Q3 2024

Western ENERGY SERVICES CORP.

Third Quarter 2024 Management's Discussion and Analysis — Date: October 29, 2024

The following discussion of the financial condition, changes in financial condition and results of operations of Western Energy Services Corp. (the "Company" or "Western") should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2023 and 2022, management's discussion and analysis ("MD&A") for the year ended December 31, 2023, as well as the condensed consolidated financial statements and notes as at September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023. This MD&A is dated October 29, 2024. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Financial Highlights	**Three months ended September 30**			**Nine months ended September 30**		
(stated in thousands, except share and per share amounts)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenue	58,343	55,003	6%	163,358	177,196	(8%)
Adjusted EBITDA(1)	11,433	11,033	4%	31,911	34,369	(7%)
Adjusted EBITDA as a percentage of revenue(1)	20%	20%	-	20%	19%	5%
Cash flow from operating activities	5,404	13,267	(59%)	32,466	45,085	(28%)
Additions to property and equipment	8,223	7,348	12%	15,760	19,218	(18%)
Net loss	(1,190)	(1,267)	6%	(4,871)	(4,691)	(4%)
-basic and diluted net loss per share	(0.04)	(0.04)	-	(0.14)	(0.14)	-
Weighted average number of shares						
-basic and diluted	33,843,022	33,841,781	-	33,843,017	33,841,478	-
Outstanding common shares as at period end	33,843,022	33,843,009	-	33,843,022	33,843,009	-
Operating Highlights(2)						
Contract Drilling						
Canadian Operations						
Operating Days	1,115	883	26%	2,724	2,742	(1%)
Revenue per Operating Day(1)	31,141	31,698	(2%)	32,373	32,755	(1%)
Drilling rig utilization	36%	28%	29%	29%	30%	(3%)
CAOEC industry Operating Days(3)	17,398	15,612	11%	45,761	43,314	6%
United States Operations						
Operating Days	229	249	(8%)	546	843	(35%)
Revenue per Operating Day (US$)(1)	28,429	30,898	(8%)	29,904	32,038	(7%)
Drilling rig utilization	36%	34%	6%	28%	39%	(28%)
Production Services						
Service Hours	12,525	13,984	(10%)	44,368	42,081	5%
Revenue per Service Hour(1)	979	1,012	(3%)	1,023	1,030	(1%)
Service rig utilization	31%	33%	(6%)	36%	33%	9%

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

(2) See "Defined Terms" on page 14 of this MD&A.

(3) Source: The Canadian Association of Energy Contractors ("CAOEC") monthly Contractor Summary, calculated on a spud to rig release basis.

Financial Position at (stated in thousands)	**September 30, 2024**	**December 31, 2023**	**September 30, 2023**
Working capital(1)	17,697	20,125	16,473
Total assets	429,623	442,933	453,980
Long-term debt - non current portion	102,999	111,174	114,107

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

Non-International Financial Reporting Standards ("Non-IFRS") measures and ratios, such as Adjusted EBITDA (as defined in this MD&A), Adjusted EBITDA as a percentage of revenue, revenue per Operating Day, revenue per Service Hour and Working Capital are defined on page 13 of this MD&A. Other defined terms, abbreviations and definitions for standard industry terms are included on page 14 of this MD&A.

Business Overview

Western is an energy services company that provides contract drilling services in Canada and in the United States ("US") and production services in Canada through its various divisions, its subsidiary, and its first nations relationships.

Contract Drilling

Western markets a fleet of 41 drilling rigs specifically suited for drilling complex horizontal wells across Canada and the US. Western is currently the fourth largest drilling contractor in Canada, based on the Canadian Association of Energy Contractors ("CAOEC") registered drilling rigs[1].

Western's marketed and owned contract drilling rig fleets are comprised of the following:

	As at September 30					
	2024			2023		
Rig class(1)	**Canada**	**US**	**Total**	**Canada**	**US**	**Total**
Cardium	11	-	11	11	1	12
Montney	18	1	19	18	1	19
Duvernay	5	6	11	5	6	11
Total marketed drilling rigs(2)	**34**	**7**	**41**	**34**	**8**	**42**
Total owned drilling rigs	**48**	**7**	**55**	**48**	**8**	**56**

(1) See "Contract Drilling Rig Classifications" on page 14 of this MD&A.
(2) Source: CAOEC Contractor Summary as at October 29, 2024.

Production Services

Production services provides well servicing and oilfield equipment rentals in Canada. Western operates 63 well servicing rigs and is the second largest well servicing company in Canada based on CAOEC registered well servicing rigs[2].

Western's well servicing rig fleet is comprised of the following:

Owned well servicing rigs	**As at September 30**	
Mast type	**2024**	**2023**
Single	28	30
Double	27	27
Slant	8	8
Total owned well servicing rigs	**63**	**65**

[1] Source: CAOEC Drilling Contractor Summary as at October 29, 2024.
[2] Source: CAOEC Well Servicing Fleet List as at October 29, 2024.

Business Environment

Crude oil and natural gas prices impact the cash flow of Western's customers, which in turn impacts the demand for Western's services. The following table summarizes average crude oil and natural gas prices, as well as average foreign exchange rates, for the three and nine months ended September 30, 2024 and 2023.

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Average crude oil and natural gas prices(1)(2)						
Crude Oil						
West Texas Intermediate (US$/bbl)	75.13	82.26	(9%)	77.55	77.40	-
Western Canadian Select (CDN$/bbl)	84.93	93.19	(9%)	84.76	80.42	5%
Natural Gas						
30 day Spot AECO (CDN$/mcf)	0.73	2.70	(73%)	1.40	2.86	(51%)
Average foreign exchange rates(2)						
US dollar to Canadian dollar	1.36	1.34	1%	1.36	1.34	1%

(1) See "Abbreviations" on page 14 of this MD&A.

(2) Source: Sproule September 30, 2024, Price Forecast, Historical Prices.

West Texas Intermediate ("WTI") on average decreased for the three months ended September 30, 2024 by 9% compared to the three months ended September 30, 2023, whereas for the nine months ended September 30, 2024, WTI was consistent with the same period in the prior year. Pricing on Western Canadian Select ("WCS") crude oil decreased by 9% for the three months ended September 30, 2024, compared to the same period of the prior year, whereas for the nine months ended September 30, 2024, WCS increased by 5%. In the third quarter of 2024, crude oil prices were impacted by weakening global demand, while the nine months ended September 30, 2024 was impacted ongoing geopolitical conflicts in Eastern Europe and the Middle East. Natural gas prices in Canada declined in 2024 due to lower demand, as the 30-day spot AECO price decreased by 73% and 51% respectively, for the three and nine months ended September 30, 2024, compared to the same periods of the prior year. Additionally, the US dollar to the Canadian dollar foreign exchange rate for the three and nine months ended September 30, 2024 strengthened by 1% for both periods, compared to the same periods in the prior year.

