First Quarter 2025 Management's Discussion and Analysis — Date: April 22, 2025

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 as at and for the years ended December 31, 2024 and 2023, management's discussion and analysis ("MD&A") for the year ended December 31, 2024, as well as the condensed consolidated financial statements and notes as at March 31, 2025 and for the three months ended March 31, 2025 and 2024. This MD&A is dated April 22, 2025. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Financial Highlights	**Three months ended March 31**		
(stated in thousands, except share and per share amounts)	**2025**	**2024**	**Change**
Revenue	69,010	61,982	11%
Adjusted EBITDA(1)	14,076	15,219	(8%)
Adjusted EBITDA as a percentage of revenue(1)	20%	25%	(20%)
Cash flow from operating activities	2,678	7,802	(66%)
Additions to property and equipment	4,979	1,902	162%
Net income	2,386	1,455	64%
-basic and diluted net income per share	0.07	0.04	75%
Weighted average number of shares			
-basic and diluted	33,843,022	33,843,015	-
Outstanding common shares as at period end	33,843,022	33,843,015	-
Operating Highlights(2)			
Contract Drilling			
Canadian Operations			
Operating Days	1,314	952	38%
Revenue per Operating Day(1)	33,624	34,233	(2%)
Drilling rig utilization	43%	31%	39%
CAOEC industry Operating Days(3)	18,240	17,638	3%
United States Operations			
Operating Days	167	164	2%
Revenue per Operating Day (US$)(1)	27,945	31,858	(12%)
Drilling rig utilization	26%	26%	-
Production Services			
Service Hours	14,415	18,399	(22%)
Revenue per Service Hour(1)	1,067	1,058	1%
Service rig utilization	36%	44%	(18%)

(1) See "Non-IFRS Measures and Ratios" on page 12 of this MD&A.

(2) See "Defined Terms" on page 13 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)	March 31, 2025	December 31, 2024	March 31, 2024
Working capital(1)	26,892	9,911	29,423
Total assets	438,232	430,981	441,781
Long-term debt - non current portion	102,193	91,657	111,109

(1) See "Defined Terms" 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, and revenue per Service Hour are defined on page 12 of this MD&A. Other defined terms, abbreviations and definitions for standard industry terms are included on page 13 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 March 31					
	2025			2024		
Rig class(1)	Canada	US	Total	Canada	US	Total
Cardium	11	-	11	11	-	11
Montney	18	1	19	18	1	19
Duvernay	5	6	11	5	6	11
Total marketed drilling rigs(2)	**34**	**7**	**41**	**34**	**7**	**41**
Total owned drilling rigs	**48**	**7**	**55**	**48**	**7**	**55**

(1) See "Contract Drilling Rig Classifications" on page 13 of this MD&A.

(2) Source: CAOEC Contractor Summary as at April 22, 2025.

Production Services

Production services provides well servicing and oilfield equipment rentals in Canada. Western operates 62 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 March 31	
Mast type	**2025**	**2024**
Single	27	28
Double	27	27
Slant	8	8
Total owned well servicing rigs	**62**	**63**

[1] Source: CAOEC Drilling Contractor Summary as at April 22, 2025.

[2] Source: CAOEC Well Servicing Fleet List as at April 22, 2025.

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 months ended March 31, 2025 and 2024:

	Three months ended March 31		
	2025	2024	Change
Average crude oil and natural gas prices(1)(2)			
Crude Oil			
West Texas Intermediate (US$/bbl)	71.42	76.96	(7%)
Western Canadian Select (CDN$/bbl)	84.42	77.81	8%
Natural Gas			
30 day Spot AECO (CDN$/mcf)	2.21	2.26	(2%)
Average foreign exchange rates(2)			
US dollar to Canadian dollar	1.43	1.35	6%

(1) See "Abbreviations" on page 13 of this MD&A.

(2) Source: Sproule March 31, 2025, Price Forecast, Historical Prices.

