



Second Quarter 2025 Management's Discussion and Analysis

Date: July 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 June 30, 2025 and for the three and six months ended June 30, 2025 and 2024. This MD&A is dated July 22, 2025. All amounts are denominated in Canadian dollars (CDN\$) unless otherwise identified.

Financial Highlights (stated in thousands, except share and per share amounts)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Revenue	40,005	43,033	(7%)	109,015	105,015	4%
Adjusted EBITDA ⁽¹⁾	5,853	5,259	11%	19,929	20,478	(3%)
Adjusted EBITDA as a percentage of revenue ⁽¹⁾	15%	12%	25%	18%	20%	(10%)
Cash flow from operating activities	19,804	19,260	3%	22,482	27,062	(17%)
Additions to property and equipment	5,954	5,635	6%	10,933	7,537	45%
Net loss	(4,585)	(5,136)	11%	(2,199)	(3,681)	40%
-basic and diluted net loss per share	(0.14)	(0.15)	7%	(0.06)	(0.11)	45%
Weighted average number of shares						
-basic and diluted	33,843,022	33,843,015	-	33,843,022	33,843,015	-
Outstanding common shares as at period end	33,843,022	33,843,015	-	33,843,022	33,843,015	-
Operating Highlights⁽²⁾						
Contract Drilling						
<i>Canadian Operations</i>						
Operating Days	764	656	16%	2,077	1,609	29%
Revenue per Operating Day ⁽¹⁾	32,709	31,765	3%	33,288	33,226	-
Drilling rig utilization	25%	21%	19%	34%	26%	31%
CAOEC industry Operating Days ⁽³⁾	10,407	10,725	(3%)	28,647	28,363	1%
<i>United States Operations</i>						
Operating Days	110	153	(28%)	277	317	(13%)
Revenue per Operating Day (US\$) ⁽¹⁾	32,506	30,016	8%	29,759	30,967	(4%)
Drilling rig utilization	17%	24%	(29%)	22%	25%	(12%)
Production Services						
Service Hours	7,693	13,444	(43%)	22,108	31,843	(31%)
Revenue per Service Hour ⁽¹⁾	1,025	1,016	1%	1,052	1,040	1%
Service rig utilization	19%	33%	(42%)	27%	38%	(29%)

(1) See "Non-IFRS Measures and Ratios" on page 14 of this MD&A.

(2) See "Defined Terms" on page 15 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)	June 30, 2025	December 31, 2024	June 30, 2024
Working capital ⁽¹⁾	12,637	9,911	22,203
Total assets	407,791	430,981	433,354
Long-term debt - non current portion	89,057	91,657	106,912

(1) See "Defined Terms" on page 15 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 14 of this MD&A. Other defined terms, abbreviations and definitions for standard industry terms are included on page 15 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:

Rig class ⁽¹⁾	As at June 30					
	2025			2024		
	Canada	US	Total	Canada	US	Total
Cadium	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 15 of this MD&A.

(2) Source: CAOEC Contractor Summary as at July 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 June 30	
	2025	2024
Mast type		
Single	27	28
Double	27	27
Slant	8	8
Total owned well servicing rigs	62	63

¹ Source: CAOEC Drilling Contractor Summary as at July 22, 2025.

² Source: CAOEC Well Servicing Fleet List as at July 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 and six months ended June 30, 2025 and 2024:

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Average crude oil and natural gas prices⁽¹⁾⁽²⁾						
Crude Oil						
West Texas Intermediate (US\$/bbl)	63.74	80.57	(21%)	67.58	78.76	(14%)
Western Canadian Select (CDN\$/bbl)	74.89	91.54	(18%)	79.65	84.68	(6%)
Natural Gas						
30 day Spot AECO (CDN\$/mcf)	1.80	1.22	48%	2.00	1.74	15%
Average foreign exchange rates⁽²⁾						
US dollar to Canadian dollar	1.38	1.37	1%	1.41	1.36	4%

(1) See "Abbreviations" on page 15 of this MD&A.

(2) Source: Sproule June 30, 2025, Price Forecast, Historical Prices.

