



2025 Management's Discussion and Analysis

Date: February 25, 2026

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, 2025 and 2024. This management's discussion and analysis ("MD&A") is dated February 25, 2026. 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 December 31			Year ended December 31			
	2025	2024	Change	2025	2024	Change	2023
Revenue	58,452	59,720	(2%)	217,502	223,078	(2%)	233,451
Adjusted EBITDA ⁽¹⁾	15,433	10,316	50%	48,424	42,227	15%	47,739
Adjusted EBITDA as a percentage of revenue ⁽¹⁾	26%	17%	53%	22%	19%	16%	20%
Cash flow from operating activities	10,040	14,332	(30%)	40,974	46,798	(12%)	51,353
Additions to property and equipment	5,278	5,844	(10%)	21,676	21,604	-	22,622
Net loss	(21,186)	(1,995)	(962%)	(25,627)	(6,866)	(273%)	(6,885)
-basic and diluted net loss per share	(0.63)	(0.06)	(950%)	(0.76)	(0.20)	(280%)	(0.20)
Weighted average number of shares							
-basic and diluted	33,843,022	33,843,022	-	33,843,022	33,843,018	-	33,841,864
Outstanding common shares as at period end	33,843,022	33,843,022	-	33,843,022	33,843,022	-	33,843,009
Operating Highlights⁽²⁾							
Contract Drilling							
<i>Canadian Operations</i>							
Operating Days	1,177	986	19%	4,276	3,710	15%	3,575
Revenue per Operating Day ⁽¹⁾	34,327	35,081	(2%)	32,890	33,092	(1%)	33,328
Drilling rig utilization	38%	32%	19%	34%	30%	13%	29%
CAOEC industry Operating Days ⁽³⁾	14,769	15,696	(6%)	58,513	61,457	(5%)	57,842
<i>United States Operations</i>							
Operating Days	119	197	(40%)	542	743	(27%)	1,072
Revenue per Operating Day (US\$) ⁽¹⁾	35,165	32,603	8%	31,999	30,621	5%	30,861
Drilling rig utilization	22%	31%	(29%)	22%	29%	(24%)	38%
Production Services							
Service Hours	10,024	13,750	(27%)	41,970	58,117	(28%)	57,792
Revenue per Service Hour ⁽¹⁾	989	1,010	(2%)	1,013	1,020	(1%)	1,027
Service rig utilization	25%	34%	(26%)	26%	35%	(26%)	34%

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

(2) See "Defined Terms" on page 16 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)	December 31, 2025	December 31, 2024	December 31, 2023
Working capital ⁽¹⁾	18,145	9,911	20,125
Total assets	378,647	430,981	442,933
Long-term debt - non current portion	80,997	91,657	111,174

(1) See "Defined Terms" on page 16 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 16 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

As at December 31, 2025, Western decommissioned six drilling rigs from its fleet in Canada and three from its fleet in the US. Subsequent to December 31, 2025, the six drilling rigs in Canada were deregistered with the Canadian Association of Energy Contractors (“CAOEC”). The Company currently markets a drilling rig fleet of 31 drilling rigs specifically suited for drilling complex horizontal wells across Canada and the US. Following these changes, Western remains the fourth-largest drilling contractor in Canada, based on CAOEC registered drilling rigs.¹

Western’s marketed contract drilling rig fleet is comprised of the following:

Rig class ⁽¹⁾	As at December 31					
	2025			2024		
	Canada	US	Total	Canada	US	Total
Cadium	8	-	8	11	-	11
Montney	17	-	17	18	1	19
Duvernay	3	3	6	5	6	11
Total marketed drilling rigs⁽²⁾	28	3	31	34	7	41

(1) See "Contract Drilling Rig Classifications" on page 16 of this MD&A.

(2) Source: CAOEC Contractor Summary as at February 25, 2026.

Production Services

Production services provides well servicing and oilfield equipment rentals in Canada. As of December 31, 2025, Western deregistered 17 well servicing rigs and now has 45 well servicing rigs registered with the CAOEC². Following these changes, Western remains the second-largest well servicing company in Canada based on CAOEC registered well servicing rigs.

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

Mast type	As at December 31	
	2025	2024
Single	17	27
Double	25	27
Slant	3	8
Total marketed well servicing rigs	45	62

¹ Source: CAOEC Drilling Contractor Summary as at February 25, 2026.

² Source: CAOEC Well Servicing Fleet List as at February 25, 2026.