Despite stable crude oil prices in 2024 in the US, industry drilling activity weakened in the US. As reported by Baker Hughes Company[3], the number of active drilling rigs in the US decreased by approximately 6% to 587 rigs as at September 30, 2024, as compared to 623 rigs at September 30, 2023 and averaged 586 rigs during the third quarter of 2024, compared to 649 rigs in the third quarter of 2023. Similarly, the average number of active drilling rigs in the US decreased by approximately 15% in the nine months ended September 30, 2024 to average 604 rigs compared to 709 rigs in the same period of 2023. In Canada there were 223 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at September 30, 2024, compared to 190 active rigs as at September 30, 2023, representing an increase of approximately 17%; however, the CAOEC[4] reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended September 30, 2024, were 11% higher than the same period in the prior year. Similarly, for the nine months ended September 30, 2024, the total number of Operating Days in the WCSB were 6% higher than the same period of the prior year.

Operational and Financial Highlights

Three Months Ended September 30, 2024

Financial Highlights:

- Third quarter revenue of $58.3 million in 2024 was $3.3 million (or 6%) higher than the third quarter of 2023, as higher contract drilling revenue in Canada, was offset partially by lower contract drilling revenue in the US and lower production services revenue.
- The Company incurred a net loss of $1.2 million in the third quarter of 2024 ($0.04 net loss per basic common share) as compared to a net loss of $1.3 million in the third quarter of 2023 ($0.04 net loss per basic common share) as higher Adjusted EBITDA and other items were offset by decreases in stock based compensation expense and finance costs.
- Adjusted EBITDA of $11.4 million in the third quarter of 2024 was $0.4 million (or 4%) higher compared to $11.0 million in the third quarter of 2023 due to higher drilling revenue in Canada, which was offset partially by lower production

[3] Source: Baker Hughes Company, 2024 Rig Count monthly press releases.

[4] Source: CAOEC, monthly Contractor Summary.

services activity in Canada, the continued slowdown of drilling activity in the US, higher operating costs and higher administrative costs due to one-time reorganization costs in the third quarter of 2024.

- Third quarter additions to property and equipment of $8.2 million in 2024 compared to $7.3 million in the third quarter of 2023, consisting of $5.2 million of expansion capital related to rig upgrades and $3.0 million of maintenance capital.
- On August 7, 2024, the Company made a voluntary $10.0 million repayment on its Second Lien Facility (as defined in this MD&A) through available cash on hand and a draw on the Company's Credit Facilities (as defined in this MD&A).

Operational Highlights:

- In Canada, Operating Days of 1,115 in the third quarter of 2024 were 232 days (or 26%) higher compared to 883 days in the third quarter of 2023. Drilling rig utilization in Canada was 36% in the third quarter of 2024, compared to 28% in the same period of the prior year, mainly due to improved demand for the Company's upgraded rig fleet.
- Revenue per Operating Day in Canada averaged $31,141 in the third quarter of 2024, a decrease of 2% compared to the same period of the prior year mainly due to changes in rig mix, which were offset partially by higher day rates and lower third party recoveries.
- In the US, drilling rig utilization averaged 36% in the third quarter of 2024, compared to 34% in the third quarter of 2023, due to the change in the number of marketed rigs in 2023, as Operating Days decreased from 249 days in the third quarter of 2023 to 229 days in the third quarter of 2024.
- Revenue per Operating Day in the US for the third quarter of 2024 averaged US$28,429, an 8% decrease compared to US$30,898 in the same period of the prior year, mainly due to changes in rig mix.
- In Canada, service rig utilization was 31% in the third quarter of 2024, compared to 33% in the same period of the prior year, as Service Hours decreased by 10% to 12,525 hours from 13,984 hours in the same period of the prior year, as customers deferred work to later in the year as capital budgets are fully utilized.
- Revenue per Service Hour averaged $979 in the third quarter of 2024 and was 3% lower than the third quarter of 2023, due to area specific rig requirements.

Nine Months Ended September 30, 2024

Financial Highlights:

- Revenue for the nine months ended September 30, 2024, decreased by $13.8 million (or 8%), to $163.4 million compared to $177.2 million in the same period of 2023, as revenue was negatively impacted by lower activity in contract drilling in the US due to lower commodity prices in the first and third quarters of 2024 and lower third party recoveries in Canada, but positively impacted by higher production services activity in 2024.
- The Company incurred a net loss of $4.9 million for the nine months ended September 30, 2024 ($0.14 net loss per basic common share) as compared to a net loss of $4.7 million in the same period in 2023 ($0.14 net loss per basic common share). The change can mainly be attributed to a decrease in stock based compensation expense, finance costs, and an increase in income tax recovery, which were partially offset by a decrease in Adjusted EBITDA and other items.
- Administrative expenses for the nine months ended September 30, 2024 were $2.9 million higher than the same period of 2023, due to higher employee related costs including one-time reorganization costs of $2.8 million incurred in 2024.
- Adjusted EBITDA of $31.9 million for the nine months ended September 30, 2024 was $2.5 million (or 7%) lower compared to $34.4 million in the same period of 2023 and included one-time reorganization costs of $2.8 million. After normalizing for the one-time reorganization costs, Adjusted EBITDA for the nine months ended September 30, 2024 would have totalled $34.7 million, an increase of $0.3 million from the same period in the prior year. Adjusted EBITDA in 2024 was comparable to the prior year as lower drilling activity in Canada and the US was partially offset by improved activity in production services.
- Year to date 2024 additions to property and equipment of $15.8 million compared to $19.2 million in the same period of 2023, consisting of $10.0 million of expansion capital related to rig upgrades and $5.8 million of maintenance capital.
- On March 22, 2024, the Company extended the maturity of its $35.0 million syndicated revolving credit facility (the "Revolving Facility") and its $10.0 million committed operating facility (the "Operating Facility" and together the "Credit Facilities") from May 18, 2025 to the earlier of (i) six months prior to the maturity date of the Second Lien Facility (as defined in this MD&A) which is currently November 18, 2025, or (ii) March 21, 2027 if the Second Lien Facility is extended. The total commitments under the Credit Facilities are unchanged and there were no changes to the Company's financial covenants, which are described in this MD&A under "Liquidity and Capital Resources".

