as at September 30, 2025	\$ (9,722)	\$ (21,403)	\$ (29,040)	\$ (6,179)	\$ (66,344)
Carrying amounts					
December 31, 2024	\$ 5,542	\$ 29,814	\$ 18,649	\$ 22,022	\$ 76,027
September 30, 2025	\$ 4,222	\$ 44,116	\$ 28,592	\$ 20,686	\$ 97,616

Notes:

(1) Includes sand trucking right-of-use assets acquired during 2024. Refer to Note 5 for additional information.

(2) On January 1, 2025, the Company entered into a sublease agreement with a third party to lease the Company's previous head office location. The sublease has been classified as a finance lease, resulting in the derecognition of the right-of-use asset. Refer to Note 7 for additional information.

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and nine months ended September 30, 2025 and 2024

(All amounts are in thousands of Canadian dollars, unless otherwise noted)

10. INCOME TAXES

The following table reconciles the Company's expected income tax expense relative to the current effective Canadian statutory rate of 23% (2024 - 23%) for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
(Loss) income before income taxes	\$ (6,714)	\$ 12,383	\$ 40,041	\$ 24,114
Statutory income tax rate	23.00 %	23.00 %	23.00 %	23.00 %
Expected income taxes	(1,544)	2,848	9,209	5,546
<i>Increase (decrease) in taxes from:</i>				
Non-deductible expenses	20	347	48	686
Share-based compensation	—	29	3	372
Unrealized foreign exchange	392	—	(433)	—
Prior period adjustments	—	(64)	(39)	(708)
Unrecognized deferred income tax assets	(2)	(285)	(5)	2,152
Rate differential on foreign activities	(10)	133	288	37
Other	647	(780)	20	(704)
Total income taxes	\$ (497)	\$ 2,228	\$ 9,091	\$ 7,381
Current tax expense	1,212	812	6,437	4,550
Deferred tax (recovery) expense	(1,709)	1,416	2,654	2,831
Total income taxes	\$ (497)	\$ 2,228	\$ 9,091	\$ 7,381

At September 30, 2025, the Company had \$84,103 (December 31, 2024 - \$93,215) of non-capital losses. Canadian losses begin to expire in 2037.

11. LONG-TERM DEBT

As at	September 30, 2025	December 31, 2024
Term Loan (net of unamortized deferred financing costs) (a)	\$ 159,146	\$ 183,547
Taylor Financing Facility (c)	21,873	10,042
Other long-term debt ⁽¹⁾	—	1,378
Total long-term debt	\$ 181,019	\$ 194,967
Less: current portion	(14,727)	(8,093)
Long-term portion	\$ 166,292	\$ 186,874

Note:

(1) Includes amounts related to the Company's share-based compensation plans which were settled during 2025. Refer to Note 16 for additional information.

(a) Term Loan

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 183,547	\$ —
Proceeds	—	187,205
Repayments ⁽¹⁾	(19,911)	—
Accretion	1,180	—
Unrealized foreign exchange (gain) loss	(5,473)	208
Financing costs incurred	(287)	(3,866)
Loss on debt modification	90	—
Balance, end of period	\$ 159,146	\$ 183,547
Less: current portion	(10,579)	(8,093)
Long-term portion	\$ 148,567	\$ 175,454

Note:

(1) A realized foreign exchange gain of \$491 was recognized on repayments of the Term Loan for the nine months ended September 30, 2025 (\$312 for the three months ended September 30, 2025).

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On December 20, 2024, the Company completed a refinancing of its senior secured notes and credit facility (the "Refinancing Transaction"). Pursuant to the Refinancing Transaction, Source executed a five-year US\$135,000 Term Loan with Silver Point Finance, LLC (the "Term Loan"). The Term Loan has a delayed draw facility of US\$25,000 which is undrawn and available through December 31, 2025. The Term Loan bears interest at the Secured Overnight Finance Rate ("SOFR"), plus a margin of 5.25% and an interest rate floor of 4.25%, and matures on December 20, 2029. The Term Loan is secured by a first charge on all assets of the business, excluding assets related to the Taylor Terminal (as defined below), and a second charge on cash, accounts receivable and inventory. The Term Loan was recorded at its fair value of US\$127,565, net of US\$7,435 of issuer discount and transaction fees, which will be amortized over the life of the Term Loan. For the three and nine months ended September 30, 2025, the Term Loan has been subsequently revalued to reflect current cash flows and changes in SOFR, resulting in a gain of \$34 and a loss of \$90, respectively.