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 December 31, 2025 and 2024, and for the years ended December 31, 2025 and 2024:

	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Average crude oil and natural gas prices⁽¹⁾⁽²⁾						
Crude Oil						
West Texas Intermediate (US\$/bbl)	59.14	70.27	(16%)	64.81	75.73	(14%)
Western Canadian Select (CDN\$/bbl)	66.87	81.32	(18%)	75.28	83.90	(10%)
Natural Gas						
30 day Spot AECO (CDN\$/mcf)	2.36	1.54	53%	1.75	1.44	22%
Average foreign exchange rates⁽²⁾						
US dollar to Canadian dollar	1.39	1.40	(1%)	1.40	1.37	2%

(1) See "Abbreviations" on page 16 of this MD&A.

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

- West Texas Intermediate ("WTI") on average decreased by 16% and 14% for the three months and year ended December 31, 2025, respectively, compared to the same periods in the prior year. In 2025, crude oil prices were impacted by market volatility due to 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 10% for the three months and year ended December 31, 2025, respectively, compared to the same periods of the prior year.
- Natural gas prices in Canada were higher for the three months ended December 31, 2025, as the 30-day spot AECO price increased by 53% compared to the same period of the prior year, as colder weather led to improved demand for natural gas. Similarly, for the year ended December 31, 2025, the 30-day spot AECO price increased by 22%, compared to the same period in the prior year.
- The US dollar to the Canadian dollar foreign exchange rate for the three months ended December 31, 2025 weakened by 1% compared to the same period in the prior year; however, for the year ended December 31, 2025, the US dollar strengthened by 2% compared to the prior year.
- Lower WTI prices in 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 7% to 546 rigs as at December 31, 2025, as compared to 589 rigs at December 31, 2024, and averaged 562 rigs during the year ended December 31, 2025, compared to 599 rigs in the prior year.
- In Canada there were 157 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at December 31, 2025, compared to 136 active rigs as at December 31, 2024, representing an increase of approximately 15%. The CAOEC⁴ reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended December 31, 2025, were 6% lower than the same period in the prior year, whereas the total number of Operating Days in the WCSB for the year ended December 31, 2025, were 5% lower than the same period of the prior year.

Operational and Financial Highlights

Three Months Ended December 31, 2025

Financial Highlights:

- Fourth quarter revenue of \$58.4 million in 2025 was \$1.3 million (or 2%) lower than the fourth quarter of 2024, due to lower activity in the well servicing segment and in contract drilling in the US.
- Adjusted EBITDA of \$15.4 million in the fourth quarter of 2025 was \$5.1 million (or 50%) higher compared to \$10.3 million in the fourth quarter of 2024, despite fourth quarter revenue decreasing by 2% compared to the same period in the prior year. The Company incurred \$0.4 million of one-time reorganization costs in the fourth quarter of 2025, whereas the fourth quarter of 2024 had one-time reorganization costs of \$2.9 million. After normalizing for the one-

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

⁴ Source: CAOEC, monthly Contractor Summary.

time reorganization costs in both 2025 and 2024, Adjusted EBITDA in the fourth quarter of 2025 would have totalled \$15.8 million, compared to \$13.2 million in the fourth quarter of 2024.

- The Company incurred a net loss of \$21.2 million in the fourth quarter of 2025 (\$0.63 net loss per basic common share) as compared to a net loss of \$2.0 million in the fourth quarter of 2024 (\$0.06 net loss per basic common share) as the loss on asset decommissioning, as described below, and higher other expenses were partially offset by higher Adjusted EBITDA, a higher income tax recovery and lower finance costs.
- Fourth quarter additions to property and equipment of \$5.3 million in 2025 compared to \$5.8 million in the fourth quarter of 2024, consisting of \$3.4 million of expansion capital related to rig upgrades and \$1.9 million of maintenance capital.
- During the fourth quarter of 2025, the Company decommissioned certain underutilized assets within its contract drilling and well servicing rig fleets as part of a strategic optimization of its Canada and US operations. In connection with this decommissioning, the Company recognized a loss on asset decommissioning of \$25.1 million, with \$22.8 million recognized in the contract drilling segment and \$2.3 million recognized in the production services segment.