Operational Highlights:

- In Canada, Operating Days of 2,724 days for the nine months ended September 30, 2024 were 18 days (or 1%) lower compared to 2,742 days for the nine months ended September 30, 2023. Drilling rig utilization in Canada was 29% for the nine months ended September 30, 2024, compared to 30% in the same period of the prior year, mainly due to customers cancelling or deferring their programs into the latter part of 2024, as a result of lower natural gas prices throughout 2024.
- Revenue per Operating Day in Canada for the nine months ended September 30, 2024 averaged $32,373, which was 1% lower than the same period of the prior year mainly due to lower third party recoveries in 2024.
- In the US, drilling rig utilization averaged 28% for the nine months ended September 30, 2024, compared to 39% in the same period of the prior year, with Operating Days decreasing from 843 days in the nine months ended September 30, 2023 to 546 days in the same period of 2024 due to lower industry activity.
- Revenue per Operating Day in the US for the nine months ended September 30, 2024, averaged US$29,904, a 7% decrease compared to US$32,038 in the same period of the prior year, mainly due to higher day rates which were offset by lower third party recoveries in 2024 and higher mobilization revenue in 2023.
- In Canada, service rig utilization of 36% for the nine months ended September 30, 2024 was higher than 33% in the same period of the prior year with Service Hours increasing by 5% from 42,081 hours in 2023 to 44,368 hours in 2024.
- Revenue per Service Hour averaged $1,023 for the nine months ended September 30, 2024 and was 1% lower than the nine months ended September 30, 2023.

Outlook

In 2024, commodity prices are being impacted in the short term by concerns surrounding demand from continued uncertainty concerning the ongoing conflicts in Ukraine and in the Middle East. Events such as these contribute to the volatility of commodity prices. The precise duration and extent of the adverse impacts of the current macroeconomic environment and global economic activity on Western's customers and operations remains uncertain at this time. Additionally, the threatened shutdown and relocation of a portion of the Enbridge Line 5 pipeline and the challenge and notice of civil claim related to the Blueberry River First Nations agreement in British Columbia by the Treaty 8 nations, have contributed to continued uncertainty regarding takeaway capacity and resource development. However, the Trans Mountain pipeline expansion commenced operations as of May 1, 2024 bringing much needed takeaway capacity to the market. The Trans Mountain pipeline project, the Coastal GasLink pipeline project, which is mechanically complete and expected to be online in 2025, and the LNG Canada liquefied natural gas project in British Columbia, now more than 85% complete and expected to be online in 2025, may contribute to increased industry activity. Controlling fixed costs, maintaining balance sheet strength and flexibility, repaying debt and managing through a volatile market are priorities for the Company, as prices and demand for Western's services are expected to continue to improve. Western will continue to manage its costs in a disciplined manner and make required adjustments to its capital program as customer demand changes. Currently, 14 of Western's drilling rigs and 15 of Western's well servicing rigs are operating.

As at September 30, 2024, Western had $6.0 million drawn on its Credit Facilities and $5.0 million outstanding on its committed term non-revolving facility (the "HSBC Facility"), which matures on December 31, 2026. As at September 30, 2024, Western had $88.5 million outstanding on its second lien secured term loan with Alberta Investment Management Corporation (the "Second Lien Facility"), which matures on May 18, 2026. Western will continue to focus its efforts on debt reduction going forward.

Energy service activity in Canada will be affected by volatile commodity prices, the continued development of resource plays in Alberta and northeast British Columbia, ongoing pipeline completions that will increase takeaway capacity, environmental regulations, and the level of investment in Canada. With Western's upgraded drilling rigs, the Company is well positioned to be the contractor of choice to supply drilling rigs in a tightening market. Western is also active with three fit for purpose drilling rigs in the Clearwater formation in northern Alberta. In the short term, the largest challenges facing the energy service industry are volatile commodity prices and the restrained growth in customer drilling activity due to their continuing preference to return cash to shareholders through share buybacks, increased dividends and repayment of debt, rather than grow production. If commodity prices stabilize for an extended period, then as customers strengthen their balance sheets by reducing debt levels, we expect that drilling activity will increase. In the medium term, Western's rig fleet is well positioned to benefit from the increased drilling and production services activity expected to be generated by the LNG Canada liquefied natural gas project and the Trans Mountain pipeline expansion. The total rig fleet in the WCSB has decreased from 439 drilling rigs at September 30, 2023 to 384 drilling rigs as of October 29, 2024, representing a decrease of 55 drilling rigs, or 13%, which reduces the supply of drilling rigs for such projects. It remains Western's view that its upgraded drilling rigs and modern well servicing rigs, reputation for quality and capacity of the Company's rig fleet, and disciplined cash management provides Western with a competitive advantage.

Review of Results for the Three and Nine Months Ended September 30, 2024

Segmented Information

Contract Drilling

Financial Highlights	**Three months ended September 30**			**Nine months ended September**		
(stated in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenue	43,590	38,259	14%	110,377	126,940	(13%)
Expenses						
Operating	32,369	28,854	12%	80,970	96,531	(16%)
Administrative	2,334	1,986	18%	6,533	5,746	14%
Adjusted EBITDA(1)	8,887	7,419	20%	22,874	24,663	(7%)
Adjusted EBITDA as a percentage of revenue(1)	20%	19%	5%	21%	19%	11%
Depreciation	7,669	7,631	-	23,211	22,772	2%
Operating earnings (loss)	1,218	(212)	675%	(337)	1,891	(118%)
Stock based compensation	(3)	146	(102%)	(41)	569	(107%)
Income (loss) before income taxes	1,221	(358)	441%	(296)	1,322	(122%)

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

For the third quarter of 2024, contract drilling revenue totalled $43.6 million, a $5.3 million, or 14%, increase as compared to the same period in the prior year. For the nine months ended September 30, 2024, contract drilling revenue totalled $110.4 million, a $16.5 million, or 13%, decrease compared to the nine months ended September 30, 2023. Contract drilling revenue for both the three and nine months ended September 30, 2024, decreased due to lower US activity and pricing throughout 2024. See "*Canadian Operations*" and "*United States Operations*" below.

