

Q2 2026

Interim Condensed Consolidated Financial Statements

S O U R C E

ENERGY SERVICES

AS AT AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025
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	June 30, 2026	December 31, 2025
Assets			
Current assets			
Cash		\$ 2,045	\$ 19,901
Accounts receivable	21(d)	56,373	79,625
Prepaid expenses		11,608	11,264
Inventories	5	91,752	92,221
Lease receivable	6	1,756	1,708
Total current assets		163,534	204,719
Deferred income tax assets		17,574	16,594
Deposits and restricted cash	10(e)	3,467	3,446
Deferred finance costs	10(b)	—	348
Property, plant and equipment	7	314,373	294,190
Right-of-use assets	8	93,313	96,611
Lease receivable	6	421	1,223
Total assets		\$ 592,682	\$ 617,131
Liabilities and equity			
Current liabilities			
Accounts payable and accruals	16,21(e)	\$ 74,488	\$ 104,311
Contract liabilities	13	3,339	3,536
Lease liabilities	11	29,230	27,535
Current portion of long-term debt	10	16,894	11,690
Current income tax liabilities		8,412	8,114
Decommissioning provision	12	1,239	1,190
Total current liabilities		133,602	156,376
Lease liabilities	11	71,713	75,442
Long-term debt	10	173,692	162,586
Contract liabilities	13	474	947
Deferred income tax liabilities		991	4,168
Decommissioning provision	12	9,980	8,716
Total liabilities		\$ 390,452	\$ 408,235
Shareholders' equity			
Shareholders' equity	15	\$ 403,770	\$ 404,744
Contributed surplus		2,459	2,459
Accumulated deficit		(220,751)	(211,860)
Accumulated other comprehensive income		16,752	13,553
Total shareholders' equity		\$ 202,230	\$ 208,896
Total liabilities and shareholders' equity		\$ 592,682	\$ 617,131

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 (Loss) Income - Unaudited

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2026	2025	2026	2025
Sales					
Sand revenue		\$ 107,791	\$ 161,472	\$ 233,570	\$ 324,375
Well site solutions		28,272	39,216	61,663	83,644
Terminal services		1,054	1,201	2,107	2,434
Total sales		137,117	201,889	297,340	410,453
Cost of sales	18	\$ 107,314	\$ 153,280	\$ 232,146	\$ 315,649
Cost of sales - depreciation		12,444	11,873	25,810	21,275
Gross margin		\$ 17,359	\$ 36,736	\$ 39,384	\$ 73,529
Operating expense	18	\$ 8,019	\$ 8,383	\$ 14,271	\$ 16,310
General & administrative expense	18	3,902	4,839	7,131	9,747
Depreciation		6,091	5,432	12,844	11,132
(Loss) income from operations		\$ (653)	\$ 18,082	\$ 5,138	\$ 36,340
Other expense (income):					
Finance expense	19	\$ 7,618	\$ 7,177	\$ 14,942	\$ 14,041
Share-based compensation (recovery) expense	16	(94)	1,081	(53)	(3,878)
Loss on asset disposal		264	536	348	540
Other income		(78)	(575)	(278)	(715)
Other expense (recovery)	20	126	277	614	(12,224)
Loss on sublease		—	—	—	13
(Gain) loss on debt modification	10	(173)	428	(15)	(490)
Foreign exchange (gain) loss	21(f)	(563)	754	(768)	493
Unrealized foreign exchange loss (gain)		948	(8,226)	3,684	(8,195)
Total other expense (income)		8,048	1,452	18,474	(10,415)
(Loss) income before income taxes		\$ (8,701)	\$ 16,630	\$ (13,336)	\$ 46,755
Income taxes					
Current tax expense	9	\$ —	\$ 2,449	\$ —	\$ 5,226
Deferred tax (recovery) expense	9	(3,108)	613	(4,445)	4,362
Total income taxes		(3,108)	3,062	(4,445)	9,588
Net (loss) income		\$ (5,593)	\$ 13,568	\$ (8,891)	\$ 37,167
Other comprehensive (loss) income					
Foreign currency translation adjustment (subject to recycling)		219	(8,106)	3,199	(8,266)
Comprehensive (loss) income		\$ (5,374)	\$ 5,462	\$ (5,692)	\$ 28,901
(Loss) earnings per share (in dollars)					
Basic and diluted	17	\$ (0.43)	\$ 1.01	\$ (0.68)	\$ 2.75

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, 2025		13,080,255	\$ 404,744	\$ 2,459	\$ (211,860)	\$ 13,553	\$ 208,896
Net loss		—	—	—	(8,891)	—	(8,891)
Repurchase and cancellation of shares under NCIB	15	(60,300)	(974)	—	—	—	(974)
Foreign currency translation adjustment		—	—	—	—	3,199	3,199
Balance at June 30, 2026		13,019,955	\$ 403,770	\$ 2,459	\$ (220,751)	\$ 16,752	\$ 202,230