Operational Highlights:

- In Canada, Operating Days of 1,177 in the fourth quarter of 2025 were 191 days (or 19%) higher compared to 986 days in the fourth quarter of 2024. Drilling rig utilization in Canada was 38% in the fourth quarter of 2025, compared to 32% in the same period of the prior year, mainly due to improved customer retention year over year from targeted marketing efforts.
- Revenue per Operating Day in Canada averaged \$34,327 in the fourth quarter of 2025, which was 2% lower than the same period of the prior year.
- In the US, drilling rig utilization averaged 22% in the fourth quarter of 2025, which was lower than the fourth quarter of 2024, due to continued low industry activity in the US as well as a change in focus to North Dakota from Texas earlier in the year.
- Revenue per Operating Day in the US for the fourth quarter of 2025 averaged US\$35,165, an 8% increase compared to US\$32,603 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 on North Dakota.
- In Canada, service rig utilization was 25% in the fourth quarter of 2025, compared to 34% in the same period of the prior year, as Service Hours decreased by 27% to 10,024 hours from 13,750 hours in the same period of the prior year, mainly due to changes in customer programs.
- Revenue per Service Hour averaged \$989 in the fourth quarter of 2025 and was 2% lower than the fourth quarter of 2024.

Year Ended December 31, 2025

Financial Highlights:

- Revenue for the year ended December 31, 2025 of \$217.5 million was \$5.6 million (or 2%) lower than the year ended December 31, 2024, as lower production services revenue was offset by higher contract drilling revenue in Canada.
- Despite a decrease in revenue for the year ended December 31, 2025, Adjusted EBITDA of \$48.4 million was \$6.2 million (or 15%) higher compared to \$42.2 million in the same period of 2024, due to cost synergy savings associated with a reorganization of senior management in 2025. Included in Adjusted EBITDA for the year ended December 31, 2025, was \$4.0 million of one-time reorganization costs, compared to \$5.7 million in 2024. After normalizing for one-time reorganization costs in both periods, Adjusted EBITDA for the year ended December 31, 2025 would have totalled \$52.4 million, compared to \$47.9 million in 2024, an increase of \$4.5 million due to higher drilling revenue in Canada and lower administrative expenses, which were offset partially by lower production services activity in Canada and lower drilling activity in the US.
- The Company incurred a net loss of \$25.6 million for the year ended December 31, 2025 (\$0.76 net loss per basic common share) as compared to a net loss of \$6.9 million in the same period of 2024 (\$0.20 net loss per basic common share) as the \$25.1 million loss on asset decommissioning and a \$2.7 million higher loss on the sale of fixed assets, were offset partially by higher Adjusted EBITDA, lower stock based compensation expense, lower finance costs and a higher income tax recovery.
- For the year ended December 31, 2025, additions to property and equipment of \$21.7 million, which were consistent with the prior year, consisted of \$7.5 million of expansion capital related to rig upgrades and \$14.2 million of maintenance capital.

- 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. The Company also made a voluntary principal repayment of \$5.0 million on its Second Lien Facility in the second quarter of 2025.

Operational Highlights:

- In Canada, Operating Days of 4,276 for the year ended December 31, 2025, were 566 days (or 15%) higher compared to 3,710 days in the same period of the prior year. Drilling rig utilization in Canada was 34% for the year ended December 31, 2025, compared to 30% in 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 \$32,890 for the year ended December 31, 2025, which was 1% lower than the prior year.
- In the US, drilling rig utilization averaged 22% for the year ended December 31, 2025, which was lower than 29% 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 year ended December 31, 2025 averaged US\$31,999, a 5% increase compared to US\$30,621 in the prior year, mainly due to changes in rig mix.
- In Canada, service rig utilization was 26% for the year ended December 31, 2025, compared to 35% in the prior year, as Service Hours decreased by 28% to 41,970 hours from 58,117 hours in the same period of the prior year, mainly due to changes in customer programs.
- Revenue per Service Hour averaged \$1,013 for the year ended December 31, 2025, and was 1% lower than the prior year.

Outlook

In 2025, commodity prices faced downward pressure due to trade tensions resulting from 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, the Middle East and more recently the uncertain economic and political environment in Venezuela, combined with persistently weak global demand for crude oil, further impacts market sentiment. These macroeconomic factors are expected to impact commodity prices into 2026. Additionally, in Canada, changes in government priorities arising from the change in leadership of the federal government that occurred in 2025 may lead to continuing 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 entered service on May 1, 2024, adding critical takeaway capacity. The Coastal GasLink pipeline delivered its first shipment of liquefied natural gas on June 30, 2025, and the LNG Canada project has now commenced operations in British Columbia. Together, these projects are expected to contribute to increased activity across Western Canada's energy sector.

Western is also cautiously optimistic that the current trade environment may encourage provinces to place greater emphasis on domestic energy security, potentially accelerating approvals for future infrastructure projects. The memorandum of understanding signed November 27, 2025 between the Government of Alberta and the Government of Canada to advance national energy infrastructure may further support this renewed focus.