The Term Loan has a stated amortization of 5% per annum for amounts drawn on the facility, with 2% due on March 31 and September 30, respectively, and 1% due on June 30. The Term Loan also contains a quarterly mandatory repayment feature, equal to 50% of excess cash flows, payable 45 days after the fiscal quarter. Excess cash flows are defined as cash flows provided by operating activities (which includes an adjustment for cash taxes paid), less maintenance capital expenditures, amounts paid for lease obligations and amounts of interest or principal prepayments on the Term Loan and ABL facility (as defined below) in the applicable fiscal quarter. The Company made excess cash flow repayments totalling US\$7,190 for the first two fiscal quarters of 2025, and has a repayment of US\$2,580 payable on November 15, 2025, for the three months ended September 30, 2025.

The Company may repay all or a portion of amounts outstanding under the Term Loan, plus unpaid and accrued interest, subject to an applicable call premium on amounts repaid (prior to December 20, 2027 - 5%, prior to December 20, 2028 - 3% and thereafter - nil). Financial covenants include a fixed charge coverage ratio of 1.20:1 and a current ratio of 1.25:1, tested each fiscal quarter; and a total leverage ratio not greater than 2.25:1 through March 31, 2026, 2.00:1 through December 31, 2026 and 1.75:1 through the remainder of the term. As at September 30, 2025, Source was in compliance with all covenants.

Interest expense for the Term Loan was \$3,818 and \$13,046, respectively, for the three and nine months ended September 30, 2025.

(b) ABL facility

As part of the Refinancing Transaction, the Company closed a \$40,000 revolving asset-backed credit facility (the "ABL") with Canadian Imperial Bank of Commerce which matures on December 20, 2027. The ABL is secured by a first lien charge on cash, the accounts receivable and inventory of the Company and a second lien charge on all other assets of the business excluding assets related to the Taylor Terminal, as outlined below. The ABL facility may be drawn in Canadian or US dollars and bears interest based on the bank's prime lending rate, base rate, Canadian Overnight Repo Rate Average or SOFR, plus an applicable margin, which ranges from 0.0% to 0.25% for prime rate borrowings, depending on the amount of excess availability.

The amount available under the facility is subject to a borrowing base formula applied to accounts receivable and inventory. As of September 30, 2025, unamortized deferred financing costs of \$693 have been presented as an asset, of which \$354 is long-term, as no amounts were drawn on the facility. The ABL includes a springing fixed charge ratio of 1.00:1 to be measured when the Company's excess availability is less than 10%.

(c) Taylor Financing Facility

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 10,042	\$ —
Proceeds	12,355	9,870
Repayments	(506)	—
Accretion	766	172
Gain on debt modification	(784)	—
Balance, end of period	\$ 21,873	\$ 10,042
Less: current portion	(4,148)	—
Long-term portion	\$ 17,725	\$ 10,042

On July 25, 2024, Source entered into a construction financing arrangement (the "Taylor Financing Facility") with Trican Well Service Ltd. ("Trican") to construct a new terminal facility located in Taylor, British Columbia (the "Taylor Terminal"). Under the terms of the agreement Trican advances funding for construction under a project financing structure, and receives a fee on each advance drawn which is added to the obligation outstanding. The Taylor Financing Facility is capped at an amount of \$23,500 and is repayable through the provision of transload services and optional cash payments over a three-year term, with options to extend for additional one-year periods.

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The Taylor Financing Facility is secured by a first lien charge on all assets of the Taylor transload entity, including a mortgage in favor of Trican. The financial performance of the Taylor Terminal, including amounts drawn on the Taylor Financing Facility, are excluded from the financial covenants as prescribed under the Term Loan and the ABL facility. The difference between the timing of advances received on the Taylor Financing Facility and capital expenditures are presented as cash on these interim condensed consolidated statements of financial position. As at September 30, 2025, \$4,648 was included in cash in respect of these timing differences (December 31, 2024 - \$3,928). For the three and nine months ended September 30, 2025, Source incurred \$6,307 and \$13,126 of capital expenditures, respectively, for the Taylor terminal facility.