	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		—	—	—	37,167	—	37,167
Repurchases and cancellation of shares under NCIB		(225,400)	(2,702)	—	—	—	(2,702)
Foreign currency translation adjustment		—	—	—	—	(8,266)	(8,266)
Balance at June 30, 2025		13,319,655	\$ 407,930	\$ 2,459	\$ (207,774)	\$ 13,451	\$ 216,066

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)

	Note	Three months ended June 30,		Six months ended June 30,	
		2026	2025	2026	2025
Operating activities					
Net (loss) income		\$ (5,593)	\$ 13,568	\$ (8,891)	\$ 37,167
Adjusted for the following:					
Depreciation		18,535	17,305	38,654	32,407
Share-based compensation (recovery) expense	16	(94)	1,081	(53)	(3,878)
Loss on asset disposal		264	536	348	540
Finance expense	19	7,618	7,177	14,942	14,041
(Gain) loss on debt modification	10	(173)	428	(15)	(490)
Income tax (recovery) expense	9	(3,108)	3,062	(4,445)	9,588
Loss on sublease		—	—	—	13
Foreign exchange loss (gain)		394	(8,450)	3,689	(8,617)
Satisfaction of performance obligations on contract liabilities	13	(6,281)	(761)	(7,835)	(8,942)
Non-cash repayments on long-term debt	10	(3,917)	(167)	(4,858)	(171)
Income taxes paid		—	(2,912)	—	(4,604)
Payments for share-based compensation		—	(644)	—	(9,375)
Payments made for decommissioning provision	12	(261)	(356)	(430)	(616)
Net changes in non-cash working capital	4	20,254	5,907	(3,494)	5,297
Cash flows provided by operating activities		\$ 27,638	\$ 35,774	\$ 27,612	\$ 62,360
Investing activities					
Capital expenditures		\$ (18,676)	\$ (11,321)	\$ (34,647)	\$ (22,241)
Proceeds on disposal of property, plant and equipment and reimbursement of capital costs		1,102	639	1,259	729
Net changes in non-cash working capital	4	2,359	(752)	3,273	360
Cash flows used in investing activities		\$ (15,215)	\$ (11,434)	\$ (30,115)	\$ (21,152)
Financing activities					
Proceeds on long-term debt	10	\$ 89,689	\$ 7,492	\$ 164,843	\$ 7,492
Repayments on long-term debt	10	(89,883)	(4,169)	(150,319)	(8,032)
Repurchase and cancellation of shares under NCIB	15	(936)	(2,702)	(974)	(2,702)
Payment of lease obligations	11	(7,533)	(6,321)	(14,966)	(12,595)
Financing expense paid		(6,766)	(6,710)	(13,576)	(13,516)
Cash flows used in financing activities		\$ (15,429)	\$ (12,410)	\$ (14,992)	\$ (29,353)
(Decrease) increase in cash		\$ (3,006)	\$ 11,930	\$ (17,495)	\$ 11,855
Effect of foreign exchange differences		40	(704)	(361)	(727)
Cash, beginning of period		5,011	32,619	19,901	32,717
Cash, end of period		\$ 2,045	\$ 43,845	\$ 2,045	\$ 43,845
Supplementary information					
Interest paid		(6,417)	(5,947)	(12,202)	(12,129)

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 six months ended June 30, 2026 and 2025

(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 1700, 140 - 10th Avenue SE, Calgary, Alberta, T2G 0R1.

2. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, as at and for the three and six months ended June 30, 2026, and do not include all of the disclosures required for the annual consolidated financial statements. As such, they should be read in conjunction with the December 31, 2025 audited annual consolidated financial statements which 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 June 30, 2026, and were authorized for issuance by the Board of Directors (the "Board") on July 29, 2026.

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 described in the Company's December 31, 2025 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 consistent with those disclosed in the Company's December 31, 2025 audited annual consolidated financial statements.

Newly adopted accounting policies

The adoption of the amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*, effective January 1, 2026, did not have a material impact on these interim condensed consolidated financial statements.

