



Q1 2026

## First Quarter 2026 Management's Discussion and Analysis

Date: April 28, 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, management's discussion and analysis ("MD&A") for the year ended December 31, 2025, as well as the condensed consolidated financial statements and notes as at March 31, 2026 and for the three months ended March 31, 2026 and 2025. This MD&A is dated April 28, 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 March 31		
	2026	2025	Change
Revenue	55,257	69,010	(20%)
Adjusted EBITDA <sup>(1)</sup>	12,361	14,076	(12%)
Adjusted EBITDA as a percentage of revenue <sup>(1)</sup>	22%	20%	10%
Cash flow from operating activities	7,291	2,678	172%
Additions to property and equipment	4,131	4,979	(17%)
Net income	1,832	2,386	(23%)
-basic and diluted net income per share	0.05	0.07	(29%)
Weighted average number of shares			
-basic and diluted	33,843,404	33,843,022	-
Outstanding common shares as at period end	33,849,835	33,843,022	-
<b>Operating Highlights<sup>(2)</sup></b>			
<b>Contract Drilling</b>			
<i>Canadian Operations</i>			
Operating Days	1,193	1,314	(9%)
Revenue per Operating Day <sup>(1)</sup>	33,035	33,624	(2%)
Drilling rig utilization	47%	43%	9%
CAOEC industry Operating Days <sup>(3)</sup>	16,957	18,240	(7%)
<i>United States Operations</i>			
Operating Days	81	167	(51%)
Revenue per Operating Day (US\$) <sup>(1)</sup>	34,768	27,945	24%
Drilling rig utilization	30%	26%	15%
<b>Production Services</b>			
Service Hours	10,697	14,415	(26%)
Revenue per Service Hour <sup>(1)</sup>	904	1,067	(15%)
Service rig utilization	37%	36%	3%

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

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

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

<b>Financial Position at (stated in thousands)</b>	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>March 31, 2025</b>
Working capital <sup>(1)</sup>	20,984	18,145	26,892
Total assets	374,094	378,647	438,232
Long-term debt - non current portion	75,790	80,997	102,193

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

Non-IFRS measures and ratios (as defined in this MD&A), such as Adjusted EBITDA (as defined in this MD&A), Adjusted EBITDA as a percentage of revenue, revenue per Operating Day, and revenue per Service Hour are defined on page 12 of this MD&A. Other defined terms, abbreviations and definitions for standard industry terms are included on page 13 of this MD&A.

### **Business Overview**

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

#### *Contract Drilling*

Western currently markets a fleet of 31 drilling rigs specifically suited for drilling complex horizontal wells across Canada and the US.

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

<b>Rig class<sup>(1)</sup></b>	<b>As at March 31</b>					
	<b>2026</b>			<b>2025</b>		
	<b>Canada</b>	<b>US</b>	<b>Total</b>	<b>Canada</b>	<b>US</b>	<b>Total</b>
Cadium	8	-	8	11	-	11
Montney	17	-	17	18	1	19
Duvernay	3	3	6	5	6	11
<b>Total marketed drilling rigs</b>	<b>28</b>	<b>3</b>	<b>31</b>	<b>34</b>	<b>7</b>	<b>41</b>

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

#### *Production Services*

Production services provides well servicing and oilfield equipment rentals in Canada. Western operates 45 well servicing rigs.

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

<b>Owned well servicing rigs</b>	<b>As at March 31</b>	
<b>Mast type</b>	<b>2026</b>	<b>2025</b>
Single	17	27
Double	25	27
Slant	3	8
<b>Total marketed well servicing rigs</b>	<b>45</b>	<b>62</b>

## Business Environment

Crude oil and natural gas prices impact the cash flow of Western's customers, which in turn impacts the demand for Western's services. The following table summarizes average crude oil and natural gas prices, as well as average foreign exchange rates, for the three months ended March 31, 2026 and 2025:

	Three months ended March 31		
	2026	2025	Change
<b>Average crude oil and natural gas prices<sup>(1)(2)</sup></b>			
<b>Crude Oil</b>			
West Texas Intermediate (US\$/bbl)	71.93	71.42	1%
Western Canadian Select (CDN\$/bbl)	78.69	84.42	(7%)
<b>Natural Gas</b>			
30 day Spot AECO (CDN\$/mcf)	2.07	2.21	(6%)
<b>Average foreign exchange rates<sup>(2)</sup></b>			
US dollar to Canadian dollar	1.37	1.43	(4%)

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

(2) Source: Sproule March 31, 2026, Price Forecast, Historical Prices.

- West Texas Intermediate ("WTI") on average increased by 1% for the three months ended March 31, 2026 compared to the same period in the prior year. In the first quarter of 2026, crude oil prices were impacted by conflict in the Middle East and Eastern Europe, market volatility due to tariffs implemented by the US government, counter-tariffs in response by several countries, and lower global demand.
- Pricing on Western Canadian Select crude oil declined by 7% for the three months ended March 31, 2026, compared to the same period of the prior year.
- Natural gas prices in Canada were lower in the first quarter of 2026, with the 30-day spot AECO price decreasing by 6%, compared to the same periods of the prior year.
- The US dollar to the Canadian dollar foreign exchange rate for the three months ended March 31, 2026 weakened by 4% compared to the same period in the prior year.
- Low WTI prices in the first three months of 2026 contributed to weaker industry drilling activity in the US. As reported by Baker Hughes Company<sup>1</sup>, the number of active drilling rigs in the US decreased by approximately 7% to 550 rigs as at March 31, 2026 as compared to 592 rigs at March 31, 2025 and averaged 548 rigs during the first quarter of 2026, compared to 588 rigs in the first quarter of 2025.
- In Canada there were 152 active rigs in the Western Canadian Sedimentary Basin ("WCSB") at March 31, 2026, compared to 161 active rigs as at March 31, 2025, representing an decrease of approximately 6%; the CAOEC<sup>2</sup> reported that for drilling in Canada, the total number of Operating Days in the WCSB for the three months ended March 31, 2026, were 7% lower than the same period in the prior year.

## Operational and Financial Highlights

### Three Months Ended March 31, 2026

#### Financial Highlights:

- First quarter revenue of \$55.3 million in 2026 was \$13.7 million (or 20%) lower than the first quarter of 2025, as drilling and well servicing activity decreased due to market uncertainty and continued low gas prices.
- Adjusted EBITDA of \$12.4 million in the first quarter of 2026 was \$1.7 million (or 12%) lower compared to \$14.1 million in the first quarter of 2025 due to increased competition and lower drilling and well servicing activity. The impact of reduced activity was offset by structural changes implemented throughout 2025 which led to cost savings across all divisions. After normalizing for one-time reorganization costs, Adjusted EBITDA in the first quarter of 2025 would have totaled \$16.7 million.
- The Company generated net income of \$1.8 million in the first quarter of 2026 (\$0.05 net income per basic common share) as compared to net income of \$2.4 million in the first quarter of 2025 (\$0.07 net income per basic common share) as lower Adjusted EBITDA and higher stock-based compensation expense was partially offset by decreases in

<sup>1</sup> Source: Baker Hughes Company, 2026 Rig Count monthly press releases.

<sup>2</sup> Source: CAOEC, monthly Contractor Summary.

depreciation expense, finance costs, income tax expense, and other expenses due to a gain on the sale of assets in the first quarter of 2026.

- First quarter additions to property and equipment of \$4.1 million in 2026 compared to \$5.0 million in the first quarter of 2025, consisting of \$1.7 million of expansion capital related to rig upgrades and \$2.4 million of maintenance capital.