To navigate this complex environment, Western 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 deregistration of six drilling rigs in Canada with the CAOEC and the three drilling rigs in the US, further supports Western's strategic optimization of its Canadian and US operations by allowing resources to be allocated to its current marketable fleet. 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 373 drilling rigs at December 31, 2024 to 347 drilling rigs as of February 25, 2026, representing a decrease of 26 drilling rigs, or 7%, which reduces the supply of drilling rigs for such projects. Currently, 18 of Western's drilling rigs and 14 of Western's well servicing rigs are operating.

Western's board of directors has approved a capital budget for 2026 of \$25 million, comprised of \$7 million of expansion capital and \$18 million of maintenance capital. 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 Three Months and Year Ended December 31, 2025 – Segmented Information

Contract Drilling

Financial Highlights (stated in thousands)	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Revenue	46,227	43,606	6%	164,854	153,983	7%
Expenses						
Operating	30,229	30,826	(2%)	115,299	111,796	3%
Administrative	1,903	1,914	(1%)	7,536	8,447	(11%)
Adjusted EBITDA ⁽¹⁾	14,095	10,866	30%	42,019	33,740	25%
Adjusted EBITDA as a percentage of revenue ⁽¹⁾	30%	25%	20%	25%	22%	14%

Operating Highlights⁽²⁾

Canadian Operations

Operating Days	1,177	986	19%	4,276	3,710	15%
Revenue per Operating Day ⁽¹⁾	34,327	35,081	(2%)	32,890	33,092	(1%)
Drilling rig utilization	38%	32%	19%	34%	30%	13%
CAOEC industry Operating Days ⁽³⁾	14,769	15,696	(6%)	58,513	61,457	(5%)

United States Operations

Operating Days	119	197	(40%)	542	743	(27%)
Revenue per Operating Day (US\$) ⁽¹⁾	35,165	32,603	8%	31,999	30,621	5%
Drilling rig utilization	22%	31%	(29%)	22%	29%	(24%)

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

(2) See "Defined Terms" on page 16 of this MD&A.

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

- For the fourth quarter of 2025, contract drilling revenue totalled \$46.2 million, a \$2.6 million (or 6%) increase as compared to the same period in the prior year due to higher operating days in Canada, which were offset partially by fewer operating days in the US. For the year ended December 31, 2025, contract drilling revenue totalled \$164.9 million, a \$10.9 million (or 7%) increase as compared to the prior year. The change for year ended December 31, 2025 was 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 December 31, 2025 totalled \$1.9 million, which was consistent with the same period of the prior year. For the year ended December 31, 2025, administrative expenses totalled \$7.5 million and were \$0.9 million (or 11%) lower than the prior year due to lower employee related costs.
- Contract drilling Adjusted EBITDA of \$14.1 million in the fourth quarter of 2025 was \$3.2 million (or 30%) higher than \$10.9 million in the fourth quarter of 2024, mainly due to operational efficiencies from the reorganization of senior leadership and higher activity in Canada, which was offset partially by lower activity in the US, and changes in rig mix in both the US and Canada.

- For the year ended December 31, 2025, contract drilling Adjusted EBITDA of \$42.0 million was \$8.3 million (or 25%) higher than 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 year ended December 31, 2025 included \$2.1 million of one-time reorganization costs. Normalizing for these one-time reorganization costs, contract drilling Adjusted EBITDA would have totalled \$44.1 million for the year ended December 31, 2025, a 31% increase compared to the prior year.
- During the third quarter of 2025, the Company disposed of a drilling rig from its US operations for a loss of \$3.3 million.
- During the fourth quarter of 2025, the Company decommissioned certain underutilized assets within its contract drilling rig fleet as part of a strategic optimization of its Canada and US operations, resulting in a loss on asset decommissioning of \$22.8 million.

Canadian Operations

- Operating Days for the fourth quarter of 2025 of 1,177 days were 19% higher than 986 days in the same period of the prior year, compared to a 6% decrease in CAOEC industry Operating Days, resulting in drilling rig utilization in Canada of 38% in 2025, compared to 32% in 2024. The increase in Operating Days for the fourth quarter of 2025 was mainly attributed to the Company's continued marketing efforts.
- Operating days for the year ended December 31, 2025 of 4,276 days were 15% higher than 3,710 days in the prior year, compared to a 5% decrease in CAOEC industry Operating Days, resulting in drilling rig utilization in Canada of 34% in 2025, compared to 30% in 2024. The increase in Operating Days for the year ended December 31, 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 months and year ended December 31, 2025, revenue per Operating Day averaged \$34,327 and \$32,890 respectively, compared to \$35,081 and \$33,092 in the same periods of the prior year due to changes in rig mix.