Future accounting policy changes

The accounting standards and amendments effective for fiscal years beginning on or after January 1, 2027 are consistent with those disclosed in the Company's December 31, 2025 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 during the second quarter spring break-up may impact activity levels. There are other factors that may 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 six months ended June 30, 2026 and 2025

(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 six months ended June 30, 2026 and 2025 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Accounts receivable	\$ 36,936	\$ (13,896)	\$ 24,009	\$ (4,825)
Prepaid expenses	(202)	829	(385)	2,841
Inventories	(11,990)	2,483	(1,351)	5,188
Contract liabilities	7,165	—	7,165	337
Accounts payable and accruals	(11,655)	16,491	(32,932)	1,756
Changes in non-cash working capital	\$ 20,254	\$ 5,907	\$ (3,494)	\$ 5,297

Changes in non-cash investing assets and liabilities for the three and six months ended June 30, 2026 and 2025 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Accounts payable and accruals	\$ 2,359	\$ (752)	\$ 3,273	\$ 360
Changes in non-cash working capital	\$ 2,359	\$ (752)	\$ 3,273	\$ 360

5. INVENTORIES

Inventory consists of three main classifications:

As at	June 30, 2026	December 31, 2025
Unprocessed sand and work in progress	\$ 61,745	\$ 53,495
Sand available for shipment	23,918	33,770
Spare parts and supplies	6,089	4,956
Total inventories	\$ 91,752	\$ 92,221

Spare parts and supplies are for routine facility and equipment maintenance. Included in the inventory balance is depreciation expense related to sand-producing properties of \$11,104 as at June 30, 2026 (December 31, 2025 - \$14,377). The total amount of inventory expensed through cost of sales during the three and six months ended June 30, 2026 was \$79,395 and \$172,633, respectively (three and six months ended June 30, 2025 - \$118,675 and \$239,574). No inventory write-downs or reversals of prior write-downs were recorded during the three and six months ended June 30, 2026 (December 31, 2025 - \$nil).

6. LEASE RECEIVABLE

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ 2,931	\$ 4,128
Additions	—	461
Interest income	181	505
Lease payments received	(1,009)	(1,990)
Exchange differences	74	(173)
Balance, end of period	\$ 2,177	\$ 2,931
Less: current portion	(1,756)	(1,708)
Long-term portion	\$ 421	\$ 1,223

The Company has amounts receivable arising from finance leases, consisting of an office sublease and two Sahara units constructed under customer-reimbursed arrangements.

Future minimum lease payments are as follows:

2026	\$ 1,040
2027	1,355
Total	\$ 2,395
Less: unearned finance income	218
Lease receivable	\$ 2,177

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Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and six months ended June 30, 2026 and 2025

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

7. PROPERTY, PLANT AND EQUIPMENT

	Land, land improvements & building	Equipment & vehicles	Other	Construction in progress	Mine preparation costs	Total
Cost						
Balance as at December 31, 2024	\$ 237,222	\$ 241,039	\$ 6,924	\$ 31,573	\$ 48,640	\$ 565,398
Additions	912	413	63	46,947	12,406	60,741
Disposals	—	(7,221)	—	(301)	—	(7,522)
Completed construction in progress	10,033	16,896	13	(26,942)	—	—
Transfers	—	7,727	—	—	—	7,727
Exchange differences	(8,160)	(7,480)	(187)	(235)	(1,912)	(17,974)
Balance as at December 31, 2025	\$ 240,007	\$ 251,374	\$ 6,813	\$ 51,042	\$ 59,134	\$ 608,370
Additions	1,124	94	—	26,288	8,321	35,827
Disposals	—	(1,200)	—	—	—	(1,200)
Completed construction in progress	26,679	21,349	9	(48,037)	—	—
Transfers	—	810	—	—	—	810
Exchange differences	6,068	5,485	139	140	1,506	13,338
Balance as at June 30, 2026	\$ 273,878	\$ 277,912	\$ 6,961	\$ 29,433	\$ 68,961	\$ 657,145
Accumulated depreciation						
Balance as at December 31, 2024	\$ (96,866)	\$ (136,738)	\$ (6,791)	\$ —	\$ (44,333)	\$ (284,728)
Depreciation	(11,232)	(17,236)	(69)	—	(12,675)	(41,212)
Disposals	—	4,995	—	—	—	4,995
Transfers	—	(3,752)	—	—	—	(3,752)
Exchange differences	3,653	4,874	185	—	1,805	10,517
Balance as at December 31, 2025	\$ (104,445)	\$ (147,857)	\$ (6,675)	\$ —	\$ (55,203)	\$ (314,180)
Depreciation	(5,963)	(9,915)	(27)	—	(4,345)	(20,250)
Disposals	—	508	—	—	—	508
Transfers	—	(410)	—	—	—	(410)
Exchange differences	(2,998)	(3,860)	(138)	—	(1,444)	(8,440)
Balance as at June 30, 2026	\$ (113,406)	\$ (161,534)	\$ (6,840)	\$ —	\$ (60,992)	\$ (342,772)
Carrying amounts						
December 31, 2025	\$ 135,562	\$ 103,517	\$ 138	\$ 51,042	\$ 3,931	\$ 294,190
June 30, 2026	\$ 160,472	\$ 116,378	\$ 121	\$ 29,433	\$ 7,969	\$ 314,373

No indicators of impairment were noted as at June 30, 2026.