- West Texas Intermediate ("WTI") on average decreased by 7% for the three months ended March 31, 2025 compared to the same period in the prior year. In the first quarter of 2025, crude oil prices were impacted by market volatility as a result of tariffs implemented by the US government and counter-tariffs in response by several countries.
- Pricing on Western Canadian Select crude oil improved by 8% for the three months ended March 31, 2025, compared to the same period of the prior year.
- Natural gas prices in Canada were slightly lower in the first quarter of 2025, with the 30-day spot AECO price decreasing by 2%, compared to the same periods of the prior year.
- The US dollar to the Canadian dollar foreign exchange rate for the three months ended March 31, 2025 strengthened by 6% compared to the same period in the prior year.
- Lower WTI prices in the first three months of 2025 contributed to weaker industry drilling activity in the US. As reported by Baker Hughes Company[3], the number of active drilling rigs in the US decreased by approximately 5% to 592 rigs as at March 31, 2025 as compared to 621 rigs at March 31, 2024 and averaged 588 rigs during the first quarter of 2025, compared to 623 rigs in the first quarter of 2024.
- In Canada there were 161 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at March 31, 2025, compared to 146 active rigs as at March 31, 2024, representing an increase of approximately 10%; the CAOEC[4] reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended March 31, 2025, were 3% higher than the same period in the prior year.

Operational and Financial Highlights

Three Months Ended March 31, 2025

Financial Highlights:

- First quarter revenue of $69.0 million in 2025 was $7.0 million (or 11%) higher than the first quarter of 2024, as higher contract drilling revenue in Canada was offset partially by lower production services revenue.
- Adjusted EBITDA of $14.1 million in the first quarter of 2025 was $1.1 million (or 8%) lower compared to $15.2 million in the first quarter of 2024, mainly due to one-time reorganization costs of $2.6 million. After normalizing for the one-time reorganization costs, Adjusted EBITDA in the first quarter of 2025 would have totalled $16.7 million, an increase of $1.5 million due to higher drilling revenue in Canada, which was offset partially by lower production services activity in Canada.
- The Company generated net income of $2.4 million in the first quarter of 2025 ($0.07 net income per basic common share) as compared to net income of $1.5 million in the first quarter of 2024 ($0.04 net income per basic common share) as lower Adjusted EBITDA was offset by decreases in depreciation expense, stock based compensation expense, finance costs and income tax expense.

[3] Source: Baker Hughes Company, 2025 Rig Count monthly press releases.

[4] Source: CAOEC, monthly Contractor Summary.

- First quarter additions to property and equipment of $5.0 million in 2025 compared to $1.9 million in the first quarter of 2024, consisting of $0.7 million of expansion capital related to rig upgrades and $4.3 million of maintenance capital.

Operational Highlights:

- In Canada, Operating Days of 1,314 in the first quarter of 2025 were 362 days (or 38%) higher compared to 952 days in the first quarter of 2024. Drilling rig utilization in Canada was 43% in the first quarter of 2025, compared to 31% in the same period of the prior year, mainly due to improved demand for the Company's rig fleet.
- Revenue per Operating Day in Canada averaged $33,624 in the first quarter of 2025, which was 2% lower than the same period of the prior year.
- In the US, drilling rig utilization averaged 26% in the first quarter of 2025, which was consistent with the first quarter of 2024, due to continued low industry activity in the US.
- Revenue per Operating Day in the US for the first quarter of 2025 averaged US$27,945, a 12% decrease compared to US$31,858 in the same period of the prior year, mainly due to changes in rig mix.
- In Canada, service rig utilization was 36% in the first quarter of 2025, compared to 44% in the same period of the prior year, as Service Hours decreased by 22% to 14,415 hours from 18,399 hours in the same period of the prior year, mainly due to delays in customer programs.
- Revenue per Service Hour averaged $1,067 in the first quarter of 2025 and was 1% higher than the first quarter of 2024, due to area-specific rig requirements.
- On January 27, 2025, the Company announced that it extended the maturity date of its Second Lien Facility (as defined in this MD&A) from May 18, 2026 to May 18, 2027.

Outlook

In 2025, commodity prices were impacted negatively by the tariffs on imports to the US announced by the US government and the corresponding retaliatory tariffs by several countries against the US, triggering a global trade war. Contributing to further market uncertainty were the ongoing conflicts in Eastern Europe and in the Middle East. It is expected that these events will continue to impact commodity prices further in 2025. Additionally, the results of the Canadian federal election in 2025 could lead to government policy changes on future energy projects in Canada, which may create uncertainty for the Canadian energy services industry. 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.