Administrative expenses for the third quarter of 2024 totalled $2.3 million and were $0.3 million (or 18%) higher than the same period in the prior year. For the nine months ended September 30, 2024, administrative expenses totalled $6.5 million and were $0.8 million, or 14%, higher than the same period of the prior year. The increase for both the three and nine months ended September 30, 2024 was mainly due to one-time reorganization costs incurred.

Contract drilling generated income before income taxes of $1.2 million in the third quarter of 2024, compared to a loss before income taxes of $0.4 million in the same period of the prior year, a positive change of $1.6 million mainly due to higher Adjusted EBITDA. For the nine months ended September 30, 2024, contract drilling incurred a loss before income taxes of $0.3 million, compared to income before income taxes of $1.3 million in the same period of the prior year, a decrease of $1.6 million. The change for the nine months ended September 30, 2024, was mainly due to a $1.8 million decrease in Adjusted EBITDA due to lower activity and pricing in the US and Canada.

Contract drilling Adjusted EBITDA of $8.9 million in the third quarter of 2024 was $1.5 million, or 20%, higher than $7.4 million in the third quarter of 2023, mainly due to higher contract drilling activity in Canada and improved profit margins, which was offset partially by lower activity in the US and changes in rig mix in both the US and Canada. For the nine months ended September 30, 2024, contract drilling Adjusted EBITDA of $22.9 million was $1.8 million, or 7%, lower than $24.7 million in the same period of the prior year, mainly due to the continued slowdown in contract drilling activity in the US.

Depreciation expense for the three and nine months ended September 30, 2024 totalled $7.7 million and $23.2 million respectively, compared to $7.6 million and $22.8 million respectively, in the same periods of the prior year. While depreciation was flat quarter over quarter in 2024, the increase for the nine months ended September 30, 2024 was mainly due to additions to property and equipment made in prior periods related to the Company's rig upgrade program.

Canadian Operations

Operating Days for the third quarter of 2024 of 1,115 days were 26% higher than 883 days in the same period of the prior year, compared to an 11% increase in industry Operating Days, resulting in drilling rig utilization in Canada of 36% in 2024, compared to 28% in 2023. The increase in Operating Days for the third quarter of 2024 was mainly attributed to improved demand for the Company's drilling rig fleet. However, Operating Days of 2,724 for the nine months ended September 30, 2024 were 1% lower than 2,742 days in the same period of the prior year, compared to a 6% increase in industry Operating Days, resulting in drilling rig utilization in Canada of 29% in 2024, compared to 30% in 2023.

For the three months ended September 30, 2024, revenue per Operating Day decreased by 2% averaging $31,141 compared to $31,698 in the same period of the prior year. For the nine months ended September 30, 2024, revenue per Operating Day averaged $32,373, and was 1% lower than the same period of the prior year. The decrease for both the three and nine months ended September 30, 2024 was due to lower third party recoveries in 2024, compared to 2023.

United States Operations

For the three months ended September 30, 2024, Operating Days in the US decreased by 8% to 229 days compared to 249 days in the same period of the prior year, which resulted in drilling rig utilization of 36% in 2024, compared to 34% in 2023 as one drilling rig was deregistered in 2024. Average active industry rigs of 586[5] in the third quarter of 2024 were 10% lower compared to the third quarter of 2023. Similarly, for the nine months ended September 30, 2024, Operating Days in the US decreased by 35% to 546 days, compared to 843 days in the same period of the prior year, which resulted in drilling rig utilization of 28% in 2024, compared to 39% utilization in 2023. Average active industry rigs of 604[6] for the nine months ended September 30, 2024, were 15% lower compared to the nine months ended September 30, 2023. The decrease in Operating Days for both the three and nine months ended September 30, 2024 is due to lower industry activity in the US in 2024, which resulted from low natural gas prices.

For the three and nine months ended September 30, 2024, revenue per Operating Day decreased by 8% and 7% averaging US$28,429 and US$29,904 respectively, compared to US$30,898 and US$32,038 in 2023 mainly due to changes in rig mix, lower third party recoveries in 2024 and higher mobilization revenue in 2023.

Production Services

Financial Highlights	**Three months ended September 30**			**Nine months ended September 30**		
(stated in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenue	14,813	16,812	(12%)	53,246	50,564	5%
Expenses						
Operating	10,108	11,143	(9%)	35,418	34,206	4%
Administrative	1,270	1,180	8%	3,834	3,555	8%
Adjusted EBITDA(1)	3,435	4,489	(23%)	13,994	12,803	9%
Adjusted EBITDA as a percentage of revenue(1)	23%	27%	(15%)	26%	25%	4%
Depreciation	2,033	2,178	(7%)	6,303	6,708	(6%)
Operating earnings	1,402	2,311	(39%)	7,691	6,095	26%
Stock based compensation	36	43	(16%)	104	178	(42%)
Income before income taxes	1,366	2,268	(40%)	7,587	5,917	28%

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

For the quarter ended September 30, 2024, production services revenue decreased by $2.0 million, or 12%, to $14.8 million, compared to the same period of the prior year. The decrease in production services revenue for the three months ended September 30, 2024, was due to lower activity resulting from customers delaying or deferring their programs due to low commodity prices and their capital budgets being spent earlier in the year. For the nine months ended September 30, 2024, production services revenue increased by $2.6 million, or 5%, to $53.2 million, compared to the same period of the prior year. The increase in production services revenue for the nine months ended September 30, 2024, compared to the same period in the prior year, can be attributed to higher activity in the second quarter of 2024, as well as higher rentals revenue.

For the three months ended September 30, 2024, Service Hours of 12,525 (31% utilization) were 10% lower than the same period of the prior year of 13,984 (33% utilization) due to customers deferring their programs due to low commodity prices. For the nine months ended September 30, 2024, Service Hours of 44,368 (36% utilization) were 5% higher than the same period of the prior year of 42,081 (33% utilization) as the second quarter of 2024 had higher industry activity due in part to favorable weather. For the three months ended September 30, 2024, revenue per Service Hour averaged $979 and was 3% lower than the same period of 2023 due to area specific rig requirements, whereas for the nine months ended September 30, 2024, revenue per Service Hour averaged $1,023 and was 1% lower than the same period of the prior year.

For the three months ended September 30, 2024, administrative expenses totalled $1.3 million and were $0.1 million higher than the same period of the prior year of $1.2 million. For the nine months ended September 30, 2024, administrative

[5] Source: Baker Hughes Company, North America Quarterly Rig Count.

[6] Source: Baker Hughes Company, North America Quarterly Rig Count.

expenses totalled $3.8 million and were $0.2 million, or 8%, higher than the same period of the prior year of $3.6 million. The increase for the nine months ended September 30, 2024 was due to higher professional fees.