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and six months ended June 30, 2026 and 2025

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

8. RIGHT-OF-USE ASSETS

	Land & building	Equipment & vehicles	Rail cars	Peace River facility	Total
Cost					
Balance as at December 31, 2024	\$ 13,214	\$ 47,896	\$ 58,766	\$ 26,865	\$ 146,741
Additions and modifications	3,522	30,651	17,525	—	51,698
Expired leases	—	(1,756)	(15,168)	—	(16,924)
Transfers	—	(7,727)	—	—	(7,727)
Exchange differences	(189)	(1,604)	(2,740)	—	(4,533)
Balance as at December 31, 2025	\$ 16,547	\$ 67,460	\$ 58,383	\$ 26,865	\$ 169,255
Additions and modifications	332	7,604	2,287	—	10,223
Expired leases	(1,054)	(132)	—	—	(1,186)
Transfers	—	(810)	—	—	(810)
Exchange differences	136	1,370	2,172	—	3,678
Balance as at June 30, 2026	\$ 15,961	\$ 75,492	\$ 62,842	\$ 26,865	\$ 181,160
Accumulated depreciation					
Balance as at December 31, 2024	\$ (7,672)	\$ (18,082)	\$ (40,117)	\$ (4,843)	\$ (70,714)
Depreciation	(2,676)	(12,646)	(8,037)	(1,781)	(25,140)
Expired leases	—	1,756	15,168	—	16,924
Transfers	—	3,752	—	—	3,752
Exchange differences	101	693	1,740	—	2,534
Balance as at December 31, 2025	\$ (10,247)	\$ (24,527)	\$ (31,246)	\$ (6,624)	\$ (72,644)
Depreciation	(1,102)	(7,653)	(5,137)	(891)	(14,783)
Expired leases	1,054	132	—	—	1,186
Transfers	—	410	—	—	410
Exchange differences	(97)	(678)	(1,241)	—	(2,016)
Balance as at June 30, 2026	\$ (10,392)	\$ (32,316)	\$ (37,624)	\$ (7,515)	\$ (87,847)
Carrying amounts					
December 31, 2025	\$ 6,300	\$ 42,933	\$ 27,137	\$ 20,241	\$ 96,611
June 30, 2026	\$ 5,569	\$ 43,176	\$ 25,218	\$ 19,350	\$ 93,313

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and six months ended June 30, 2026 and 2025

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

9. INCOME TAXES

The following table reconciles the Company's expected income tax expense relative to the current effective Canadian statutory rate of 24% (2025 - 23%) for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(Loss) income before income taxes	\$ (8,701)	\$ 16,630	\$ (13,336)	\$ 46,755
Statutory income tax rate	24.08 %	23.00 %	24.08 %	23.00 %
Expected income taxes	(2,095)	3,825	(3,211)	10,754
<i>Increase (decrease) in taxes from:</i>				
Non-taxable income	(1,127)	—	(1,127)	—
Non-deductible expenses	46	19	159	28
Share-based compensation	—	—	—	3
Unrealized foreign exchange	(131)	(812)	196	(825)
Prior period adjustments	—	—	—	(39)
Unrecognized deferred income tax assets	—	320	—	(3)
Rate differential on foreign activities	(40)	138	(142)	298
Other	239	(428)	(320)	(628)
Total income taxes	\$ (3,108)	\$ 3,062	\$ (4,445)	\$ 9,588

At June 30, 2026, the Company had \$64,663 of non-capital losses (December 31, 2025 - \$61,811). Canadian and foreign losses begin to expire in 2041.

10. LONG-TERM DEBT

As at	June 30, 2026	December 31, 2025
Term Loan (net of unamortized deferred financing costs) (a)	\$ 152,708	\$ 153,309
ABL facility (net of unamortized deferred financing costs) (b)	14,523	—
Taylor Financing Facility (c)	21,290	20,967
Other debt (d)	2,065	—
Total long-term debt	\$ 190,586	\$ 174,276
Less: current portion	(16,894)	(11,690)
Long-term portion	\$ 173,692	\$ 162,586

(a) Term Loan

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ 153,309	\$ 183,547
<i>Cash changes:</i>		
Proceeds	—	—
Repayments ⁽¹⁾	(7,099)	(23,739)
Financing costs incurred	(841)	(478)
<i>Non-cash changes:</i>		
Accretion	1,029	1,527
Unrealized foreign exchange loss (gain)	5,730	(7,638)
Loss on debt modification	580	90
Balance, end of period	\$ 152,708	\$ 153,309
Less: current portion	(12,473)	(8,474)
Long-term portion	\$ 140,235	\$ 144,835

Note:

(1) A realized foreign exchange gain of \$202 was recognized on repayments during the six months ended June 30, 2026 (December 31, 2025 - \$693).