United States Operations

- For the three months ended December 31, 2025, Operating Days in the US decreased by 40% to 119 days compared to 197 days in the same period of the prior year, which resulted in drilling rig utilization of 22% in the fourth quarter of 2025, which was lower than the fourth quarter of 2024 of 31%, as the Company focused its US operations exclusively in North Dakota and redeployed assets previously operating in Texas. Average active industry rigs of 548⁵ in the fourth quarter of 2025 were 6% lower compared to the fourth quarter of 2024 due to low natural gas prices.
- For the year ended December 31, 2025, Operating Days in the US decreased by 27% to 542 days compared to 743 days in the prior year, which resulted in drilling rig utilization of 22% in 2025, which was lower than 29% in 2024. Average industry rigs of 562⁵ for the year ended December 31, 2025 were 6% lower, compared to the prior year.
- For the three months ended December 31, 2025, revenue per Operating Day increased by 8% averaging US\$35,165 compared to US\$32,603. Similarly, for the year ended December 31, 2025, revenue per Operating Day increased by 5% averaging US\$31,999 compared to US\$30,621. The changes for both periods were due to changes in rig mix as the Company shifted its focus to North Dakota from Texas.

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

Production Services

Financial Highlights (stated in thousands)	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Revenue	12,226	16,241	(25%)	52,848	69,487	(24%)
Expenses						
Operating	8,490	11,808	(28%)	37,688	47,226	(20%)
Administrative	1,355	1,400	(3%)	5,325	5,234	2%
Adjusted EBITDA ⁽¹⁾	2,381	3,033	(21%)	9,835	17,027	(42%)
Adjusted EBITDA as a percentage of revenue ⁽¹⁾	19%	19%	-	19%	25%	(24%)
Operating Highlights⁽²⁾						
Service Hours	10,024	13,750	(27%)	41,970	58,117	(28%)
Revenue per Service Hour ⁽¹⁾	989	1,010	(2%)	1,013	1,020	(1%)
Service rig utilization	25%	34%	(26%)	26%	35%	(26%)

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

(2) See "Defined Terms" on page 16 of this MD&A.

- For the quarter ended December 31, 2025, production services revenue decreased by \$4.0 million (or 25%) to \$12.2 million, compared to the same period of the prior year. Similarly, for the year ended December 31, 2025, production services revenue decreased by \$16.7 million (or 24%) to \$52.8 million, compared to the prior year. For both the three months and year ended December 31, 2025, the decrease was due to fewer Service Hours resulting from changes in customer programs.
- For the three months ended December 31, 2025, Service Hours of 10,024 (25% utilization) were 27% lower than the same period of the prior year of 13,750 (34% utilization). For the year ended December 31, 2025, Service Hours of 41,970 (26% utilization) were 28% lower than the prior year of 58,117 (35% utilization). The decrease in Service Hours for both the three months and year ended December 31, 2025 was due to changes in customer programs.
- For the three months ended December 31, 2025, revenue per Service Hour averaged \$989 and was 2% lower than the same period of 2024, due to area-specific rig requirements. For the year ended December 31, 2025, revenue per Service Hour averaged \$1,013 and was 1% lower than the prior year.
- For the three months ended December 31, 2025, administrative expenses of \$1.4 million were 3% lower than the same period of the prior year. For year ended December 31, 2025, administrative expenses were \$0.1 million (or 2%) higher than the year ended December 31, 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 December 31, 2025, by \$0.6 million (or 21%) to \$2.4 million, compared to \$3.0 million in the same period of the prior year mainly due to customer program changes resulting from low commodity prices. For the year ended December 31, 2025, Adjusted EBITDA decreased by \$7.2 million (or 42%) to \$9.8 million, compared to \$17.0 million in the prior year, mainly due to customer program changes and one-time reorganization costs of \$0.7 million.
- During the fourth quarter of 2025, the Company decommissioned certain underutilized assets within its well servicing rig fleet as part of a strategic optimization of its Canada operations, resulting in a loss on asset decommissioning of \$2.3 million.

Corporate

(stated in thousands)	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Expenses						
Administrative	1,043	3,583	(71%)	3,430	8,540	(60%)

- For the three months ended December 31, 2025, corporate administrative expenses totalled \$1.0 million and were \$2.6 million (or 71%) lower than the same period of the prior year. The fourth quarter of 2025 included \$0.4 million of one-

time reorganization costs, whereas \$2.9 million of one-time reorganization costs were incurred in the fourth quarter of 2024.