- West Texas Intermediate ("WTI") on average decreased by 21% and 14% for the three and six months ended June 30, 2025 respectively, compared to the same periods in the prior year. In 2025, crude oil prices were impacted by market volatility as a result of tariffs implemented by the US government, counter-tariffs in response by several countries, lower global demand and the continued conflict in the Middle East and Eastern Europe.
- Pricing on Western Canadian Select crude oil declined by 18% and 6% for the three and six months ended June 30, 2025 respectively, compared to the same periods of the prior year.
- Natural gas prices in Canada were higher in the three and six months ended June 30, 2025, compared to the same periods in the prior year with the 30-day spot AECO price increasing by 48% and 15% respectively.
- The US dollar to the Canadian dollar foreign exchange rate for the three and six months ended June 30, 2025 strengthened by 1% and 4% respectively, compared to the same periods in the prior year.
- Lower WTI prices in the first half of 2025 contributed to weaker industry drilling activity in the US. As reported by Baker Hughes Company³, the number of active drilling rigs in the US decreased by approximately 5% to 554 rigs as at June 30, 2025 as compared to 581 rigs at June 30, 2024 and averaged 579 rigs during the six months ended June 30, 2025, compared to 613 rigs in the same period of the prior year.
- In Canada there were 157 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at June 30, 2025, compared to 182 active rigs as at June 30, 2024, representing a decrease of approximately 14%; the CAOEC⁴ reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended June 30, 2025, were 3% lower than the same period in the prior year, whereas the total number of Operating Days in the WCSB for the six months ended June 30, 2025 were 1% higher than the same period of the prior year.

Operational and Financial Highlights

Three Months Ended June 30, 2025

Financial Highlights:

- Second quarter revenue of \$40.0 million in 2025 was \$3.0 million (or 7%) lower than the second quarter of 2024, as higher contract drilling revenue in Canada was more than offset by lower production services revenue.
- Adjusted EBITDA of \$5.9 million in the second quarter of 2025 was \$0.6 million (or 11%) higher compared to \$5.3 million in the second quarter of 2024. Adjusted EBITDA for the second quarter of 2025 included one-time reorganization costs of \$1.0 million, whereas the second quarter of 2024 included \$1.8 million of one-time reorganization costs. After normalizing for these one-time reorganization costs in both periods, Adjusted EBITDA in the second quarter of 2025 would have totalled \$6.9 million compared to \$7.1 million in 2024, a decrease of \$0.2 million due to lower production services activity in Canada.
- The Company incurred a net loss of \$4.6 million in the second quarter of 2025 (\$0.14 net loss per basic common share) as compared to a net loss of \$5.1 million in the second quarter of 2024 (\$0.15 net loss per basic common share) as

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

⁴ Source: CAOEC, monthly Contractor Summary.

higher Adjusted EBITDA and decreases in finance costs, were offset partially by higher depreciation expense and a decrease in income tax recovery.

- Second quarter additions to property and equipment of \$6.0 million in 2025 compared to \$5.6 million in the second quarter of 2024, consisting of \$1.2 million of expansion capital related to rig upgrades and \$4.8 million of maintenance capital.
- During the second quarter of 2025, the Company made a voluntary principal repayment of \$5.0 million on its Second Lien Facility (as defined within this MD&A).

Operational Highlights:

- In Canada, Operating Days of 764 in the second quarter of 2025 were 108 days (or 16%) higher compared to 656 days in the second quarter of 2024. Drilling rig utilization in Canada was 25% in the second quarter of 2025, compared to 21% in the same period of the prior year, mainly due to more upgraded rigs working through spring break up in 2025, as well as improved customer retention in 2025 resulting from targeted marketing efforts.
- Revenue per Operating Day in Canada averaged \$32,709 in the second quarter of 2025, which was 3% higher than the same period of the prior year.
- In the US, drilling rig utilization averaged 17% in the second quarter of 2025, which was lower than the second quarter of 2024, due to continued low industry activity in the US as well as a change in focus to North Dakota from Texas.
- Revenue per Operating Day in the US for the second quarter of 2025 averaged US\$32,506, an 8% increase compared to US\$30,016 in the same period of the prior year. The improvement in pricing reflects a more favorable rig mix following the Company's strategic decision to focus its US operations more in North Dakota.
- In Canada, service rig utilization was 19% in the second quarter of 2025, compared to 33% in the same period of the prior year, as Service Hours decreased by 43% to 7,693 hours from 13,444 hours in the same period of the prior year, mainly due to changes in customer programs.
- Revenue per Service Hour averaged \$1,025 in the second quarter of 2025 and was 1% higher than the second quarter of 2024.