However, the Trans Mountain pipeline expansion commenced operations as of May 1, 2024 and has brought much needed takeaway capacity to the market. The completed Trans Mountain pipeline project, the Coastal GasLink pipeline project, which has entered commercial in-service and is expected to be online by mid-2025, and the LNG Canada liquefied natural gas project in British Columbia, now more than 90% complete and expected to be online by mid-2025, may contribute to increased industry activity. Additionally, Western is optimistic that the imposition of the US tariffs may help realign the provinces in Canada on the importance of additional economic independence from the US, which could result in more energy projects receiving approval in Canada. Controlling and reducing 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's board of directors has approved a capital budget for 2025 of $20 million, comprised of $2 million of expansion capital and $18 million of maintenance capital. The 2025 budget includes approximately $3 million of committed expenditures from 2024 that will carry forward into 2025. Western will continue to manage its costs in a disciplined manner and make required adjustments to its capital program as customer demand changes. Currently, 12 of Western's drilling rigs and 7 of Western's well servicing rigs are operating.

As at March 31, 2025, Western had a total of $11.2 million drawn on its $35.0 million syndicated revolving credit facility and its $10.0 million committed operating facility (the "Credit Facilities") and $4.4 million outstanding on its committed term non-revolving facility (the "HSBC Facility"), which matures on December 31, 2026. As at March 31, 2025, Western had $88.0 million outstanding on its second lien secured term loan with Alberta Investment Management Corporation (the "Second Lien Facility"), which matures on May 18, 2027 after the extension announced on January 27, 2025. Western will continue to focus its efforts on deleveraging the business going forward.

Energy service activity in Canada will be affected by volatile commodity prices, import tariffs implemented by the US administration, 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 four 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 completion, as well as renewed interest in national self-determination. The total rig fleet in the WCSB has decreased from 384 drilling rigs at March 31, 2024 to 373 drilling rigs as of April 22, 2025, representing a decrease of 11 drilling rigs, or 3%, 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 Quarter Ended March 31, 2025 – Segmented Information

Contract Drilling

Financial Highlights	**Three months ended March 31**		
(stated in thousands)	**2025**	**2024**	**Change**
Revenue	50,852	39,638	28%
Expenses			
Operating	37,202	27,321	36%
Administrative	2,016	2,259	(11%)
Adjusted EBITDA(1)	11,634	10,058	16%
Adjusted EBITDA as a percentage of revenue(1)	23%	25%	(8%)
Operating Highlights(2)			
Canadian Operations			
Operating Days	1,314	952	38%
Revenue per Operating Day(1)	33,624	34,233	(2%)
Drilling rig utilization	43%	31%	39%
CAOEC industry Operating Days(3)	18,240	17,638	3%
United States Operations			
Operating Days	167	164	2%
Revenue per Operating Day (US$)(1)	27,945	31,858	(12%)
Drilling rig utilization	26%	26%	-

(1) See "Non-IFRS Measures and Ratios" on page 12 of this MD&A.

(2) See "Defined Terms" on page 13 of this MD&A.

(3) Source: The CAOEC monthly Contractor Summary, calculated on a spud to rig release basis.

- For the first quarter of 2025, contract drilling revenue totalled $50.9 million, a $11.3 million, or 28%, increase as compared to the same period in the prior year due to improved industry activity in Canada, partially offset by lower activity in the US. See "*Canadian Operations*" and "*United States Operations*" below.
- Administrative expenses for the first quarter of 2025 totalled $2.0 million and were $0.3 million (or 11%) lower than the same period in the prior year due to lower employee related costs.
- Contract drilling Adjusted EBITDA of $11.6 million in the first quarter of 2025 was $1.5 million, or 16%, higher than $10.1 million in the first quarter of 2024, mainly due to higher contract drilling activity in Canada, which was offset partially by lower activity in the US, and changes in rig mix in both the US and Canada and $1.5 million of one-time reorganization costs.

Canadian Operations

- Operating Days for the first quarter of 2025 of 1,314 days were 38% higher than 952 days in the same period of the prior year, compared to a 3% increase in CAOEC industry Operating Days, resulting in drilling rig utilization in Canada of 43% in 2025, compared to 31% in 2024. The increase in Operating Days for the first quarter of 2025 was mainly attributed to improved demand for the Company's drilling rig fleet.