On December 20, 2024, Source executed a five-year US\$135,000 Term Loan with Silver Point Finance, LLC (the "Term Loan"). The Term Loan had a delayed draw facility of US\$25,000, which remained undrawn and expired on December 31, 2025. The Term

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and six months ended June 30, 2026 and 2025

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

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 initially recorded at its fair value, net of issuer discount and transaction fees, which are amortized over the life of the Term Loan. As at June 30, 2026, the Term Loan was subsequently revalued to reflect current cash flows and changes in SOFR, resulting in a loss on debt modification for the three and six months ended June 30, 2026 of \$32 and \$580, respectively (three and six months ended June 30, 2025 - \$116 and \$124).

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 first three fiscal quarters and 60 days after the fiscal year. 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 repayments on the Term Loan and ABL facility (as defined below) in the applicable fiscal quarter. The Company had no mandatory repayment for the first fiscal quarter of 2026, and has a repayment of US\$3,427 payable on August 15, 2026 for the three months ended June 30, 2026 (three and six months ended June 30, 2025 - US\$1,664 and US\$5,641).

Under the original Term Loan agreement, the Company could 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 included a total leverage ratio, a fixed charge coverage ratio of 1.20:1 and a current ratio of 1.25:1, tested each fiscal quarter. During the six months ended June 30, 2026, Source completed amendments to the Term Loan which revised certain covenants and pricing terms. The maximum total leverage ratio thresholds were amended as follows:

- 3.00:1 for the fiscal quarter ending September 30, 2026;
- 2.75:1 for the fiscal quarter ending December 31, 2026;
- 2.50:1 for the fiscal quarter ending March 31, 2027;
- 2.00:1 for the fiscal quarter ending June 30, 2027; and
- 1.75:1 for the fiscal quarters thereafter.

The applicable margin on interest was amended as follows:

- 5.25% when the total leverage ratio is less than 2.00:1;
- 5.75% when the total leverage ratio is equal to or greater than 2.00:1 and less than 2.50:1; and
- 6.25% when the total leverage ratio is equal to or greater than 2.50:1.

In addition, the amendments revised the applicable call premium on amounts repaid (prior to June 20, 2028 - 5%, prior to December 20, 2028 - 3%). As at June 30, 2026, Source was in compliance with all covenants.

Interest expense for the Term Loan was \$4,171 and \$7,908, respectively, for the three and six months ended June 30, 2026 (three and six months ended June 30, 2025 - \$4,810 and \$9,228).

(b) ABL facility

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ —	\$ —
<i>Cash changes:</i>		
Proceeds	157,160	35,227
Repayments	(142,746)	(35,227)
<i>Non-cash and other changes:</i>		
Deferred financing costs ⁽¹⁾	(708)	—
Accretion	179	—
Unrealized foreign exchange loss	638	—
Balance, end of period	\$ 14,523	\$ —

Note:

(1) Unamortized deferred financing costs of \$708 were presented as an asset for the year ended December 31, 2025, of which \$360 was short-term.

The Company has 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

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rate, Canadian Overnight Repo Rate Average or SOFR, plus an applicable margin, which ranges from 0.0% to 0.25% for prime and base 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. 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%. At June 30, 2026, \$15,052 was drawn on the ABL (less unamortized finance costs of \$529 for a net balance of \$14,523) (December 31, 2025 - \$nil), leaving \$24,948 of availability on the facility (December 31, 2025 - \$40,000).

Interest expense on the ABL facility, including fees on the undrawn portion, was \$490 and \$707, respectively, for the three and six months ended June 30, 2026 (three and six months ended June 30, 2025 - \$100 and \$121).

(c) Taylor Financing Facility

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ 20,967	\$ 10,042
<i>Cash changes:</i>		
Proceeds	1,275	12,355
Repayments	(676)	—
<i>Non-cash changes:</i>		
Repayments (transload credits)	(515)	(1,329)
Accretion	834	1,182
Gain on debt modification	(595)	(1,283)
Balance, end of period	\$ 21,290	\$ 20,967
Less: current portion	(2,356)	(3,216)
Long-term portion	\$ 18,934	\$ 17,751

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 fully drawn at the capped 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.

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 advances under the Taylor Financing Facility were recorded at their fair values and have been subsequently revalued using the effective interest method to reflect current estimated future repayments related to transloading volume forecasts, which resulted in a (gain) loss on debt modification of \$(205) and \$(595), respectively, for the three and six months ended June 30, 2026 (three and six months ended June 30, 2025 - \$312 and \$(614)). For the three and six months ended June 30, 2026, the Company recorded finance costs of \$415 and \$834, respectively (three and six months ended June 30, 2025 - \$246 and \$439), 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) Other debt

On February 19, 2026, the Company entered into an arrangement with a customer to support the purchase of sand trucking assets and specialized well site equipment. Under the terms of the arrangement, the customer provides upfront funding of up to \$10,000 which is repayable over a period of up to 24 months through per tonne credits applied to future sand purchases, with an option for the Company to repay amounts outstanding in cash. The customer holds a first lien charge on all equipment purchased under the arrangement until the advance is repaid in full. The arrangement is expected to be repaid within a twelve-month term and as a result the fair value of the advance, measured using a market-based interest rate for a similar arrangement, approximates its carrying amount. As at June 30, 2026, an outstanding balance of \$2,065 was included in the current portion of long-term debt, comprised of \$6,408 of advances net of \$4,343 of repayments.