The initial advances under the Taylor Financing Facility were recorded at their fair values and have been subsequently revalued to reflect current estimated future repayments related to transloading volume forecasts and the timing of advances drawn on the facility, which resulted in a gain on debt modification of \$170 and \$784, respectively, for the three and nine months ended September 30, 2025. For the three and nine months ended September 30, 2025, the Company recorded finance costs of \$328 and \$766, respectively, calculated using an effective interest rate of 7.65%, to accrete the value of the obligation to amounts payable under the terms of the arrangement.

(d) Senior secured notes

On December 30, 2020, Source issued \$142,238 in aggregate principal of senior secured notes (the "Notes"), which bore interest at 10.5% and would have matured on March 15, 2025. The Notes were secured by a fixed and floating charge over all assets of the business and a second charge on accounts receivable and inventory. Pursuant to the Refinancing Transaction, on December 20, 2024, the Notes were extinguished with proceeds received from the Term Loan.

During the nine months ended September 30, 2024, prior to the repayment of the Notes, the Company purchased and cancelled a portion of the outstanding Notes in the open market, with an aggregate principal value of \$4,847, for gross proceeds of \$4,818, including accrued and unpaid interest. Total Note repurchases completed during the nine months ended September 30, 2024 resulted in a loss on extinguishment of debt of \$164. As per the terms of the Note indenture, the Company also completed a mandatory redemption for the Notes with an aggregate principal value of \$4,441, for gross proceeds of \$4,492, including accrued and unpaid interest during the three months ended March 31, 2024.

Interest expense for the Notes was \$3,707 and \$11,278, respectively, for the three and nine months ended September 30, 2024.

(e) Prior ABL facility

The Company had an ABL facility (the "Prior ABL") that was extinguished on December 20, 2024, and bore interest at SOFR plus a margin of 2.95% and applicable fees. Amounts available under the Prior ABL were subject to a borrowing base formula applied to accounts receivable and inventory. Interest on the facility was \$1,116 and \$3,447, respectively, for the three and nine months ended September 30, 2024.

(f) Promissory Notes

In 2024, the Company acquired sand trucking assets as described in Note 5. The Promissory Notes issued in respect of these acquisitions were repaid in full as part of the Refinancing Transaction.

(g) Standby letter of credit facility and deposits

The Company has a US\$13,500 standby letter of credit facility. The Company also has outstanding letters of credit, supported by cash deposits, and surety bonds issued in respect of reclamation obligations related to its mining operations in Wisconsin. As at September 30, 2025, \$3,370 (December 31, 2024 - \$3,572) has been classified as a non-current asset in these interim condensed consolidated statements of financial position in respect of these deposits, of which \$1,100 is restricted cash (December 31, 2024 - \$1,136).

The effective interest rate realized on long-term debt, excluding the Taylor Financing Facility, for the nine months ended September 30, 2025 was 11.0% (December 31, 2024 - 11.9%).

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12. LEASE LIABILITIES

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 79,904	\$ 62,690
Lease additions ⁽¹⁾	40,646	33,608
Lease modifications	4,489	1,961
Lease payments	(19,427)	(21,375)
Exchange differences	(1,353)	3,020
Balance, end of period	\$ 104,259	\$ 79,904
Less: current portion	(26,889)	(19,386)
Long-term portion	\$ 77,370	\$ 60,518

Note:

(1) Includes lease liabilities related to the sand trucking assets acquired in 2024. Refer to Note 5 for additional information.

The Company enters into lease arrangements related to rail cars, equipment and vehicles, office buildings and surface leases. Lease liabilities are measured at the present value of the remaining lease payments using an incremental borrowing rate of 8% (December 31, 2024 - 9%). Leases with a lease term of twelve months or less for certain classes of assets and low-value assets of \$2 and \$12, respectively, were expensed to cost of sales or operating expense in the three and nine months ended September 30, 2025 (three and nine months ended September 30, 2024 - \$58 and \$148, respectively). The Company recognized \$1,780 and \$5,185, respectively, of interest on lease liabilities for the three and nine months ended September 30, 2025 (three and nine months ended September 30, 2024 - \$1,301 and \$3,747, respectively).