- For the year ended December 31, 2025, corporate administrative expenses totalled \$3.4 million and were \$5.1 million (or 60%) lower than the prior year due to lower employee related costs and \$5.1 million of one-time reorganization costs in 2024, which were offset partially by \$1.1 million of one-time reorganization costs incurred in 2025.

Consolidated Other Expenses

(stated in thousands)	Three months ended December 31			Year ended December 31		
	2025	2024	Change	2025	2024	Change
Depreciation	10,474	10,378	1%	41,389	41,043	1%
Stock based compensation	90	374	(76%)	(841)	807	(204%)
Finance costs	2,154	2,427	(11%)	8,955	10,053	(11%)
Other items	643	(638)	(201%)	2,526	(1,094)	(331%)
Income tax recovery	(1,863)	(230)	710%	(3,099)	(1,716)	81%
Loss on asset decommissioning	25,121	-	100%	25,121	-	100%

- Depreciation expense for the three months ended December 31, 2025, totalled \$10.5 million compared to \$10.4 million in the same period of the prior year. Depreciation expense for the year ended December 31, 2025, totalled \$41.4 million compared to \$41.0 million in the prior year.
- Stock based compensation for the three months ended December 31, 2025, totalled an expense of \$0.1 million, which was \$0.3 million lower than the same period of the prior year. For the year ended December 31, 2025, stock based compensation totalled a recovery of \$0.8 million, compared to an expense of \$0.8 million in the prior year, due to forfeiture recoveries related to one-time reorganization changes of senior management in the period.
- Finance costs in the fourth quarter of 2025 of \$2.2 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 fourth quarter of 2024. Similarly, finance costs for the year ended December 31, 2025 of \$9.0 million were \$1.1 million lower than the prior year and represented an effective interest rate of 8.6% which was consistent with 2024. The decrease for both the three months and year ended December 31, 2025 was mainly due to lower total debt levels resulting from Western's debt repayments made in 2024 and 2025.
- For the three months and year ended December 31, 2025, other items relate to foreign exchange gains and losses and the sale of assets. In the third quarter of 2025, the Company disposed of a drilling rig from its US operations for a loss of \$3.3 million.
- For the fourth quarter of 2025, the consolidated income tax recovery totalled \$1.9 million, compared to a recovery of \$0.2 million in the same period of the prior year, representing an effective tax rate of 8%. For the year ended December 31, 2025, the consolidated income tax recovery totalled \$3.1 million and represented an effective tax rate of 10.8%, compared to 20.0% in 2024. The change in the effective tax rate for both the three months and year ended December 31, 2025 is due to an unrecognized deferred tax asset of \$3.7 million. The Company had no cash taxes payable for the three months or year ended December 31, 2025.
- During the fourth quarter of 2025, the Company decommissioned certain underutilized assets within its contract drilling and well servicing rig fleets as part of a strategic optimization of its Canada and US operations. In connection with this decommissioning, the Company recognized a loss on asset decommissioning of \$25.1 million, with \$22.8 million recognized in the contract drilling segment and \$2.3 million recognized in the production services segment.

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 (as defined in this MD&A), new debt instruments, equity issuances and proceeds from the sale of assets. As at December 31, 2025, Western had working capital of \$21.6 million compared to working capital of \$9.9 million as at December 31, 2024.

During the year ended December 31, 2025, Western had the following changes to its cash balances in the year which resulted in a \$1.1 million decrease in cash and cash equivalents in the year:

Cash and cash equivalents (stated in thousands)	
Opening balance, at December 31, 2024	3,785
Add:	
Adjusted EBITDA ⁽¹⁾	48,424
Proceeds on sale of property and equipment	2,767
Deduct:	
Additions to property and equipment	(21,676)
Finance costs paid	(8,975)
Change in non cash working capital	(7,490)
Principal repayment of Second Lien debt	(6,080)
Repayment of Credit Facilities	(4,131)
Principal repayment of lease obligations	(1,603)
Principal repayment of HSBC Facility	(1,250)
Principal repayment of US paycheck protection plan	(813)
Distributions to non controlling interest	(339)
Other items	38
Ending balance, at December 31, 2025	2,657

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

As at December 31, 2025, Western had a total of \$0.3 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 \$3.4 million outstanding on its committed term non-revolving facility (the "HSBC Facility"), which matures on December 31, 2026. As at December 31, 2025, Western had \$82.2 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. On August 7, 2025, the Company's US paycheck protection plan loan ("PPP Loan") matured and the Company made its final principal payment on the loan and there was no balance outstanding on the PPP loan at December 31, 2025.