Six Months Ended June 30, 2025

Financial Highlights:

- Revenue for the six months ended June 30, 2025 of \$109.0 million was \$4.0 million (or 4%) higher than the same period in 2024, as higher contract drilling revenue in Canada was offset partially by lower production services revenue.
- Adjusted EBITDA for the six months ended June 30, 2025 of \$19.9 million was \$0.6 million (or 3%) lower compared to \$20.5 million in the same period of 2024, mainly due to one-time reorganization costs of \$3.6 million. Included in Adjusted EBITDA for the six months ended June 30, 2024, was \$1.8 million of one-time reorganization costs. After normalizing for one-time reorganization costs in both periods, Adjusted EBITDA in the first half of 2025 would have totalled \$23.5 million, compared to \$22.3 million in 2024, an increase of \$1.2 million due to higher drilling revenue in Canada, which was offset partially by lower production services activity in Canada and lower drilling activity in the US.
- The Company incurred a net loss of \$2.2 million in the first half of 2025 (\$0.06 net loss per basic common share) as compared to a net loss of \$3.7 million in the first half of 2024 (\$0.11 net loss per basic common share) as decreases in depreciation expense, stock based compensation expense and finance costs were offset by lower Adjusted EBITDA and income tax recovery.
- For the six months ended June 30, 2025, additions to property and equipment of \$10.9 million compared to \$7.5 million in the same period of the prior year, consisting of \$1.9 million of expansion capital related to rig upgrades and \$9.0 million of maintenance capital.

Operational Highlights:

- In Canada, Operating Days of 2,077 for the six months ended June 30, 2025 were 468 days (or 29%) higher compared to 1,609 days in the same period of the prior year. Drilling rig utilization in Canada was 34% in the first half of 2025, compared to 26% in the same period of the prior year, mainly due to more upgraded rigs working through spring break up in 2025 than in 2024, as well as improved customer retention year over year due to targeted marketing efforts.
- Revenue per Operating Day in Canada averaged \$33,288 for the six months ended June 30, 2025, which was consistent with the same period of the prior year.

- In the US, drilling rig utilization averaged 22% for the six months ended June 30, 2025, which was lower than 25% in the same period in the prior year, due to continued low industry activity in the US and a change in focus to North Dakota from Texas.
- Revenue per Operating Day in the US for the six months ended June 30, 2025 averaged US\$29,759 a 4% decrease compared to US\$30,967 in the same period of the prior year, mainly due to changes in rig mix.
- In Canada, service rig utilization was 27% in the six months ended June 30, 2025, compared to 38% in the same period of the prior year, as Service Hours decreased by 31% to 22,108 hours from 31,843 hours in the same period of the prior year, mainly due to changes in customer programs.
- Revenue per Service Hour averaged \$1,052 in the first half of 2025 and was 1% higher than the same period in the prior year.
- 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 faced downward pressure due to trade tensions resulting from newly imposed US tariffs on imports and retaliatory measures from several countries. These actions contributed to a broader global trade conflict, heightening uncertainty in the global economy. Ongoing geopolitical conflict in Eastern Europe and the Middle East, combined with persistently weak global demand for crude oil, further impacted market sentiment. These macroeconomic factors are expected to impact commodity prices through the remainder of 2025. Additionally, in Canada, the outcome of the 2025 federal election may lead to shifts in energy policy, potentially affecting the approval of future energy infrastructure projects. This contributes to additional uncertainty for the Canadian energy services industry. The precise duration and extent of the adverse impacts of the current macroeconomic environment on Western's customers and operations remains uncertain at this time.

Despite these headwinds, recent infrastructure developments present opportunities for the energy services industry. The Trans Mountain pipeline expansion commenced operations on May 1, 2024, providing critical takeaway capacity. Additionally, the Coastal GasLink pipeline delivered its first shipment of liquefied natural gas on June 30, 2025, and the LNG Canada project has begun operations in British Columbia. These projects are expected to support increased activity in Western Canada's energy sector. Western is also cautiously optimistic that the current trade environment may prompt renewed focus among Canadian provinces on strengthening domestic energy independence, which may help accelerate additional project approvals.