13. DECOMMISSIONING PROVISION

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 10,791	\$ 9,475
Liabilities incurred	202	368
Liabilities settled	(1,191)	(1,494)
Accretion	268	342
Changes in estimates	929	1,236
Exchange differences	(364)	864
Balance, end of period	\$ 10,635	\$ 10,791
Less: current portion	(1,514)	(1,564)
Long-term portion	\$ 9,121	\$ 9,227

The Company's decommissioning provision relates to reclamation of land and facilities where its mines operate. Management estimates the costs to abandon and reclaim its properties based on current reclamation technology, acres disturbed and the estimated time period in which these costs will be incurred in the future. The total future estimate of undiscounted cash flows required to settle the provision has been discounted using an inflation rate of 3.17% and risk-free rates of 3.59% for expenditures planned within the next ten years and 3.20% for longer-term expenditures at September 30, 2025 (December 31, 2024 - 3.17%, 3.36% and 3.29%, respectively). The majority of these costs are expected to occur between 6 and 39 years.

14. COMMITMENTS AND CONTINGENCIES

The Company has commitments regarding physical natural gas contracts which expire between October 2025 and December 2027, as well as various IT software subscriptions through 2030. Estimated annual commitments are as follows:

2025	\$ 817
2026	2,091
2027 and beyond	816
Total	\$ 3,724

Additionally, under the terms of the Peace River facility lease, the Company is exposed to potential future cash outflows for variable lease payments which commence when production exceeds 150,000 metric tonnes per year. During the three and nine months ended September 30, 2025, no variable lease payments were incurred (three and nine months ended September 30, 2024 - \$nil).

In the ordinary course of conducting business, the Company occasionally becomes involved in legal proceedings relating to contracts, environmental issues or other matters. While the amount of any proceeding or litigation is inherently uncertain,

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management of the Company believes that the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of the Company.

Source had been pursuing claims against certain organizations in respect of damages related to the structural failure of assets at its Fox Creek terminal facility which occurred on May 7, 2019. The claims between the parties were settled and the lawsuit was dismissed in early 2025 (refer to Note 21 for additional information).

15. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares. The following table outlines the issued and outstanding common shares as at September 30, 2025:

(stated in thousands, except share amounts)	Number of shares		Amount
Balance as at December 31, 2024	13,545,055	\$	410,632
Shares repurchased and cancelled through NCIB	(392,900)		(4,999)
Balance as at September 30, 2025	13,152,155	\$	405,633

Normal Course Issuer Bid

On May 13, 2025, the Company commenced a Normal Course Issuer Bid (the "NCIB"), under which the Company was authorized to purchase up to a maximum of 750,000 common shares or \$5,000. On October 6, 2025, the Company amended its NCIB, increasing the maximum number of shares that may be repurchased to 1,189,458 common shares or \$15,600. The NCIB will terminate on the earlier of May 12, 2026 and such earlier date as the maximum number of common shares are purchased or the NCIB is completed or terminated at the election of the Company. For the nine months ended September 30, 2025, Source purchased 392,900 shares for cancellation at a weighted average price per share of \$12.72.

In May 2025, the Company entered into an Automated Share Purchase Plan (the "ASPP") with an independent broker which permits Source to purchase common shares during its internal blackout period. Purchases completed during an internal blackout period are determined by the broker in its sole discretion based on parameters established by Source under the ASPP. On October 6, 2025, the Company revised the ASPP in accordance with the terms of the amended NCIB.

16. SHARE-BASED COMPENSATION

The Company has a share-based compensation plan that allows for deferred share unit ("DSU") grants for directors. The DSUs vest and are expensed over the earlier of five years or when a director or other participant ceases in their role and are payable only when a director or participant leaves the Company. The fair value of the DSUs was determined using the Company's share price at period end and a forfeiture rate of 5%. The DSUs are expected to be settled for cash payment and accordingly are considered a liability-settled award for accounting purposes. At September 30, 2025, a current liability of \$3,288 has been recorded for these units (December 31, 2024 - \$4,045).

The Company had plans that allowed for restricted share unit ("RSU") and performance share unit ("PSU") grants as well as the issuance of share appreciation rights ("SAR") for certain employees. During the three months ended March 31, 2025, the Company and the Board agreed to wind up the RSU and PSU plans, whereby all outstanding units vested and were settled for cash or shares. During 2024, the Company and the Board agreed to wind up the SAR plan, effective January, 2025, which resulted in the cash settlement of all outstanding SARs during the three months ended March 31, 2025.