(e) Standby letter of credit facility and deposits

The Company has a US\$13,500 standby letter of credit facility. The Company also has an outstanding letter of credit, supported by a cash deposit, and surety bonds issued in respect of reclamation obligations related to its mining operations in Wisconsin. As at June 30, 2026, \$3,123 (December 31, 2025 - \$3,012) has been classified as a non-current asset in the interim condensed

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consolidated statements of financial position in respect of these deposits, of which \$1,122 is restricted cash (December 31, 2025 - \$1,083).

The effective interest rate realized on long-term debt, excluding the Taylor Financing Facility, for the six months ended June 30, 2026 was 9.8% (December 31, 2025 - 9.9%).

11. LEASE LIABILITIES

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ 102,977	\$ 79,904
Lease additions	8,274	47,642
Lease modifications	2,797	4,528
Lease payments	(14,966)	(26,917)
Exchange differences	1,861	(2,180)
Balance, end of period	\$ 100,943	\$ 102,977
Less: current portion	(29,230)	(27,535)
Long-term portion	\$ 71,713	\$ 75,442

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, 2025 - 8%). Leases with a lease term of twelve months or less for certain classes of assets and low-value assets of \$33 and \$44, respectively, were expensed to cost of sales or operating expense in the three and six months ended June 30, 2026 (three and six months ended June 30, 2025 - \$2 and \$10). The Company recognized \$1,929 and \$3,923, respectively, of interest on lease liabilities for the three and six months ended June 30, 2026 (three and six months ended June 30, 2025 - \$1,726 and \$3,405).

12. DECOMMISSIONING PROVISION

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ 9,906	\$ 10,791
Liabilities incurred	207	412
Liabilities settled	(430)	(1,678)
Accretion	194	357
Changes in estimates	952	539
Exchange differences	390	(515)
Balance, end of period	\$ 11,219	\$ 9,906
Less: current portion	(1,239)	(1,190)
Long-term portion	\$ 9,980	\$ 8,716

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 3.27% and risk-free rates of 3.36% for expenditures planned within the next ten years and 3.71% for longer-term expenditures at June 30, 2026 (December 31, 2025 - 3.17%, 3.79% and 3.41%, respectively). The majority of these costs are expected to occur between 6 and 36 years.

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13. CONTRACT LIABILITIES

Source has entered into agreements with customers where the Company received prepayments for future obligations. The following table provides a summary of contract liabilities for the periods below:

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ 4,483	\$ 13,468
Cash proceeds	7,165	1,231
Satisfaction of performance obligations	(7,835)	(10,216)
Exchange differences	—	—
Balance, end of period	\$ 3,813	\$ 4,483
Less: current portion	(3,339)	(3,536)
Long-term portion	\$ 474	\$ 947

14. COMMITMENTS AND CONTINGENCIES

The Company has commitments regarding physical natural gas contracts which expire between October 2026 and December 2027, as well as various IT software subscriptions through 2030. Estimated annual commitments are as follows:

2026	\$ 1,280
2027	467
2028 and beyond	184
Total	\$ 1,931

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 six months ended June 30, 2026, the Company incurred variable lease payments of \$1,071 (three and six months ended June 30, 2025 - \$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, 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 20 for additional information).

15. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares.

Normal course issuer bid

On May 29, 2026, the Company renewed its normal course issuer bid ("NCIB"), under which the Company is authorized to purchase up to a maximum of 996,288 common shares, or \$4,000. The NCIB will terminate on the earlier of May 28, 2027, and such earlier date as the maximum number of common shares are purchased or the NCIB is completed and terminated at the election of the Company. The renewal of the NCIB follows the conclusion of Source's previous NCIB which expired May 12, 2026.

In May 2026, the Company simultaneously 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.

For the six months ended June 30, Source purchased 60,300 shares for cancellation at a weighted average price per share of \$16.15 which includes transaction fees.

16. SHARE-BASED COMPENSATION

The Company has a share-based compensation plan that allows for 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

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award for accounting purposes. At June 30, 2026, a current liability of \$3,763 has been recorded for these units (December 31, 2025 - \$3,816).

The Company has plans that allow for RSU and PSU grants as well as the issuance of SARs for certain employees. During the six months ended June 30, 2025, the Company and the Board agreed to wind up the outstanding RSU and PSU grants, 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.