- For the three months ended March 31, 2025, revenue per Operating Day averaged $33,624 compared to $34,233 in the same period of the prior year due to lower equipment and rebilled charges.

United States Operations

- For the three months ended March 31, 2025, Operating Days in the US increased by 2% to 167 days compared to 164 days in the same period of the prior year, which resulted in drilling rig utilization of 26% in the first quarter of 2025, which was the same as the first quarter of 2024. Average active industry rigs of 588[5] in the first quarter of 2025 were 6% lower compared to the first quarter of 2024 due to low natural gas prices.
- For the three months March 31, 2025, revenue per Operating Day decreased by 12% averaging US$27,945 compared to US$31,858 due to changes in rig mix.

Production Services

Financial Highlights	**Three months ended March 31**		
(stated in thousands)	**2025**	**2024**	**Change**
Revenue	18,264	22,447	(19%)
Expenses			
Operating	12,812	14,746	(13%)
Administrative	1,487	1,307	14%
Adjusted EBITDA(1)	3,965	6,394	(38%)
Adjusted EBITDA as a percentage of revenue(1)	22%	28%	(21%)
Operating Highlights(2)			
Service Hours	14,415	18,399	(22%)
Revenue per Service Hour(1)	1,067	1,058	1%
Service rig utilization	36%	44%	(18%)

(1) See "Non-IFRS Measures and Ratios" on page 12 of this MD&A.

(2) See "Defined Terms" on page 13 of this MD&A.

- For the quarter ended March 31, 2025, production services revenue decreased by $4.1 million, or 19%, to $18.3 million, compared to the same period of the prior year due to delays in customer programs and low natural gas prices.
- For the three months ended March 31, 2025, Service Hours of 14,415 (36% utilization) were 22% lower than the same period of the prior year of 18,399 (44% utilization) due to delays in customer programs.
- For the three months ended March 31, 2025, revenue per Service Hour averaged $1,067 and was 1% higher than the same period of 2024, due to area-specific rig requirements.
- For the three months ended March 31, 2025, administrative expenses were $0.2 million (or 14%) higher than the same period of the prior year due to one-time reorganization costs of $0.2 million incurred.
- Adjusted EBITDA decreased for the three months ended March 31, 2025, by $2.4 million, or 38%, to $4.0 million, compared to $6.4 million in the same period of the prior year mainly due to customers program changes resulting from low commodity prices and higher repairs and maintenance costs.

Corporate

	Three months ended March 31		
(stated in thousands)	**2025**	**2024**	**Change**
Expenses			
Administrative	1,523	1,233	24%

- For the three months ended March 31, 2025, corporate administrative expenses totalled $1.5 million and were $0.3 million higher than the same period of the prior year mainly due to lower employee related costs, which were offset partially by $0.9 million of one-time reorganization costs incurred.

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

Consolidated Other Expenses

	Three months ended March 31		
(stated in thousands)	**2025**	**2024**	**Change**
Depreciation	10,043	10,523	(5%)
Stock based compensation	(931)	437	(313%)
Finance costs	2,353	2,656	(11%)
Other items	(217)	(380)	(43%)
Income tax expense	442	528	(16%)

- Depreciation expense for the three months ended March 31, 2025 totalled $10.0 million compared to $10.5 million in the same period of the prior year due to assets being fully depreciated.
- Stock based compensation for the three months ended March 31, 2025 totalled a recovery of $0.9 million, compared to an expense of $0.4 million in the same period of the prior year, due to forfeiture recoveries related to one-time reorganization changes in the period.
- Finance costs in the first quarter of 2025 of $2.4 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 2024 and represented an effective interest rate of 8.4%, which was lower than 8.8% the same period of the prior year.
- For the three months ended March 31, 2025, other items relate to foreign exchange gains and losses and the sale of assets.
- For the first quarter of 2025, the consolidated income tax expense totalled $0.4 million, compared to $0.5 million in the same period of the prior year, representing an effective tax rate of 15.6%, as compared to an effective tax rate of 26.6% in the same period of 2024. The Company had no cash taxes payable for the three months ended March 31, 2025.

Liquidity and Capital Resources

The Company's liquidity requirements in the short and long term can be sourced in several ways including: available cash and cash equivalents, cash flow from operating activities, borrowing against the Credit Facilities, new debt instruments, equity issuances and proceeds from the sale of assets. As at March 31, 2025, Western had working capital of $26.9 million compared to working capital of $9.9 million as at December 31, 2024.