As at September 30, 2025, the following share-based compensation plan units were outstanding:

(number of units)	SAR	RSU	PSU	DSU
Balance as at December 31, 2023	523,500	229,997	788,895	272,888
Granted	—	—	107,770	62,960
Exercised	(203,000)	(115,835)	(283,967)	—
Forfeited	(27,500)	—	(6)	—
Balance as at December 31, 2024	293,000	114,162	612,692	335,848
Granted	—	—	57,990	37,296
Exercised	(293,000)	(114,162)	(670,672)	(70,805)
Forfeited	—	—	(10)	—
Balance as at September 30, 2025	—	—	—	302,339
Vested as at September 30, 2025	—	—	—	—

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For the three and nine months ended September 30, 2025, share-based compensation expense (recovery) was \$321 and \$(3,557), respectively (three and nine months ended September 30, 2024 - \$1,016 and \$9,325, respectively).

17. (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share

The calculation of basic and diluted (loss) earnings per share for the three and nine months ended September 30, 2025 was based on the (loss) earnings available to holders of common shares of \$(6,217) and \$30,950, respectively (three and nine months ended September 30, 2024 - \$10,155 and \$16,733), and a weighted average number of common shares outstanding for the three and nine months ended September 30, 2025 of 13,456,959 and 13,417,778, respectively (three and nine months ended September 30, 2024 - 13,545,055). Diluted (loss) earnings per share is calculated by adjusting the (loss) earnings and number of shares for the effects of potential dilution attributed to restricted and performance share units granted to employees. For the three and nine months ended September 30, 2025, there were no common shares that could have a potentially dilutive effect in a future period as all RSU and PSU units were fully settled (potentially dilutive effect for the three and nine months ended September 30, 2024 - 695,279 and 783,698, respectively).

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Common shares outstanding, beginning of period	13,545,055	13,545,055	13,545,055	13,545,055
Weighted average shares repurchased and cancelled under NCIB	(88,096)	—	(127,277)	—
Weighted average common shares outstanding, end of period	13,456,959	13,545,055	13,417,778	13,545,055
(Loss) earnings per share				
Basic	\$ (0.46)	\$ 0.75	\$ 2.31	\$ 1.24
Diluted	\$ (0.46)	\$ 0.74	\$ 2.31	\$ 1.24

18. REVENUE

The following table presents the Company's sales, disaggregated by revenue source:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue from contracts with customers:				
Sand revenue	\$ 100,265	\$ 142,236	\$ 424,640	\$ 415,286
Well site solutions	23,941	39,908	107,585	110,988
Terminal services	1,067	846	3,409	2,512
Total revenue from contracts with customers	\$ 125,273	\$ 182,990	\$ 535,634	\$ 528,786
Storage facilities ⁽¹⁾	46	60	138	188
Total	\$ 125,319	\$ 183,050	\$ 535,772	\$ 528,974

Note:

(1) Storage facilities includes revenue for proppant storage at terminals.

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Contract Liabilities

Source constructed two customer-funded Sahara units that were completed in 2024, at which time the related leases commenced. Refer to Note 7 for additional information.

During 2024, Source entered into agreements with customers where the Company received \$13,720 of prepayments for future obligations. The following table provides a summary of the contract liabilities for the periods below:

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 13,468	\$ 2,726
Cash proceeds	337	21,840
Satisfaction of performance obligations	(9,555)	(11,453)
Exchange differences	—	355
Balance, end of period	\$ 4,250	\$ 13,468
Less: current portion	(2,642)	(11,832)
Long-term portion	\$ 1,608	\$ 1,636

19. OPERATING AND GENERAL & ADMINISTRATIVE COSTS

The Company presents its expenses on these interim condensed consolidated statements of operations and comprehensive (loss) income using the function of expense method whereby expenses are classified according to their function within the Company. This method was selected as it is more closely aligned with the Company's business structure. The Company's functions under IFRS are as follows:

- Cost of sales;
- Operating; and
- General & administrative.