The Company has an employee stock purchase plan ("ESPP") for eligible employees under which the Company provides a contribution of 0% to 25% of the employee's base compensation to purchase common shares of Source. The cost of the Company's contribution is expensed as incurred and recorded within general and administrative expenses.

As at June 30, 2026, the following share-based compensation plan units were outstanding:

(number of units)	SAR	RSU	PSU	DSU
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 December 31, 2025	—	—	—	302,339
Granted	—	—	—	17,445
Balance as at June 30, 2026	—	—	—	319,784
Vested as at June 30, 2026	—	—	—	—

For the three and six months ended June 30, 2026, share-based compensation (recovery) expense was \$(94) and \$(53), respectively (three and six months ended June 30, 2025 - \$1,081 and \$(3,878)).

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 six months ended June 30, 2026 was based on the (loss) earnings available to holders of common shares of \$(5,593) and \$(8,891), respectively (three and six months ended June 30, 2025 - \$13,568 and \$37,167), and a weighted average number of common shares outstanding for the three and six months ended June 30, 2026 of 13,057,893 and 13,068,993, respectively (three and six months ended June 30, 2025 - 13,480,164 and 13,512,430). 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 six months ended June 30, 2026 and 2025, there were no common shares that could have a potentially dilutive effect in a future period.

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Common shares outstanding, beginning of period	13,077,755	13,545,055	13,080,255	13,545,055
Weighted average shares repurchased and cancelled under NCIB	(19,862)	(64,891)	(11,262)	(32,625)
Weighted average common shares outstanding, end of period	13,057,893	13,480,164	13,068,993	13,512,430
(Loss) earnings per share				
Basic and diluted	\$ (0.43)	\$ 1.01	\$ (0.68)	\$ 2.75

18. OPERATING AND GENERAL & ADMINISTRATIVE COSTS

The Company presents its expenses in the 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.

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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 June 30,	2026				2025			
	COS	OPEX	G&A	Total	COS	OPEX	G&A	Total
Direct material	\$ 81,276	\$ —	\$ —	\$ 81,276	\$117,321	\$ —	\$ —	\$117,321
Salary costs	7,844	2,657	2,390	12,891	6,774	3,098	3,441	13,313
Equipment costs	1,760	915	4	2,679	2,137	892	—	3,029
Transportation costs	14,758	—	—	14,758	26,523	—	—	26,523
Facility costs	1,676	509	12	2,197	525	469	10	1,004
Selling costs	—	3,938	(39)	3,899	—	3,924	58	3,982
Administration costs	—	—	1,535	1,535	—	—	1,330	1,330
Total	\$107,314	\$ 8,019	\$ 3,902	\$119,235	\$153,280	\$ 8,383	\$ 4,839	\$166,502

Six months ended June 30,	2026				2025			
	COS	OPEX	G&A	Total	COS	OPEX	G&A	Total
Direct material	\$175,119	\$ —	\$ —	\$175,119	\$239,574	\$ —	\$ —	\$239,574
Salary costs	14,897	5,343	4,373	24,613	12,746	6,373	6,917	26,036
Equipment costs	3,547	1,313	7	4,867	4,398	1,562	1	5,961
Transportation costs	35,379	—	—	35,379	57,812	—	—	57,812
Facility costs	3,204	1,054	25	4,283	1,119	884	23	2,026
Selling costs	—	6,561	(24)	6,537	—	7,491	42	7,533
Administration costs	—	—	2,750	2,750	—	—	2,764	2,764
Total	\$232,146	\$ 14,271	\$ 7,131	\$253,548	\$315,649	\$ 16,310	\$ 9,747	\$341,706

19. FINANCE EXPENSE

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Interest	\$ 6,409	\$ 6,308	\$ 12,208	\$ 12,143
Accretion ⁽¹⁾	885	766	2,236	1,552
Other	324	103	498	346
Total	\$ 7,618	\$ 7,177	\$ 14,942	\$ 14,041

Note:

(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 six months ended June 30, 2026.

20. 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 in May 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. Certain amounts payable and outstanding related to the incident were also written off during 2025.

21. 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.

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(b) Classification of financial instruments

The Company categorizes the following financial instruments at amortized cost:

As at	June 30, 2026	December 31, 2025
Financial instruments at amortized cost:		
Cash	\$ 2,045	\$ 19,901
Accounts receivable	56,373	79,625
Deposits and restricted cash	3,467	3,446
Lease receivable (includes current portion)	2,177	2,931
Accounts payable and accruals	74,488	104,311
Lease liabilities (includes current portion)	100,943	102,977
Long-term debt (includes current portion)	190,586	174,276

(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 carrying amount of the other debt arrangement with a customer (refer to Note 10(d) for additional information) approximates its fair value as at June 30, 2026, due to the expected timing of disbursements and repayments.