For the third quarter of 2024, production services generated income before income taxes of $1.4 million, compared to income before income taxes of $2.3 million in the same period of the prior year, a decrease of $0.9 million (or 40%) mainly due to a $1.1 million decrease in Adjusted EBITDA. For the nine months ended September 30, 2024, production services generated income before income taxes of $7.6 million, compared to income before income taxes of $5.9 million in the same period of 2023, mainly due to a $1.2 million increase in Adjusted EBITDA and a $0.4 million decrease in depreciation expense.

Adjusted EBITDA decreased for the three months ended September 30, 2024, by $1.1 million, or 23%, to $3.4 million, compared to $4.5 million in the same period of the prior year mainly due to lower industry activity as customers deferred their programs to later in 2024 or into 2025 due to low commodity prices and capital overspend earlier in 2024. Adjusted EBITDA increased for the nine months ended September 30, 2024 by $1.2 million, or 9%, to $14.0 million, compared to $12.8 million in the same period of 2023. The increase for the nine months ended September 30, 2024 is due to higher well servicing utilization and higher rentals activity, specifically in the first and second quarters of 2024.

Depreciation expense for the three and nine months ended September 30, 2024 was 7% and 6% lower respectively, than the same periods of the prior year, as additions to property and equipment were offset by certain assets being fully depreciated in the period.

Corporate

	Three months ended September 30			Nine months ended September 30		
(stated in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Expenses						
Administrative	889	875	2%	4,957	3,097	60%
Depreciation	365	474	(23%)	1,151	1,351	(15%)
Operating loss	(1,254)	(1,349)	7%	(6,108)	(4,448)	(37%)
Stock based compensation	124	385	(68%)	370	1,465	(75%)
Finance costs	2,476	2,789	(11%)	7,626	8,710	(12%)
Other items	316	(1,078)	(129%)	(456)	(1,762)	(74%)
Income tax recovery	(393)	(268)	47%	(1,486)	(931)	60%

For the three months ended September 30, 2024, corporate administrative expenses totalled $0.9 million and were 2% higher than the same period of the prior year. For the nine months ended September 30, 2024, corporate administrative expenses totalled $5.0 million and were $1.9 million, or 60%, higher than the same period of the prior year. The increase for the nine months ended September 30, 2024 is mainly due to $2.1 million of one-time reorganization costs incurred in 2024.

Finance costs in the third quarter of 2024 of $2.5 million were $0.3 million lower than the same period of the prior year, mainly due to lower total debt levels resulting from Western's debt repayments made in 2023 and 2024, and represented an effective interest rate of 8.6%, which was slightly lower than 8.7% in the same period of the prior year. The lower effective interest rate for the three months ended September 30, 2024 was due to the Bank of Canada decreasing its prime interest rate in July and September 2024 by 0.25 percentage points in each month to 6.45%, which impacted the Company's floating interest rate debt. For the nine months ended September 30, 2024, finance costs of $7.6 million were $1.1 million lower than the same period of the prior year, mainly due to lower total debt levels and represented an effective interest rate of 8.7%, which was consistent with 8.6% in 2023.

Other items, which relate to foreign exchange gains and losses and the sale of assets, totalled a loss of $0.3 million and a gain of $0.5 million for the three and nine months ended September 30, 2024 respectively, compared to a gain of $1.1 million and $1.8 million respectively, in the same periods of the prior year. During the nine months ended September 30, 2024, the Company sold two well servicing rig carriers for total proceeds of US$0.9 million and recognized a gain on sale of fixed assets of $0.2 million.

For the third quarter of 2024, the consolidated income tax recovery totalled $0.4 million, representing an effective tax rate of 24.8%, as compared to an effective tax rate of 17.5% in the same period of the prior year. For the nine months ended September 30, 2024, the consolidated income tax recovery totalled $1.5 million, representing an effective tax rate of 23.4%, as compared to an effective tax rate of 16.6% in the same period of the prior year. The Company had no cash taxes payable for the three and nine months ended September 30, 2024 or 2023.

Liquidity and Capital Resources

The Company's liquidity requirements in the short and long term can be sourced in several ways including: available cash balances, funds from operations, borrowing against the Credit Facilities, new debt instruments, equity issuances and proceeds from the sale of assets. As at September 30, 2024, Western had working capital of $17.7 million compared to working capital of $20.1 million as at December 31, 2023.

During the nine months ended September 30, 2024, Western had the following changes to its cash balances, which resulted in a $2.0 million decrease in cash and cash equivalents in the period:

Cash and cash equivalents (stated in thousands)	
Opening balance, at December 31, 2023	5,930
Add:	
Adjusted EBITDA[1]	31,911
Change in non cash working capital	3,699
Proceeds on sale of property and equipment	1,674
Draw on Credit Facilities	1,000
Deduct:	
Additions to property and equipment	(15,760)
Principal repayment of Second Lien debt	(10,810)
Finance costs paid	(9,884)
Principal repayment of lease obligations	(2,049)
Principal repayment of HSBC Facility	(938)
Principal repayment of US paycheck protection plan	(752)
Other items	(89)
Ending balance, at September 30, 2024	**3,932**

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

On March 22, 2024, the Company extended the maturity of its Credit Facilities from May 18, 2025 to the earlier of (i) six months prior to the maturity date of the Second Lien Facility which is currently November 18, 2025, or (ii) March 21, 2027 if the Second Lien Facility is extended. The total commitment of $45.0 million under the Credit Facilities is unchanged and there were no changes to the Company's financial covenants. As at September 30, 2024, $6.0 million was drawn on the Credit Facilities and $5.0 million was drawn on the HSBC Facility. Cash flow from operations and available Credit Facilities are expected to be sufficient to cover Western's financial obligations, including working capital requirements and budgeted 2024 capital expenditures.

Amounts borrowed under the Credit Facilities bear interest at the bank's Canadian prime rate or daily compounded Canadian overnight repo rate average ("CORRA"), as applicable, for borrowings in Canadian dollars, plus in each case an applicable margin depending on the ratio of Consolidated Debt to Consolidated EBITDA as defined by the Credit Facilities agreement. Consolidated EBITDA, as defined by the Credit Facilities agreement, differs from Adjusted EBITDA as defined under Non-IFRS Measures and Ratios on page 13 of this MD&A, by including certain items such as realized foreign exchange gains or losses and cash payments made on leases capitalized under IFRS 16 Leases. Copies of Western's Credit Facilities are available under the Company's SEDAR+ profile at www.sedarplus.ca.