During the quarter ended March 31, 2025, Western had the following changes to its cash balances in the period, which resulted in cash and cash equivalents at March 31, 2025 being consistent with December 31, 2024:

Cash and cash equivalents (stated in thousands)	
Opening balance, at December 31, 2024	3,785
Add:	
Adjusted EBITDA(1)	14,076
Draw on Credit Facilities	6,803
Proceeds on sale of property and equipment	267
Deduct:	
Change in non cash working capital	(10,610)
Additions to property and equipment	(4,979)
Finance costs paid	(4,312)
Principal repayment of lease obligations	(435)
Principal repayment of HSBC Facility	(313)
Principal repayment of US paycheck protection plan	(288)
Principal repayment of Second Lien debt	(270)
Other items	35
Ending balance, at March 31, 2025	**3,759**

(1) See "Non-IFRS Measures and Ratios" on page 12 of this MD&A.

On January 27, 2025, the Company extended the maturity date of its Second Lien Facility from May 18, 2026 to May 18, 2027. As part of this extension, the maturity date of the Company's Credit Facilities (as defined in this MD&A) was automatically extended from November 18, 2025 to the earlier of (i) six months prior to the maturity date of the amended Second Lien Facility of November 18, 2026 or (ii) March 22, 2027. As at March 31, 2025, $11.2 million was drawn on the Company's $45.0 million Credit Facilities and $4.4 million was drawn on the HSBC Facility. Cash flow from operating activities and available

Credit Facilities are expected to be sufficient to cover Western's financial obligations, including working capital requirements and 2025 budgeted 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 12 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 ("Stoneham"). A summary of the Company's financial covenants at March 31, 2025 is as follows:

March 31, 2025	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 March 31, 2025 condensed consolidated financial statements.

At March 31, 2025, 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)	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	June 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	June 30, 2023
Revenue	69,010	59,720	58,343	43,033	61,982	56,255	55,003	42,954
Adjusted EBITDA(1)	14,076	10,316	11,433	5,259	15,219	13,370	11,033	4,140
Cash flow from operating activities	2,678	14,332	5,404	19,260	7,802	6,268	13,267	25,373
Net income (loss)	2,386	(1,995)	(1,190)	(5,136)	1,455	(2,194)	(1,267)	(7,845)
per share - basic and diluted	0.07	(0.06)	(0.04)	(0.15)	0.04	(0.06)	(0.04)	(0.23)
Total assets	438,232	430,981	429,623	433,354	441,781	442,933	453,980	456,746
Long-term debt - non current portion	102,193	91,657	102,999	106,912	111,109	111,174	114,107	118,109

(1) See "Non-IFRS Measures and Ratios" on page 12 of this MD&A.

Revenue and Adjusted EBITDA were impacted by commodity prices and market uncertainty throughout the last eight quarters. In 2023, 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 Eastern Europe and in the Middle East impacted the energy services industry. 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. The first quarter of 2025 was impacted by import tariffs announced by the US government, resulting in market volatility.

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 March 31, 2025 are as follows:

(stated in thousands)	2025	2026	2027	2028	2029	Thereafter	Total
Trade payables and other current liabilities (1)	25,575	-	-	-	-	-	25,575
Operating commitments (2)	4,524	780	772	770	769	372	7,987
Second Lien Facility principal	810	1,080	86,101	-	-	-	87,991
Second Lien Facility interest	3,703	7,399	6,430	-	-	-	17,532
HSBC Facility principal	-	4,375	-	-	-	-	4,375
HSBC Facility interest	192	185	-	-	-	-	377
Lease obligations (3)	1,479	1,872	1,428	1,170	679	450	7,078
Revolving Facility	-	6,000	-	-	-	-	6,000
Operating Facility	-	5,226	-	-	-	-	5,226
PPP Loan	548	-	-	-	-	-	548
Total	**36,831**	**26,917**	**94,731**	**1,940**	**1,448**	**822**	**162,689**

(1) Trade payables and other current liabilities exclude interest accrued as at March 31, 2025 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, 2027.

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 November 18, 2026 after the change to the maturity date noted previously, or (ii) March 22, 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 operating activities.