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 2026 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 included in 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 as of December 31, 2025 is as follows:

December 31, 2025	Covenants⁽¹⁾	December 31, 2025
Maximum Consolidated Senior Debt to Consolidated EBITDA Ratio	3.0:1.0 or less	0.0:1.0
Maximum Consolidated Debt to Consolidated Capitalization Ratio	0.5:1.0 or less	0.2:1.0
Minimum Debt Service Coverage Ratio	1.15:1.0 or greater	Not applicable ⁽²⁾

(1) See covenant definitions in Note 11 of the December 31, 2025 consolidated financial statements.

(2) The Debt Service Coverage Ratio is only applicable if the Company has more than \$25.0 million drawn on its Credit Facilities, or if the net book value of property and equipment is less than \$250.0 million. As at December 31, 2025, the Company had \$0.3 million drawn on its Credit Facilities and the net book value of its property and equipment was greater than \$250.0 million, therefore the covenant was not applicable.

At December 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 break up" 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)	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024
Revenue	58,452	50,035	40,005	69,010	59,720	58,343	43,033	61,982
Adjusted EBITDA ⁽¹⁾	15,433	13,062	5,853	14,076	10,316	11,433	5,259	15,219
Cash flow from operating activities	10,040	8,452	19,804	2,678	14,332	5,404	19,260	7,802
Net income (loss)	(21,186)	(2,242)	(4,585)	2,386	(1,995)	(1,190)	(5,136)	1,455
per share - basic and diluted	(0.63)	(0.07)	(0.14)	0.07	(0.06)	(0.04)	(0.15)	0.04
Total assets	378,647	405,949	407,791	438,232	430,981	429,623	433,354	441,781
Long-term debt - non current portion	80,997	90,445	89,057	102,193	91,657	102,999	106,912	111,109

(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, as the ongoing conflicts in Eastern Europe and in the Middle East have contributed to volatile commodity prices. In 2024, low commodity prices in the first and third quarters, particularly natural gas prices, resulted in instability with customer programs and lower industry activity. In addition to the ongoing conflicts in Eastern Europe and the Middle East, commodity prices in 2025 were also impacted by import tariffs announced by the US government, 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 December 31, 2025 are as follows:

(stated in thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Trade payables and other current liabilities ⁽¹⁾	17,837	-	-	-	-	-	17,837
Operating commitments ⁽²⁾	3,331	789	787	786	380	-	6,073
Second Lien Facility principal	1,080	81,102	-	-	-	-	82,182
Second Lien Facility interest	6,974	6,057	-	-	-	-	13,031
HSBC Facility principal	3,438	-	-	-	-	-	3,438
HSBC Facility interest	192	-	-	-	-	-	192
Lease obligations ⁽³⁾	2,159	1,699	1,383	865	465	-	6,571
Operating Facility	293	-	-	-	-	-	293
Total	35,304	89,647	2,170	1,651	845	-	129,617

(1) Trade payables and other current liabilities exclude interest accrued as at December 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.

Operating Facility:

The Company's Operating Facility matures 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.

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

Outstanding Share Data

	February 25, 2026	December 31, 2025	December 31, 2024
Common shares outstanding	33,843,022	33,843,022	33,843,022
Stock options outstanding	1,066,405	1,108,921	2,666,189

Off Balance Sheet Arrangements

As at December 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. For the Credit Facilities and the HSBC Facility, a one percent change in interest rates would have had a \$0.1 million impact on interest expense for the year ended December 31, 2025 (December 31, 2024: \$0.1 million). Other long-term debt, such as the Second Lien Facility 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 December 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).

For the year ended December 31, 2025, the increase or decrease in net income (loss) and other comprehensive income (loss) for each one percent change in foreign exchange rates between the Canada and US dollar is estimated to be \$0.1 million and \$0.6 million, respectively (December 31, 2024: less than \$0.1 million and \$0.6 million respectively).

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposure to customers in the form of outstanding trade and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the financial assets which reflects management's assessment of the credit risk. The Company's trade receivables are with customers in the energy industry and are subject to industry credit risk. For the three months and year ended December 31, 2025, the volatility in global demand for crude oil related to the conflicts in Eastern Europe and the Middle East, along with US import tariffs, have had an impact on commodity prices, which have an effect on the Company's customers. These factors are expected to have an impact on companies and their related credit risk.