The Credit Facilities are secured by the assets of Western and its subsidiary Stoneham Drilling Corporation. A summary of the Company's financial covenants at September 30, 2024 is as follows:

September 30, 2024	**Covenants[1]**
Maximum Consolidated Senior Debt to Consolidated EBITDA Ratio	3.0:1.0 or less
Maximum Consolidated Debt to Consolidated Capitalization Ratio	0.5:1.0 or less
Minimum Debt Service Coverage Ratio	1.15:1.0 or greater

(1) See covenant definitions in Note 7 of the September 30, 2024 condensed consolidated financial statements.

At September 30, 2024, Western was in compliance with all covenants related to its Credit Facilities.

Summary of Quarterly Results

In addition to other market factors, Western's quarterly results are markedly affected by weather patterns throughout its operating areas. Historically, the first quarter of the calendar year is very active, followed by a much slower second quarter due to what is known in the Canadian oilfield service industry as "spring breakup" when, due to the spring thaw, provincial and county road bans restrict movement of heavy equipment. As a result of this, the variation of Western's results quarter over quarter, particularly between the first and second quarters, can be significant independent of other demand factors.

The following is a summary of selected financial information of the Company for the last eight completed quarters:

Three months ended (stated in thousands, except per share amounts)	Sep 30, 2024	June 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022
Revenue	58,343	43,033	61,982	56,255	55,003	42,954	79,239	60,792
Adjusted EBITDA[1]	11,433	5,259	15,219	13,370	11,033	4,140	19,196	12,233
Cash flow from operating activities	5,404	19,260	7,802	6,268	13,267	25,373	6,445	6,502
Net income (loss)	(1,190)	(5,136)	1,455	(2,194)	(1,267)	(7,845)	4,421	(3,095)
per share - basic and diluted	(0.04)	(0.15)	0.04	(0.06)	(0.04)	(0.23)	0.13	(0.09)
Total assets	429,623	433,354	441,781	442,933	453,980	456,746	483,532	475,708
Long-term debt - non current portion	102,999	106,912	111,109	111,174	114,107	118,109	129,853	126,527

(1) See "Non-IFRS Measures and Ratios" on page 13 of this MD&A.

Revenue and Adjusted EBITDA were impacted by commodity prices and market uncertainty throughout the last eight quarters. Crude oil prices were high in 2022 due to the conflict in Ukraine, resulting in improvements in pricing and activity throughout the industry. 2023 was impacted by a significant decrease in commodity prices, the fear of a North American recession, concerns surrounding demand for crude oil due to weak global economic data, as well as the ongoing conflicts in Ukraine and in the Middle East. In 2024, volatile commodity prices persisted, with low commodity prices in the first and third quarters, particularly natural gas prices, which resulted in instability with customer programs and lower industry activity.

Commitments

In the normal course of business, the Company incurs commitments related to its contractual obligations. The expected maturities of the Company's contractual obligations as at September 30, 2024 are as follows:

(stated in thousands)	2024	2025	2026	2027	2028	Thereafter	Total
Trade payables and other current liabilities [1]	24,588	-	-	-	-	-	24,588
Operating commitments [2]	6,214	549	787	787	787	1,168	10,292
Second Lien Facility principal	270	1,080	87,181	-	-	-	88,531
Second Lien Facility interest	-	7,577	6,148	-	-	-	13,725
HSBC Facility principal	-	-	5,000	-	-	-	5,000
HSBC Facility interest	98	327	228	-	-	-	653
Lease obligations [3]	920	1,926	1,754	1,302	1,085	1,115	8,102
Revolving Facility	-	6,000	-	-	-	-	6,000
PPP Loan	272	787	-	-	-	-	1,059
Total	**32,362**	**18,246**	**101,098**	**2,089**	**1,872**	**2,283**	**157,950**

(1) Trade payables and other current liabilities exclude interest accrued as at September 30, 2024 on the Second Lien Facility and the HSBC Facility which are stated separately.

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

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

Trade payables and other current liabilities:

The Company has recorded trade payables for amounts due to third parties which are expected to be paid within one year.

Operating commitments:

The Company has agreements in place to purchase certain capital and other operational items with third parties, as well as short-term leases with a term of less than one year, and operating expenses associated with long-term leases.

Second Lien Facility principal and interest:
The Company pays principal quarterly and interest semi-annually on January 1 and July 1. The Company's Second Lien Facility matures on May 18, 2026.

HSBC Facility principal and interest:
The Company pays interest monthly on the HSBC Facility, which matures on December 31, 2026.

Lease obligations:
The Company has long-term debt relating to leased vehicles, as well as office and equipment leases. These leases run for terms greater than one year.

Credit Facilities:
The Company's Credit Facilities mature on the earlier of (i) six months prior to the maturity date of the Second Lien Facility, which is currently May 18, 2026, or (ii) March 21, 2027 if the Second Lien Facility is extended.

PPP loan:
The Company has a US Paycheck Protection Program ("PPP") loan obtained as part of the COVID-19 relief efforts in the US. The promissory loan has an interest rate of 1% per annum, will be repaid in equal monthly payments over the term of the loan and matures on August 7, 2025.

Western expects to source funds required for the above commitments from cash flow from operations.

Outstanding Share Data

	October 29, 2024	September 30, 2024	December 31, 2023
Common shares outstanding	33,843,022	33,843,022	33,843,009
Stock options outstanding	2,627,350	2,731,741	3,052,700
Restricted share units outstanding - equity settled	-	-	13

Off Balance Sheet Arrangements

As at September 30, 2024, Western had no off balance sheet arrangements in place.

Financial Risk Management

Interest Risk

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

Inflation Risk

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

Foreign Exchange Risk

The Company is exposed to foreign currency fluctuations in relation to its US dollar capital expenditures and operations. At September 30, 2024, portions of the Company's cash balances, trade and other receivables, trade payables and other current liabilities were denominated in US dollars and subject to foreign exchange fluctuations which are recorded within net income (loss). In addition, Stoneham, Western's US subsidiary, is subject to foreign currency translation adjustments upon consolidation, which is recorded separately within other comprehensive income.

Credit Risk

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

The Company's trade receivables are with customers in the energy industry and are subject to industry credit risk. For the three and nine months ended September 30, 2024, the volatility in global demand for crude oil related to the conflicts in Ukraine and the Middle East, have had an impact on commodity prices which have an effect on the Company's customers. These factors are expected to have an impact on companies and their related credit risk. The Company's practice is to manage credit risk by performing a thorough analysis of the creditworthiness of new customers before credit terms are offered.