Outstanding Share Data

	April 22, 2025	March 31, 2025	December 31, 2024
Common shares outstanding	33,843,022	33,843,022	33,843,022
Stock options outstanding	1,498,567	1,498,567	2,666,189

Off Balance Sheet Arrangements

As at March 31, 2025, 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 March 31, 2025, 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 (loss).

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.

The Company's practice is to manage credit risk by performing a thorough analysis of the creditworthiness of new customers by reviewing their financial position before credit terms are offered. In some cases, the Company may request prepayment before services are provided to help minimize credit risk. 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.

The following table provides an analysis of the Company's trade and other receivables as at March 31, 2025 and December 31, 2024:

Balances at (stated in thousands)	March 31, 2025	December 31, 2024
Trade receivables	43,783	30,473
Accrued trade receivables	7,569	8,392
Other receivables	683	678
Allowance for doubtful accounts	(2,036)	(1,985)
Total	**49,999**	**37,558**

For the three months ended March 31, 2025, the Company had one customer comprising 11.7% of the Company's total revenue. For the three months ended March 31, 2024, the Company had no customers comprising 10.0% or more of the Company's total revenue. The total trade receivable balance outstanding related to the significant customer for 2025 was 7.8% of the Company's total trade and other receivables as at March 31, 2025. There were no significant customers for the year ended December 31, 2024.

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 flow 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 Interim Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("CFO") of the Company have certified as at March 31, 2025 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 subsidiaries, 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 March 31, 2025, 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 3 of the Company's consolidated financial statements as at December 31, 2024 and for the years ended December 31, 2024 and 2023. There were no new accounting standards or amendments to existing standards adopted in the three months ended March 31, 2025, 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 months ended March 31, 2025, 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, 2024. 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, 2024 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 ("Non-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 March 31	
(stated in thousands)	**2025**	**2024**
Net income	**2,386**	**1,455**
Income tax expense	442	528
Income before income taxes	**2,828**	**1,983**
Add (deduct):		
Depreciation	10,043	10,523
Stock based compensation	(931)	437
Finance costs	2,353	2,656
Other items	(217)	(380)
Adjusted EBITDA	**14,076**	**15,219**

The following table reconciles Adjusted EBITDA, defined previously, to operating earnings (loss) as disclosed in the condensed consolidated financial statements for the three months ended March 31, 2025 and 2024:

	Three months ended March 31, 2025			
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	11,634	3,965	(1,523)	14,076
Depreciation	(7,610)	(1,975)	(458)	(10,043)
Operating earnings (loss)	**4,024**	**1,990**	**(1,981)**	**4,033**

	Three months ended March 31, 2024			
(stated in thousands)	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Adjusted EBITDA	10,058	6,394	(1,233)	15,219
Depreciation	(7,937)	(2,145)	(441)	(10,523)
Operating earnings (loss)	**2,121**	**4,249**	**(1,674)**	**4,696**

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.

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.

Working capital: Calculated as current assets less current liabilities as disclosed in the Company's consolidated financial statements.

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"); 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 Eastern Europe and the Middle East on crude oil prices; the Company's capital budget for 2025, including the allocation of such budget; Western's plans for managing its capital program; the energy service industry and global economic activity; expectations of increased industry activity with respect to the Trans Mountain pipeline project, the Coastal GasLink pipeline project and the LNG Canada liquified natural gas project; the expectation that the Coastal GasLink pipeline project will be online by mid-2025; the expectation that the LNG Canada liquified natural gas project will be online by mid-2025; the impact of the US tariffs on the approach of Canadian governments towards approval of Canadian energy projects; potential changes in Canadian government policies resulting from a federal election in 2025; the Company's ability to continue to focus on deleveraging the business; challenges facing the energy service industry; expectations regarding future drilling and well servicing activity; the Company's focus on debt reduction; expectations relating to the impact of environmental regulation on the energy services industry; expectations surrounding the level of investment in Canada and its impact on the Company; 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 2025 and in the future; the impact, direct and indirect, of epidemics, pandemics, other public health crisis and geopolitical events, including the conflicts in Eastern Europe and the Middle East and the import tariffs implemented by the US administration, on Western's business, customers, business partners, employees, supply chain, other stakeholders and the overall economy; changes in laws, regulations, or policies, including as a result of a Canadian federal election in 2025; 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, 2024, 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.