The Company's practice is to manage credit risk by performing a thorough analysis of the creditworthiness of new customers 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 December 31, 2025 and December 31, 2024:

Balances at (stated in thousands)	December 31, 2025	December 31, 2024
Trade receivables	36,483	30,473
Accrued trade receivables	4,517	8,392
Other receivables	541	678
Allowance for doubtful accounts	(1,840)	(1,985)
Total	39,701	37,558

Subsequent to December 31, 2025, the Company has collected approximately 70% of its trade and other receivables that were outstanding at December 31, 2025.

For the three months ended December 31, 2025, the Company had no customers comprising 10.0% or more of the Company's total revenue. For the year ended December 31, 2025, the Company had one customer comprising 10.6% of the Company's total revenue. The total trade receivable balance outstanding related to this significant customer represented 6.2% of the Company's total trade and other receivables as at December 31, 2025. For the three months and year ended December 31, 2024, the Company had no customers comprising 10.0% or more of the Company's total revenue.

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

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Western are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") for the Company.

DC&P is designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO by others, particularly in the period in which the annual filings are being prepared, and that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified in securities legislation, and includes controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In accordance with the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", an evaluation of the effectiveness of DC&P and ICFR was carried out under the supervision of the CEO and CFO at

December 31, 2025. This evaluation was based on the framework established in the Internal Control – Integrated Framework (2013) issued in May 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the CEO and CFO have concluded that the Company's ICFR are effective, and its DC&P are designed and operating effectively.

The Company's management, including the CEO and CFO, does not expect that the Company's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Company have been detected.

There have been no changes to the Company's ICFR that occurred during the three months and year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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, 2025 and for the years ended December 31, 2025 and 2024. There were no new accounting standards or amendments to existing standards adopted for the year ended December 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 consolidated financial statements as at and for the year ended December 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 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, 2025. 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, 2025 which is available under the Company's SEDAR+ profile at www.sedarplus.ca. Copies of the AIF may also be obtained on request without charge from Western by emailing ir@wesc.ca or through Western's website at www.wesc.ca.

Non-IFRS Measures and Ratios

Western uses certain financial measures in this MD&A which do not have any standardized meaning as prescribed by IFRS. These measures and ratios, which are derived from information reported in the 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 (loss) 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 consolidated statements of operations and comprehensive loss, to Adjusted EBITDA:

(stated in thousands)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Net loss	(21,186)	(1,995)	(25,627)	(6,866)
Income tax recovery	(1,863)	(230)	(3,099)	(1,716)
Loss before income taxes	(23,049)	(2,225)	(28,726)	(8,582)
Add (deduct):				
Depreciation	10,474	10,378	41,389	41,043
Stock based compensation	90	374	(841)	807
Finance costs	2,154	2,427	8,955	10,053
Other items	643	(638)	2,526	(1,094)
Loss on asset decommissioning	25,121	-	25,121	-
Adjusted EBITDA	15,433	10,316	48,424	42,227

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

(stated in thousands)	Three months ended December 31, 2025			
	Contract Drilling	Production Services	Corporate	Total
Adjusted EBITDA	14,095	2,381	(1,043)	15,433
Depreciation	(8,310)	(1,861)	(303)	(10,474)
Operating earnings (loss)	5,785	520	(1,346)	4,959

(stated in thousands)	Three months ended December 31, 2024			
	Contract Drilling	Production Services	Corporate	Total
Adjusted EBITDA	10,866	3,033	(3,583)	10,316
Depreciation	(7,989)	(1,981)	(408)	(10,378)
Operating earnings (loss)	2,877	1,052	(3,991)	(62)

(stated in thousands)	Year ended December 31, 2025			
	Contract Drilling	Production Services	Corporate	Total
Adjusted EBITDA	42,019	9,835	(3,430)	48,424
Depreciation	(32,354)	(7,650)	(1,385)	(41,389)
Operating earnings (loss)	9,665	2,185	(4,815)	7,035

(stated in thousands)	Year ended December 31, 2024			
	Contract Drilling	Production Services	Corporate	Total
Adjusted EBITDA	33,740	17,027	(8,540)	42,227
Depreciation	(31,200)	(8,284)	(1,559)	(41,043)
Operating earnings (loss)	2,540	8,743	(10,099)	1,184

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 2026, including the allocation of such budget; Western's plans for managing its capital program; the energy service industry and global economic activity; the expected impact of industry consolidation on Western's customers and potential customers; 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; the effect of continued changes in Canadian government policies arising from recent changes in government leadership; 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; 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 Company's 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 business segments to access equipment; global economic conditions and the accuracy of the Company's market outlook expectations for 2026 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, the uncertain economic and political environment in Venezuela, 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, the Middle East and Venezuela 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, 2025, 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.