Cost of sales includes direct operating costs (including product costs, direct labour and overhead costs) and depreciation on assets relating to operations. Additional information on the nature of expenses is as follows:

Three months ended September 30,	2025				2024			
	COS	OPEX	G&A	Total	COS	OPEX	G&A	Total
Direct material	\$ 72,558	\$ —	\$ —	\$ 72,558	\$104,324	\$ —	\$ —	\$104,324
Salary costs	6,923	2,655	1,994	11,572	5,780	2,832	2,503	11,115
Equipment costs	1,899	789	—	2,688	1,579	709	1	2,289
Transportation costs	13,273	—	—	13,273	27,923	—	—	27,923
Facility costs	363	442	19	824	162	381	16	559
Selling costs	—	3,263	(70)	3,193	—	2,571	43	2,614
Administration costs	—	—	1,292	1,292	—	—	955	955
Total	\$ 95,016	\$ 7,149	\$ 3,235	\$105,400	\$139,768	\$ 6,493	\$ 3,518	\$149,779

Nine months ended September 30,	2025				2024			
	COS	OPEX	G&A	Total	COS	OPEX	G&A	Total
Direct material	\$312,132	\$ —	\$ —	\$312,132	\$302,193	\$ —	\$ —	\$302,193
Salary costs	19,669	9,028	8,911	37,608	15,626	8,308	11,289	35,223
Equipment costs	6,297	2,351	2	8,650	4,270	1,808	24	6,102
Transportation costs	71,640	—	—	71,640	77,728	—	—	77,728
Facility costs	927	1,325	41	2,293	547	1,136	53	1,736
Selling costs	—	10,755	(28)	10,727	—	7,610	288	7,898
Administration costs	—	—	4,056	4,056	—	—	3,065	3,065
Total	\$410,665	\$ 23,459	\$ 12,982	\$447,106	\$400,364	\$ 18,862	\$ 14,719	\$433,945

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20. FINANCE EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Interest	\$ 5,394	\$ 6,281	\$ 17,537	\$ 18,848
Accretion ⁽¹⁾⁽²⁾	897	1,630	2,449	5,679
Other	277	306	623	1,039
Total	\$ 6,568	\$ 8,217	\$ 20,609	\$ 25,566

Notes:

- (1) Includes accretion of deferred financing fees for the ABL facility, the Term Loan, the Taylor Financing Facility and accretion of the Company's decommissioning provision for the three and nine months ended September 30, 2025.
- (2) For the three and nine months ended September 30, 2024, includes accretion of deferred financing fees for the Prior ABL, amounts related to accretion of the Notes to their aggregate principal value and accretion of the Company's decommissioning provision.

21. OTHER EXPENSE (RECOVERY)

Source had been pursuing claims against certain organizations in respect of damages related to the structural failure of assets at its Fox Creek terminal facility which occurred on May 7, 2019. In early 2025, claims between the parties were settled and the lawsuit was dismissed, resulting in a net payment to Source of \$11,150.

During the three and nine months ended September 30, 2025 and 2024, the Company incurred costs associated with the legal proceedings related to the claim, as noted above, as well as fees related to the 2024 corporate reorganization.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Risk management overview

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. Further quantitative disclosures are included throughout these interim condensed consolidated financial statements. The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels. While the Board has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Classification of financial instruments

The Company categorizes the following financial instruments at amortized cost:

As at	September 30, 2025	December 31, 2024
Financial instruments at amortized cost:		
Cash	30,395	32,717
Accounts receivable	51,798	79,505
Deposits and restricted cash	3,370	3,729
Lease receivable (includes current portion)	3,191	4,128
Accounts payable and accruals	76,870	94,847
Lease liabilities (includes current portion)	104,259	79,904
Long-term debt (includes current portion)	181,019	194,967

(c) Fair value of financial instruments

Financial assets and financial liabilities are not measured at their fair values when the carrying amount is a reasonable approximation of fair value due to their nature, short-term maturity or floating rate interest.