To navigate this complex environment, Western has implemented several strategic initiatives in 2025, including a reorganization of senior leadership to enhance operational efficiency and support long-term growth. As part of this process, the decision was made to focus on US operations exclusively in North Dakota and redeploy assets previously operating in Texas. The Company remains focused on managing fixed costs, preserving balance sheet strength, deleveraging the business, and maintaining flexibility to respond to market conditions. With these initiatives in place, Western believes it is well-positioned to benefit from improving service demand and pricing momentum. Western's upgraded rig fleet positions the Company to remain competitive in a tightening market. The total rig fleet in the WCSB has decreased from 385 drilling rigs at June 30, 2024 to 372 drilling rigs as of July 22, 2025, representing a decrease of 13 drilling rigs, or 3%, which reduces the supply of drilling rigs for such projects. Currently, 11 of Western's drilling rigs and 8 of Western's well servicing rigs are operating.

As disclosed previously, 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.

In the near term, the primary challenges facing the energy services industry include commodity price volatility, the impact of industry consolidation on Western's exploration and production customers and potential customers, and constrained customer drilling activity, as exploration and production companies continue to prioritize shareholder returns through share repurchases, increased dividends, and debt reduction rather than production growth. Should commodity prices stabilize over a sustained period, and as customers further strengthen their balance sheets, an increase in drilling activity may follow. Over the medium term, Western believes its rig fleet is well positioned to benefit from increased drilling and production activity associated with the completion of the LNG Canada project and the Trans Mountain pipeline expansion. In addition, increased focus on domestic energy security and economic independence may support further development activity across the sector.

Review of Results for the Quarter and Six Months Ended June 30, 2025 – Segmented Information

Contract Drilling

Financial Highlights (stated in thousands)	Three months ended June 30			Six months ended June 30, 2025		
	2025	2024	Change	2025	2024	Change
Revenue	29,935	27,149	10%	80,787	66,787	21%
Expenses						
Operating	22,440	21,280	5%	59,642	48,601	23%
Administrative	2,006	1,940	3%	4,022	4,199	(4%)
Adjusted EBITDA ⁽¹⁾	5,489	3,929	40%	17,123	13,987	22%
Adjusted EBITDA as a percentage of revenue ⁽¹⁾	18%	14%	29%	21%	21%	-

Operating Highlights⁽²⁾

Canadian Operations

Operating Days	764	656	16%	2,077	1,609	29%
Revenue per Operating Day ⁽¹⁾	32,709	31,765	3%	33,288	33,226	-
Drilling rig utilization	25%	21%	19%	34%	26%	31%
CAOEC industry Operating Days ⁽³⁾	10,407	10,725	(3%)	28,647	28,363	1%

United States Operations

Operating Days	110	153	(28%)	277	317	(13%)
Revenue per Operating Day (US\$) ⁽¹⁾	32,506	30,016	8%	29,759	30,967	(4%)
Drilling rig utilization	17%	24%	(29%)	22%	25%	(12%)

(1) See "Non-IFRS Measures and Ratios" on page 14 of this MD&A.

(2) See "Defined Terms" on page 15 of this MD&A.