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).

June 30, 2026	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities at amortized cost:				
Term Loan	\$ 152,708	\$ —	\$ —	153,068
Taylor Financing Facility	\$ 21,290	\$ —	\$ —	21,350

(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 proppant are subject to guidelines established by the Company's credit and collection program. Source's five largest customers account for 64% of the revenue for the three months ended June 30, 2026, with the three largest making up 51% of revenue (three months ended June 30, 2025, five customers accounted for 84%, three customers accounted for 64%). The Company's five largest customers accounted for 60% of the revenue for the six months ended June 30, 2026, with the three largest making up 46% (six months ended June 30, 2025, five customers accounted for 79%, three customers accounted for 62%). One of those customers (two for the six months ended June 30, 2025) accounted for 10% or more of total revenue individually for the six months ended June 30, 2026.

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

As at	June 30, 2026	December 31, 2025
Not yet due	\$ 49,207	\$ 78,559
0 – 30 days	7,152	1,042
31 – 60 days	10	24
61 – 90 days	—	—
91+ days	4	—
Total accounts receivable	\$ 56,373	\$ 79,625

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 \$82 was recorded as at June 30, 2026:

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ 107	\$ 402
Increase (decrease) in loss allowance	(25)	(9)
Specific provision for receivables deemed uncollectible	—	(286)
Balance, end of period	\$ 82	\$ 107

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 in the interim condensed consolidated statements of financial position consist of accounts payable and accrued liabilities, lease liabilities, the Term Loan, ABL facility, Taylor Financing Facility and the other debt arrangement with a customer (refer to Note 10(d) for additional information). 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.

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 June 30, 2026	Total	2026	2027	2028	2029	2030	2031 and beyond
Accounts payable and accruals	\$ 74,488	\$ 74,488	\$ —	\$ —	\$ —	\$ —	\$ —
Lease liabilities ⁽¹⁾	\$ 118,393	\$ 18,195	\$ 31,521	\$ 21,657	\$ 14,495	\$ 9,334	\$ 23,191
Term Loan ⁽²⁾⁽³⁾	\$ 209,137	\$ 16,636	\$ 23,975	\$ 22,950	\$ 145,576	\$ —	\$ —
ABL facility ⁽³⁾	\$ 15,052	\$ 15,052	\$ —	\$ —	\$ —	\$ —	\$ —
Taylor Financing Facility ⁽¹⁾⁽⁴⁾	\$ 25,681	\$ 1,713	\$ 4,801	\$ 4,801	\$ 4,801	\$ 9,565	\$ —
Other debt ⁽⁴⁾	\$ 2,065	\$ 2,065	\$ —	\$ —	\$ —	\$ —	\$ —

Notes:

(1) Includes interest for future periods.

(2) Reflects cash outflows for interest and principal only, refer to Note 10(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 customer credits, the timing and amount of which may fluctuate, refer to Note 10(c) and Note 10(d) 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

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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 \$1,613 at June 30, 2026 (December 31, 2025 - \$1,624).

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 June 30, 2026 are \$12,684 (December 31, 2025 - \$26,654) and \$26,973 (December 31, 2025 - \$24,830) 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 \$411 and \$748 for the three and six months ended June 30, 2026, respectively (\$621 and \$1,150 for the three and six months ended June 30, 2025).

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 \$1,764 at June 30, 2026 (\$1,624 at December 31, 2025). The Company had no derivative contracts in place as at or during the three and six months ended June 30, 2026 and 2025 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. Management is responsible for overseeing the Company's capital and does so by regularly reviewing financial data, 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, ABL facility, Taylor Financing Facility and other debt arrangements.

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 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 10(b) for additional information.

The Company's capital management policy has not changed during the periods ended June 30, 2026 and December 31, 2025.

22. 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 June 30,		Canadian operations		US operations		Corporate ⁽¹⁾		Total
2026	\$	130,235	\$	6,882	\$	—	\$	137,117
2025	\$	200,926	\$	963	\$	—	\$	201,889

Sales for the six months ended June 30,		Canadian operations		US operations		Corporate ⁽¹⁾		Total
2026	\$	289,573	\$	7,767	\$	—	\$	297,340
2025	\$	408,912	\$	1,541	\$	—	\$	410,453

SOURCE ENERGY SERVICES LTD.

Notes to the Interim Condensed Consolidated Financial Statements - Unaudited

As at and for the three and six months ended June 30, 2026 and 2025

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

Total assets		Canadian operations		US operations		Corporate ⁽¹⁾		Total
June 30, 2026	\$	312,927	\$	240,486	\$	39,269	\$	592,682
December 31, 2025	\$	331,971	\$	240,575	\$	44,585	\$	617,131

Note:

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