The Company analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1:** Values based on unadjusted quoted prices in active markets for identical assets or liabilities, accessible at the measurement date.
- Level 2:** Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3:** Values based on prices or valuation techniques that require inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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		Fair Value				
September 30, 2025	Carrying amount		Level 1		Level 2	Level 3
Financial liabilities at amortized cost:						
Term Loan	\$ 159,146	\$	—	\$	—	\$ 159,257
Taylor Financing Facility	\$ 21,873	\$	—	\$	—	\$ 22,383

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Substantially all of the Company's trade and other amounts receivable are due from purchasers of proppants and logistics services and are subject to normal industry credit risk. Significant changes in industry conditions will increase the risk of not collecting receivables. Management believes the risk is materially mitigated by the size and reputation of the companies to which they extend credit.

The Company's revenues are generally derived from a group of large and reputable oilfield E&P companies and oilfield services customers. Orders for proppants are subject to guidelines established by the Company's credit and collection program. Source's five largest customers account for 89% of the revenue for the three months ended September 30, 2025, with the three largest making up 72% of revenue (three months ended September 30, 2024, five customers accounted for 65%, three customers accounted for 50%). The Company's five largest customers account for 77% of the revenue for the nine months ended September 30, 2025, with the three largest making up 60% (nine months ended September 30, 2024, five customers accounted for 71%, three customers accounted for 57%). Three of those customers (two for the nine months ended September 30, 2024) account for 10% or more of total revenue individually for the nine months ended September 30, 2025.

The Company's accounts receivable balance, net of loss allowances, was comprised of the following:

As at	September 30, 2025	December 31, 2024
Not yet due	\$ 47,744	\$ 69,669
0 – 30 days	3,323	9,703
31 – 60 days	707	5
61 – 90 days	12	89
91+ days	12	39
Total accounts receivable	\$ 51,798	\$ 79,505

The Company performs ongoing credit evaluations of its customers and establishes an allowance for doubtful accounts based on the lifetime expected credit loss provision. The Company uses an allowance matrix to estimate the credit losses of trade receivables which considers historical default rates as well as the days past due.

A loss allowance of \$84 was recorded as at September 30, 2025:

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	\$ 402	\$ 79
(Decrease) increase in loss allowance	(32)	37
Specific provision for receivables deemed uncollectible	(286)	286
Balance, end of period	\$ 84	\$ 402

The Company's maximum exposure to credit risk is the carrying amount of trade and other amounts receivable (including leases), cash, deposits and restricted cash as well as foreign exchange forward contracts, if applicable. Other than leases and accounts receivable, these financial instruments are held with major financial institutions and management believes the investment grade credit ratings of these institutions minimize this risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The financial liabilities on these interim condensed consolidated statements of financial position consist of accounts payable and accrued liabilities, contract and lease liabilities, the Term Loan, ABL facility and Taylor Financing Facility. The Company's approach to managing liquidity risk includes preparing operating and capital budgets and forecasts and monitoring performance against budgets and forecasts. Source may seek additional financing based on the results of these processes. The Company's ongoing liquidity is impacted by various external events and conditions, including foreign currency fluctuations and commodity price fluctuations as well as global economic conditions.

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The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow, as well as future debt and equity financings. Source has a credit facility to facilitate the management of liquidity risk.

The Company's contractual cash outflows relating to financial liabilities are outlined in the table below:

As at September 30, 2025	Total	2025	2026	2027	2028	2029	2030 and beyond
Accounts payable and accruals	\$ 76,870	\$ 76,870	\$ —	\$ —	\$ —	\$ —	\$ —
Lease liabilities ⁽¹⁾	\$ 125,957	\$ 8,866	\$ 31,897	\$ 26,507	\$ 17,307	\$ 12,226	\$ 29,154
Term Loan ⁽²⁾⁽³⁾	\$ 228,937	\$ 7,240	\$ 24,923	\$ 23,934	\$ 23,112	\$ 149,728	\$ —
Contract liabilities	\$ 4,250	\$ 2,642	\$ 1,608	\$ —	\$ —	\$ —	\$ —
Taylor Financing Facility ⁽¹⁾⁽⁴⁾	\$ 26,063	\$ 1,617	\$ 5,252	\$ 5,252	\$ 5,252	\$ 8,690	\$ —

Notes:

(1) Includes interest for future periods.

(2) Reflects cash outflows for interest and principal only, refer to Note 11(a) for additional information.

(3) The timing and amount of interest payments on such balances will fluctuate depending on balances outstanding and applicable interest rates.

(4) Includes amounts repayable through transload credits, the timing and amount of which may fluctuate, refer to Note 11(c) for additional information.