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

- For the second quarter of 2025, contract drilling revenue totalled \$29.9 million, a \$2.8 million (or 10%) increase as compared to the same period in the prior year. For the six months ended June 30, 2025, contract drilling revenue totalled \$80.8 million, a \$14.0 million (or 21%) increase as compared to the same period in the prior year. The change for both the three and six months ended June 30, 2025 is due to more upgraded rigs working in Canada through spring break up, coupled with improved marketing efforts, partially offset by lower activity in the US. See "Canadian Operations" and "United States Operations" below.
- Administrative expenses for the three months ended June 30, 2025 totalled \$2.0 million, a \$0.1 million (or 3%) increase compared to the same period of the prior year due to higher employee related costs. For the six months ended June 30, 2025, administrative expenses totalled \$4.0 million and were \$0.2 million (or 4%) lower than the same period in the prior year due to lower employee related costs.
- Contract drilling Adjusted EBITDA of \$5.5 million in the second quarter of 2025 was \$1.6 million, or 40%, higher than \$3.9 million in the second quarter of 2024, mainly due to more upgraded rigs working through spring break up in 2025 and improved marketing efforts, which was offset partially by lower activity in the US, and changes in rig mix in both the US and Canada. Adjusted EBITDA in the second quarter of 2025 included \$0.6 million of one-time reorganization costs. Normalizing for the \$0.6 million of one-time reorganization costs, Adjusted EBITDA would have totalled \$6.1 million in the second quarter of 2025.
- For the six months ended June 30, 2025, contract drilling Adjusted EBITDA of \$17.1 million was \$3.1 million, or 22%, higher than the same period of the prior year due to higher contract drilling activity in Canada which was offset partially by lower activity in the US. Adjusted EBITDA for the six months ended June 30, 2025 included \$2.1 million of one-time reorganization costs. Normalizing for these one-time reorganization costs, contract drilling Adjusted EBITDA would have totalled \$19.2 million for the six months ended June 30, 2025, a 37% increase compared to the same period of the prior year.

Canadian Operations

- Operating Days for the second quarter of 2025 of 764 days were 16% higher than 656 days in the same period of the prior year, compared to a 3% decrease in CAOEC industry Operating Days, resulting in drilling rig utilization in Canada of 25% in 2025, compared to 21% in 2024. The increase in Operating Days for the second quarter of 2025 was mainly attributed to more upgraded rigs running through spring break up in 2025 compared to 2024.
- Operating days for the six months ended June 30, 2025 of 2,077 days were 29% higher than 1,609 days in the same period of the prior year, compared to a 1% increase in CAOEC industry Operating Days, resulting in drilling rig utilization in Canada of 34% in 2025, compared to 26% in 2024. The increase in Operating Days for the first half of 2025 was mainly due to improved customer retention year over year from marketing efforts, as well as the Company's upgraded rigs working more through spring break up compared to 2024.
- For the three and six months ended June 30, 2025, revenue per Operating Day averaged \$32,709 and \$33,288 respectively, compared to \$31,765 and \$33,226 in the same periods of the prior year due to changes in rig mix.

United States Operations

- For the three months ended June 30, 2025, Operating Days in the US decreased by 28% to 110 days compared to 153 days in the same period of the prior year, which resulted in drilling rig utilization of 17% in the second quarter of 2025, which was lower than the second quarter of 2024 of 24%. Average active industry rigs of 571⁵ in the second quarter of 2025 were 5% lower compared to the second quarter of 2024 due to low natural gas prices.
- For the six months ended June 30, 2025, Operating Days in the US decreased by 13% to 277 days compared to 317 days in the same period of the prior year, which resulted in drilling rig utilization of 22% in 2025, which was lower than 2024. Average industry rigs of 579 for the six months ended June 30, 2025 were 5% lower, compared to the same period in the prior year.
- For the three months ended June 30, 2025, revenue per Operating Day increased by 8% averaging US\$32,506 compared to US\$30,016, whereas for the six months ended June 30, 2025, revenue per Operations Day decreased by 4% averaging US\$29,759 compared to \$30,967. The changes for both periods were due to changes in rig mix as the Company shifted its focus from Texas to North Dakota.

Production Services

Financial Highlights (stated in thousands)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Revenue	10,152	15,986	(36%)	28,416	38,433	(26%)
Expenses						
Operating	8,123	10,564	(23%)	20,935	25,310	(17%)
Administrative	1,203	1,257	(4%)	2,690	2,564	5%
Adjusted EBITDA ⁽¹⁾	826	4,165	(80%)	4,791	10,559	(55%)
Adjusted EBITDA as a percentage of revenue ⁽¹⁾	8%	26%	(69%)	17%	27%	(37%)

Operating Highlights⁽²⁾

Service Hours	7,693	13,444	(43%)	22,108	31,843	(31%)
Revenue per Service Hour ⁽¹⁾	1,025	1,016	1%	1,052	1,040	1%
Service rig utilization	19%	33%	(42%)	27%	38%	(29%)

(1) See "Non-IFRS Measures and Ratios" on page 14 of this MD&A.

(2) See "Defined Terms" on page 15 of this MD&A.