Additionally, the Company continually evaluates individual customer trade receivables for collectability considering payment history and aging of the trade receivables.

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

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

Liquidity Risk

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

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

As Western's common shares trade on the Toronto Stock Exchange, pursuant to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company have certified as at September 30, 2024 that they have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Company, including its consolidated subsidiary, is made known to the CEO and the CFO by others within those entities, particularly during the periods in which the interim filings of the Company are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The CEO and CFO do not expect that the DC&P will prevent or detect all errors, misstatements and fraud but are designed to provide reasonable assurance of achieving their objectives. A control system, no matter how well designed or operated, can only provide reasonable, but not absolute, assurance that the objectives of the control system are met. In addition to DC&P, the CEO and CFO have designed internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the three months ended September 30, 2024, there were no changes in internal control over financial reporting that materially affected, or are reasonably likely to materially affect, Western's internal control over financial reporting.

Critical Accounting Estimates and Recent Developments

The accounting policies used in preparing the Company's financial statements are described in Note 2 of the Company's condensed consolidated financial statements as at September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023. There were no new accounting standards or amendments to existing standards adopted in the three and nine months ended September 30, 2024, that are expected to have a material impact on the Company's financial statements.

This MD&A of the Company's financial condition and results of operations is based on the condensed consolidated financial statements as at and for the three and nine months ended September 30, 2024, which were prepared in accordance with IFRS. Conformity with IFRS requires management to make judgments, estimates and assumptions that are based on the facts, circumstances, and estimates at the date of the consolidated financial statements and affect the application of certain accounting policies and the reported amount of assets, liabilities, income and expenses.

The current economic environment and volatility in global demand for commodities results in uncertainty for the Company, which management took into consideration when applying judgments to estimates and assumptions in the condensed consolidated financial statements. A full list of critical accounting estimates is included in the Company's audited consolidated financial statements for the year ended December 31, 2023. Actual results may differ from the estimates used in preparing the consolidated financial statements.

Business Risks

Management has identified the primary risk factors that could potentially have a material impact on the financial results and operations of Western. Western's primary risk factors are included in the Company's annual information form ("AIF") for the year ended December 31, 2023 which is available under the Company's SEDAR+ profile at www.sedarplus.ca. Copies of the AIF may also be obtained on request without charge from Western by emailing ir@wesc.ca or through Western's website at www.wesc.ca.

Non-IFRS Measures and Ratios

Western uses certain financial measures in this MD&A which do not have any standardized meaning as prescribed by IFRS. These measures and ratios, which are derived from information reported in the condensed consolidated financial statements, may not be comparable to similar measures presented by other reporting issuers. These measures and ratios have been described and presented in this MD&A to provide shareholders and potential investors with additional information regarding the Company. The Non-IFRS measures and ratios used in this MD&A are identified and defined as follows:

Adjusted EBITDA and Adjusted EBITDA as a Percentage of Revenue

Adjusted earnings before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("Adjusted EBITDA") is a useful Non-IFRS financial measure as it is used by management and other stakeholders, including current and potential investors, to analyze the Company's principal business activities, prior to consideration of how Western's activities are financed and the impact of foreign exchange, income taxes and depreciation. Adjusted EBITDA provides an indication of the results generated by the Company's principal operating segments, which assists management in monitoring current and forecasting future operations, as certain non-core items such as interest and finance costs, taxes, depreciation and amortization, and other non-cash items and one-time gains and losses are removed. The closest IFRS measure would be net income for consolidated results and on a segmented basis, income before income taxes, as the Company manages its income tax position on a legal entity basis, which can differ from its operating segments.

Adjusted EBITDA as a percentage of revenue is a Non-IFRS financial ratio which is calculated by dividing Adjusted EBITDA by revenue for the relevant period. Adjusted EBITDA as a percentage of revenue is a useful financial measure as it is used by management and other stakeholders, including current and potential investors, to analyze the profitability of the Company's principal operating segments.

The following table provides a reconciliation of net loss, as disclosed in the condensed consolidated statements of operations and comprehensive loss, to Adjusted EBITDA:

	Three months ended September 30		**Nine months ended September 30**	
(stated in thousands)	**2024**	**2023**	**2024**	**2023**
Net loss	**(1,190)**	**(1,267)**	**(4,871)**	**(4,691)**
Income tax recovery	(393)	(268)	(1,486)	(931)
Loss before income taxes	**(1,583)**	**(1,535)**	**(6,357)**	**(5,622)**
Add (deduct):				
Depreciation	10,067	10,283	30,665	30,831
Stock based compensation	157	574	433	2,212
Finance costs	2,476	2,789	7,626	8,710
Other items	316	(1,078)	(456)	(1,762)
Adjusted EBITDA	**11,433**	**11,033**	**31,911**	**34,369**

Revenue per Operating Day

This Non-IFRS measure is calculated as drilling revenue for both Canada and the US respectively, divided by Operating Days in Canada and the US respectively. This calculation represents the average day rate by country, charged to Western's customers.

Revenue per Service Hour

This Non-IFRS measure is calculated as well servicing revenue divided by Service Hours. This calculation represents the average hourly rate charged to Western's customers.

Working Capital

This Non-IFRS measure is calculated as current assets less current liabilities as disclosed in the Company's consolidated financial statements.

Defined Terms

Drilling rig utilization: Calculated based on Operating Days divided by total available days.

Operating Days: Defined as contract drilling days, calculated on a spud to rig release basis.

Service Hours: Defined as well servicing hours completed.

Service rig utilization: Calculated as total Service Hours divided by 217 hours per month per rig multiplied by the average rig count for the period as defined by the CAOEC industry standard.

Contract Drilling Rig Classifications

Cardium class rig: Defined as any contract drilling rig which has a total hookload less than or equal to 399,999 lbs (or 177,999 daN).

Montney class rig: Defined as any contract drilling rig which has a total hookload between 400,000 lbs (or 178,000 daN) and 499,999 lbs (or 221,999 daN).

Duvernay class rig: Defined as any contract drilling rig which has a total hookload equal to or greater than 500,000 lbs (or 222,000 daN).