(f) Market risk

Market risk is the risk that changes in market prices, including foreign exchange rates and interest rates, will affect the Company's net earnings or the value of financial instruments and are largely outside the control of the Company. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits while maximizing returns. Primary market risks are as follows:

Foreign currency risk

The Company is exposed to foreign exchange risk on debt denominated in US dollars. The net effect of each 1% change in foreign exchange would impact long-term debt and net income by \$1,685 at September 30, 2025 (December 31, 2024 - \$1,943).

The Company is exposed to foreign exchange risk on sales denominated in US dollars to the extent that the receipt of payment of the US denominated accounts receivable are subject to fluctuations in the related foreign exchange rate. In addition, foreign currency risk exists on the cost of manufacturing of inventory for sale to the extent that the payment of those costs are foreign denominated accounts payable and are subject to fluctuations in the foreign exchange rate. Included in accounts receivable, accounts payable and accrued liabilities as at September 30, 2025 are \$6,103 (December 31, 2024 - \$25,898) and \$29,144 (December 31, 2024 - \$26,097) denominated in foreign currency, respectively. The net effect of each 1% change in foreign exchange would impact net income (excluding the impact from long-term debt) by \$413 and \$1,562 for the three and nine months ended September 30, 2025, respectively (\$482 and \$1,072 for the three and nine months ended September 30, 2024, respectively).

Interest rate risk

Interest rate risk is the risk that future cash flows associated with financial instruments will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk to the extent that changes in market interest rates impact borrowings under its floating rate asset-backed loan facility and its floating rate Term Loan. The net effect of each 1% change in market interest rates would impact the related interest expense for the Company's floating rate borrowings by \$1,591 at September 30, 2025 (\$1,835 at December 31, 2024). The Company had no derivative contracts in place as at or during the three and nine months ended September 30, 2025 and 2024 with respect to managing interest rate risk.

(g) Capital management

The Company's capital management policy is to maintain a strong capital base that optimizes the Company's ability to grow, maintain shareholder and creditor confidence and to provide a platform to create value for its common shareholders. The Company's management is responsible for managing the Company's capital and does so through regular reviews of financial information including budgets and forecasts. The Company's directors are responsible for overseeing this process. The Company considers its capital structure to include equity, the Term Loan, the ABL facility, the Taylor Financing Facility and leases.

The Company monitors capital based on its current working capital, available credit line, projected cash flow from operations and anticipated capital expenditures. In order to manage its capital structure, the Company prepares annual capital expenditure and operating budgets, which are updated as necessary. The annual and updated budgets are prepared by the Company's management and approved by the Company's Board.

In order to maintain or adjust the capital structure, the Company may issue share capital, seek debt financing and adjust its capital spending to manage its current and projected capital structure. The Company's ability to raise additional debt or equity financing is

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impacted by external conditions, including global economic conditions. The Company continually monitors economic and general business conditions.

The Company's share capital is not subject to external restrictions; however, the amount of the ABL facility available for use is determined by levels of accounts receivable and inventory. Refer to Note 11(b) for additional information.

The Company's capital management policy has not changed during the periods ended September 30, 2025 and December 31, 2024.

23. SEGMENT AND GEOGRAPHICAL INFORMATION

The Company has determined that it operates in a single operating and reportable segment. Total external revenues and assets by geographical location are summarized in the table below:

Sales for the three months ended September 30,	Canadian Operations	US Operations	Corporate ⁽¹⁾	Total
2025	\$ 123,663	\$ 1,656	\$ —	\$ 125,319
2024	\$ 182,033	\$ 1,017	\$ —	\$ 183,050
Sales for the nine months ended September 30,	Canadian Operations	US Operations	Corporate ⁽¹⁾	Total
2025	\$ 532,575	\$ 3,197	\$ —	\$ 535,772
2024	\$ 526,808	\$ 2,166	\$ —	\$ 528,974
Total Assets	Canadian Operations	US Operations	Corporate ⁽¹⁾	Total
September 30, 2025	\$ 289,864	\$ 254,856	\$ 53,174	\$ 597,894
December 31, 2024	\$ 275,481	\$ 258,839	\$ 63,898	\$ 598,218

Note:

(1) Corporate operations are included for informational purposes only.