- For the quarter ended June 30, 2025, production services revenue decreased by \$5.8 million, or 36%, to \$10.2 million, compared to the same period of the prior year. Similarly, for the six months ended June 30, 2025, production services revenue decreased by \$10.0 million, or 26%, to \$28.4 million, compared to the same period of the prior year. For both the three and six months ended June 30, 2025, the decrease was due to fewer Service Hours resulting from changes in customer programs.

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

- For the three months ended June 30, 2025, Service Hours of 7,693 (19% utilization) were 43% lower than the same period of the prior year of 13,444 (33% utilization). For the six months ended June 30, 2025 Service Hours of 22,108 (27% utilization) were 31% lower than the same period of the prior year of 31,843 (38% utilization). The decrease in Service Hours for both the three and six months ended June 30, 2025 was due to changes in customer programs.
- For the three months ended June 30, 2025, revenue per Service Hour averaged \$1,025 and was 1% higher than the same period of 2024, due to area-specific rig requirements. For the six months ended June 30, 2025, revenue per Service Hour averaged \$1,052 and was 1% higher than the same period of the prior year.
- For the three months ended June 30, 2025, administrative expenses were \$0.1 million (or 4%) lower than the same period of the prior year due to lower employee related expenses, which were partially offset by \$0.6 million of one-time reorganization costs. For six months ended June 30, 2025, administrative expenses were \$0.1 million (or 5%) higher than the six months ended June 30, 2024 due to one-time reorganization costs of \$0.7 million incurred, which were partially offset by lower employee related expenses.
- Adjusted EBITDA decreased for the three months ended June 30, 2025, by \$3.4 million, or 80%, to \$0.8 million, compared to \$4.2 million in the same period of the prior year mainly due to customers program changes resulting from low commodity prices and \$0.6 million of one-time reorganization costs. For the six months ended June 30, 2025, Adjusted EBITDA decreased by \$5.8 million, or 55%, to \$4.8 million, compared to \$10.6 million in the same period of the prior year, mainly due to customer program changes and one-time reorganization costs of \$0.7 million.

Corporate

(stated in thousands)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Expenses						
Administrative	462	2,835	(84%)	1,985	4,068	(51%)

- For the three months ended June 30, 2025, corporate administrative expenses totalled \$0.5 million and were \$2.3 million lower than the same period of the prior year mainly due to lower employee related costs in 2025 and \$1.8 million of one-time reorganization costs recognized in the second quarter of 2024. For the six months ended June 30, 2025, corporate administrative expenses totalled \$2.0 million and were \$2.1 million lower than the same period of the prior year due to lower employee related costs and \$1.8 million of one-time reorganization costs in 2024, which were offset partially by \$0.8 million of one-time reorganization costs incurred in 2025.

Consolidated Other Expenses

(stated in thousands)	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Depreciation	10,348	10,075	3%	20,391	20,598	(1%)
Stock based compensation	(238)	(161)	48%	(1,169)	276	(524%)
Finance costs	2,286	2,494	(8%)	4,639	5,150	(10%)
Other items	(950)	(392)	142%	(1,167)	(772)	51%
Income tax expense (recovery)	(1,008)	(1,621)	(38%)	(566)	(1,093)	(48%)

- Depreciation expense for the three months ended June 30, 2025 totalled \$10.3 million compared to \$10.1 million in the same period of the prior year. Depreciation expense for the six months ended June 30, 2025 totalled \$20.4 million compared to \$20.6 million in the same period of the prior year.
- Stock based compensation for the three months ended June 30, 2025 totalled a recovery of \$0.2 million which was consistent with the same period of the prior year. For the six months ended June 30, 2025, stock based compensation totalled a recovery of \$1.2 million, compared to an expense of \$0.3 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 second quarter of 2025 of \$2.3 million were \$0.2 million lower than the same period of the prior year and represented an effective interest rate of 8.7%, compared to 8.6% in the second quarter of 2024. Similarly, finance costs for the six months ended June 30, 2025 of \$4.6 million were \$0.6 million lower than the same period of the prior year and represented an effective interest rate of 8.5%, compared to 8.7% in 2024. The decrease for both the three and six months ended June 30, 2025 was mainly due to lower total debt levels resulting from Western's debt repayments made in 2024.