Abbreviations

- Barrel (“bbl”);
- Canadian Association of Energy Contractors (“CAOEC”);
- DecaNewton (“daN”);
- International Financial Reporting Standards (“IFRS”);
- Pounds (“lbs”);
- Thousand cubic feet (“mcf”);
- Western Canadian Sedimentary Basin (“WCSB”);
- Western Canadian Select (“WCS”); and
- West Texas Intermediate (“WTI”).

Forward-Looking Statements and Information

This MD&A contains certain forward-looking statements and forward-looking information (collectively, “forward-looking information”) within the meaning of applicable Canadian securities laws, as well as other information based on Western’s current expectations, estimates, projections and assumptions based on information available as of the date hereof. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and words and phrases such as “may”, “will”, “should”, “could”, “expect”, “intend”, “anticipate”, “believe”, “estimate”, “plan”, “predict”, “potential”, “continue”, or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents the Company’s internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of additions to property and equipment, anticipated future debt levels and revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

In particular, forward-looking information in this MD&A includes, but is not limited to, statements relating to: the business of Western, industry, market and economic conditions and any anticipated effects on Western and its customers; commodity pricing; the future demand for the Company’s services and equipment; the effect of inflation and commodity prices on energy service activity; expectations with respect to customer spending; the impact of Western’s upgraded drilling rigs; the potential continued impact of the current conflicts in Ukraine and the Middle East on crude oil prices; the Company’s capital budget for 2024 including the allocation of such budget; Western’s plans for managing its capital program; the energy service industry and global economic activity; the potential shutdown and relocation of the Enbridge Line 5 pipeline; expectations of increased industry activity with respect to the Trans Mountain pipeline project and the ongoing completion of the Coastal GasLink pipeline project and LNG Canada facility; the impact of the recent challenge and notice of civil claim related to the Blueberry River First Nations decision by the Treaty 8 nations; challenges facing the energy service industry; expectations regarding future drilling and well servicing activity; the Company’s focus on debt reduction; the Company’s ability to source its short and long term liquidity requirements; the Company’s liquidity needs including the ability of current capital resources to cover Western’s financial obligations; expectations with respect to capital expenditures; the methods by which the Company manages liquidity risk; the use, availability and sufficiency of the Company’s Credit Facilities; the Company’s ability to maintain certain covenants under its Credit Facilities; the repayment of the Company's debt, including the source of funds required to repay such debt; maturities of the Company's contractual obligations with third parties; the impact of changes in interest rates and foreign exchange rates; estimates with respect to foreign exchange rates; factors affecting companies with credit risk; the expectation of continued investment in the Canadian crude oil and natural gas industry; the development of Alberta and British Columbia resource plays; expectations relating to the increase in takeaway capacity resulting from ongoing pipeline completions; expectations relating to activity levels for oilfield services; expectations with respect to increased drilling activity; the Company's ability to maintain a competitive advantage, including the factors and practices anticipated to produce and sustain such advantage; and forward-looking information contained under the headings "*Disclosure Controls and Procedures and Internal Controls Over Financial Reporting*", "*Business Risks*", "*Financial Risk Management*" and "*Critical Accounting Estimates and Recent Developments*".

The material assumptions that could cause results or events to differ from current expectations reflected in the forward-looking information in this MD&A include, but are not limited to: demand levels and pricing for oilfield services; demand for crude oil and natural gas and the price and volatility of crude oil and natural gas; pressures on commodity pricing; the impact of inflation; the continued business relationships between the Company and its significant customers; crude oil transport, pipeline and LNG export facility approval and development; that all required regulatory and environmental approvals can be obtained on the necessary terms and in a timely manner, as required by the Company; liquidity and the Company's ability to finance its operations; the effectiveness of the Company's cost structure and capital budget; the effects of seasonal and weather conditions on operations and facilities; the competitive environment to which the various business segments are, or may be, exposed in all aspects of their business and the Company's competitive position therein; the ability of the Company's various business segments to access equipment (including spare parts and new technologies); global economic conditions and the accuracy of the Company's market outlook expectations for 2024 and in the future; the impact, direct and indirect, of epidemics, pandemics, other public health crisis and geopolitical events, including the conflicts in Ukraine and the Middle East, on Western's business, customers, business partners, employees, supply chain, other stakeholders and the overall economy; changes in laws or regulations; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; the ability to maintain a satisfactory safety record; that any required commercial agreements can be reached; that there are no unforeseen events preventing the performance of contracts and general business, economic and market conditions.

Although Western believes that the expectations and assumptions on which such forward-looking information is based on are reasonable, undue reliance should not be placed on the forward-looking information as Western cannot give any assurance that such will prove to be correct. By its nature, forward-looking information is subject to inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, volatility in market prices for crude oil and natural gas and the effect of this volatility on the demand for oilfield services generally; reduced exploration and development activities by customers and the effect of such reduced activities on Western's services and products; political, industry, market, economic, and environmental conditions in Canada, the US, and globally; supply and demand for oilfield services relating to contract drilling, well servicing and oilfield rental equipment services; the proximity, capacity and accessibility of crude oil and natural gas pipelines and processing facilities; liabilities and risks inherent in oil and natural gas operations, including environmental liabilities and risks; changes to laws, regulations and policies; the ongoing geopolitical events in Eastern Europe and the Middle East and the duration and impact thereof; fluctuations in foreign exchange, inflation or interest rates; failure of counterparties to perform or comply with their obligations under contracts; regional competition and the increase in new or upgraded rigs; the Company's ability to attract and retain skilled labour; Western's ability to obtain debt or equity financing and to fund capital operating and other expenditures and obligations; the potential need to issue additional debt or equity and the potential resulting dilution of shareholders; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; the Company's ability to comply with the covenants under the Credit Facilities, HSBC Facility and the Second Lien Facility and the restrictions on its operations and activities if it is not compliant with such covenants; Western's ability to protect itself from "cyber-attacks" which could compromise its information systems and critical infrastructure; disruptions to global supply chains; and other general industry, economic, market and business conditions. Readers are cautioned that the foregoing list of risks, uncertainties and assumptions are not exhaustive. Additional information on these and other risk factors that could affect Western's operations and financial results are discussed under the headings "*Business Risks*" herein and "*Risk Factors*" in Western's AIF for the year ended December 31, 2023, which is available under the Company's SEDAR+ profile at www.sedarplus.ca.

The forward-looking statements and information contained in this MD&A are made as of the date hereof and Western does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements contained herein are expressly qualified by this cautionary statement.

Additional data

Additional information relating to Western, including the Company's AIF, is available under the Company's profile on SEDAR+ at www.sedarplus.ca.