- For the three and six months ended June 30, 2025, other items relate to foreign exchange gains and losses and the sale of assets.
- For the second quarter of 2025, the consolidated income tax recovery totalled \$1.0 million, compared to a recovery of \$1.6 million in the same period of the prior year, representing an effective tax rate of 18.0%, as compared to an effective tax rate of 24.0% in the same period of 2024. For the six months ended June 30, 2025, the consolidated income tax recovery totalled \$0.6 million and represented an effective tax rate of 20.5%, compared to 22.9% in the same period of 2024. The Company had no cash taxes payable for the three or six months ended June 30, 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 June 30, 2025, Western had working capital of \$12.6 million compared to working capital of \$9.9 million as at December 31, 2024.

During the six months ended June 30, 2025, Western had the following changes to its cash balances in the period, which resulted in a \$1.4 million increase in cash and cash equivalents in the period:

Cash and cash equivalents (stated in thousands)	
Opening balance, at December 31, 2024	3,785
Add:	
Adjusted EBITDA ⁽¹⁾	19,929
Proceeds on sale of property and equipment	2,412
Change in non cash working capital	3,155
Deduct:	
Additions to property and equipment	(10,933)
Principal repayment of Second Lien debt	(5,540)
Finance costs paid	(4,720)
Principal repayment of lease obligations	(853)
Draw on Credit Facilities	(822)
Principal repayment of HSBC Facility	(625)
Principal repayment of US paycheck protection plan	(566)
Other items	5
Ending balance, at June 30, 2025	5,227

(1) See "Non-IFRS Measures and Ratios" on page 14 of this MD&A.

As at June 30, 2025, Western had a total of \$3.6 million drawn on 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") and \$4.1 million outstanding on its committed term non-revolving facility (the "HSBC Facility"), which matures on December 31, 2026. As at June 30, 2025, Western had \$82.7 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. During the second quarter of 2025, the Company made a voluntary prepayment of \$5.0 million on its Second Lien Facility.

As part of the Second Lien Facility extension, the maturity date of the Company's Credit Facilities 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. 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 14 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 June 30, 2025 is as follows:

June 30, 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 June 30, 2025 condensed consolidated financial statements.

At June 30, 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	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,
(stated in thousands, except per share amounts)	2025	2025	2024	2024	2024	2024	2023	2023
Revenue	40,005	69,010	59,720	58,343	43,033	61,982	56,255	55,003
Adjusted EBITDA ⁽¹⁾	5,853	14,076	10,316	11,433	5,259	15,219	13,370	11,033
Cash flow from operating activities	19,804	2,678	14,332	5,404	19,260	7,802	6,268	13,267
Net income (loss)	(4,585)	2,386	(1,995)	(1,190)	(5,136)	1,455	(2,194)	(1,267)
per share - basic and diluted	(0.14)	0.07	(0.06)	(0.04)	(0.15)	0.04	(0.06)	(0.04)
Total assets	407,791	438,232	430,981	429,623	433,354	441,781	442,933	453,980
Long-term debt - non current portion	89,057	102,193	91,657	102,999	106,912	111,109	111,174	114,107

(1) See "Non-IFRS Measures and Ratios" on page 14 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 and second quarters of 2025 were impacted by import tariffs announced by the US government, and the ongoing conflicts in Eastern Europe and the Middle East, resulting in market volatility. The Company is cautiously optimistic that due to the recent sentiment in Canada towards expanding to other markets, and reducing the Canadian dependency on US markets, Canadian energy will play an important role in the future of Canada's economy.

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 June 30, 2025 are as follows:

(stated in thousands)	2025	2026	2027	2028	2029	Thereafter	Total
Trade payables and other current liabilities ⁽¹⁾	16,889	-	-	-	-	-	16,889
Operating commitments ⁽²⁾	9,159	780	772	770	769	372	12,622
Second Lien Facility principal	540	1,080	81,101	-	-	-	82,721
Second Lien Facility interest	3,690	6,974	6,057	-	-	-	16,721
HSBC Facility principal	-	4,063	-	-	-	-	4,063
HSBC Facility interest	138	206	-	-	-	-	344
Lease obligations ⁽³⁾	1,002	1,987	1,523	1,212	700	450	6,874
Credit Facilities	-	3,601	-	-	-	-	3,601
PPP Loan	245	-	-	-	-	-	245
Total	31,663	18,691	89,453	1,982	1,469	822	144,080

(1) Trade payables and other current liabilities exclude interest accrued as at June 30, 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

	July 22, 2025	June 30, 2025	December 31, 2024
Common shares outstanding	33,843,022	33,843,022	33,843,022
Stock options outstanding	1,249,143	1,249,143	2,666,189

Off Balance Sheet Arrangements

As at June 30, 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 June 30, 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 June 30, 2025 and December 31, 2024:

Balances at (stated in thousands)	June 30, 2025	December 31, 2024
Trade receivables	24,505	30,473
Accrued trade receivables	5,082	8,392
Other receivables	474	678
Allowance for doubtful accounts	(1,849)	(1,985)
Total	28,212	37,558

For the three months ended June 30, 2025, the Company had three customers comprising 17.0%, 12.0% and 11.0% respectively, of the Company's total revenue. The total trade receivable balance outstanding related to the significant customers for 2025 represented 10.0%, 10.9% and 11.8% respectively, of the Company's total trade and other receivables as at June 30, 2025. One of the significant customers from the second quarter of 2025 was also a significant customer for the six months ended June 30, 2025, comprising 13.7% of the Company's total revenue. For the three and six months ended June 30, 2024, the Company had no customers comprising 10.0% or more of the Company's total revenue. 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 Chief Executive Officer ("CEO") and Interim Chief Financial Officer ("CFO") of the Company have certified as at June 30, 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 and six months ended June 30, 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 and six months ended June 30, 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 and six months ended June 30, 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:

(stated in thousands)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Net loss	(4,585)	(5,136)	(2,199)	(3,681)
Income tax recovery	(1,008)	(1,621)	(566)	(1,093)
Loss before income taxes	(5,593)	(6,757)	(2,765)	(4,774)
Add (deduct):				
Depreciation	10,348	10,075	20,391	20,598
Stock based compensation	(238)	(161)	(1,169)	276
Finance costs	2,286	2,494	4,639	5,150
Other items	(950)	(392)	(1,167)	(772)
Adjusted EBITDA	5,853	5,259	19,929	20,478

The following table reconciles Adjusted EBITDA, defined previously, to operating earnings (loss) as disclosed in the condensed consolidated financial statements for the three and six months ended June 30, 2025 and 2024:

Three months ended June 30, 2025				
(stated in thousands)	Production			
	Contract Drilling	Services	Corporate	Total
Adjusted EBITDA	5,489	826	(462)	5,853
Depreciation	(8,129)	(1,908)	(311)	(10,348)
Operating earnings (loss)	(2,640)	(1,082)	(773)	(4,495)

Three months ended June 30, 2024				
(stated in thousands)	Production			
	Contract Drilling	Services	Corporate	Total
Adjusted EBITDA	3,929	4,165	(2,835)	5,259
Depreciation	(7,605)	(2,125)	(345)	(10,075)
Operating earnings (loss)	(3,676)	2,040	(3,180)	(4,816)

Six months ended June 30, 2025				
(stated in thousands)	Contract Drilling	Production Services	Corporate	Total
Adjusted EBITDA	17,123	4,791	(1,985)	19,929
Depreciation	(15,739)	(3,883)	(769)	(20,391)
Operating earnings (loss)	1,384	908	(2,754)	(462)

Six months ended June 30, 2024				
(stated in thousands)	Contract Drilling	Production Services	Corporate	Total
Adjusted EBITDA	13,987	10,559	(4,068)	20,478
Depreciation	(15,542)	(4,270)	(786)	(20,598)
Operating earnings (loss)	(1,555)	6,289	(4,854)	(120)

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 and other macroeconomic factors on commodity 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 project; the impact of the US tariffs on the approach of Canadian governments towards approval of Canadian energy projects and a focus on domestic energy independence; potential changes in Canadian government policies resulting from the outcome of the 2025 federal election; the Company’s ability to benefit from improving service demand and pricing momentum; the Company’s ability to continue to focus on deleveraging the business; the Company’s ability to adjust its capital program and manage costs; challenges facing the energy service industry; expectations regarding future drilling and well servicing activity; 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; 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; 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; 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.