#### Operational Highlights:

- In Canada, Operating Days of 1,193 in the first quarter of 2026 were 121 days (or 9%) lower compared to 1,314 days in the first quarter of 2025. Drilling rig utilization in Canada was 47% in the first quarter of 2026, compared to 43% in the same period of the prior year, due to Western's decision to deregister six rigs from its drilling fleet in Canada as of December 31, 2025.
- Revenue per Operating Day in Canada averaged \$33,035 in the first quarter of 2026, which was 2% lower than the same period of the prior year.
- In the US, drilling rig utilization averaged 30% in the first quarter of 2026, compared to 26% in the first quarter of 2025, due to Western's decision to deregister three rigs from its US drilling fleet as of December 31, 2025. Operating days in the US of 81 in the first quarter of 2026 were 86 days (or 51%) lower compared to 167 days in the first quarter of 2025.
- Revenue per Operating Day in the US for the first quarter of 2026 averaged US\$34,768, a 24% increase compared to US\$27,945 in the same period of the prior year, mainly due to changes in rig mix.
- In Canada, service rig utilization was 37% in the first quarter of 2026, compared to 36% in the same period of the prior year, due to Western's decision to deregister 17 service rigs from its well servicing fleet as of December 31, 2025. Service Hours decreased by 26% to 10,697 hours from 14,415 hours in the same period of the prior year.
- Revenue per Service Hour averaged \$904 in the first quarter of 2026 and was 15% lower than the first quarter of 2025, due to increased competition.

#### Outlook

In March 2026, global oil prices increased following the escalation of conflict involving Iran and the associated disruption to global supply routes. Significant uncertainty remains regarding the duration, severity, and long-term impacts of the conflict. Ongoing geopolitical instability in Eastern Europe, the Middle East, and Venezuela, together with escalating trade tensions resulting from U.S. tariffs and retaliatory measures, continue to weigh on global economic conditions and market confidence. These macroeconomic factors are expected to contribute to ongoing volatility in commodity prices through 2026. In Canada, changes in federal government leadership in 2025 may result in continued shifts in energy policy, potentially affecting the timing and approval of future energy infrastructure projects and creating additional uncertainty for the Canadian energy services sector. The extent and duration of the impact of these conditions on Western's customers and operations remain uncertain.

Notwithstanding near term challenges, Western is cautiously optimistic that heightened global trade tensions may increase focus on domestic energy security, potentially supporting accelerated infrastructure development. The memorandum of understanding signed on November 27, 2025, between the Governments of Alberta and Canada to advance national energy infrastructure, may further reinforce this trend.

To position the Company for long-term success, Western implemented several strategic initiatives in 2025, including a reorganization of senior leadership and further optimization of its asset portfolio. The Company exited U.S. operations outside North Dakota and deregistered non-marketable rigs in both Canada and the United States, enabling capital and operating resources to be focused on its active fleet. Western remains committed to disciplined cost management, maintaining balance sheet strength, deleveraging, and preserving operational flexibility. With a reduced industry rig count in the WCSB and an upgraded fleet, the Company believes it is well positioned to benefit from improving service demand and pricing.

Western's 2026 capital budget of \$25 million reflects a balanced approach to maintenance and selective growth, while allowing flexibility to adjust spending in response to customer activity. Over the medium term, Western expects its fleet to benefit from increased drilling activity associated with major Canadian infrastructure projects, including LNG Canada and the Trans Mountain expansion, and from broader initiatives supporting domestic energy security and economic independence.

## Review of Results for the Quarter Ended March 31, 2026 – Segmented Information

### Contract Drilling

Financial Highlights (stated in thousands)	Three months ended March 31		
	2026	2025	Change
Revenue	43,268	50,852	(15%)
Expenses			
Operating	29,702	37,202	(20%)
Administrative	2,263	2,016	12%
Adjusted EBITDA <sup>(1)</sup>	11,303	11,634	(3%)
Adjusted EBITDA as a percentage of revenue <sup>(1)</sup>	26%	23%	13%

### Operating Highlights<sup>(2)</sup>

#### Canadian Operations

Operating Days	1,193	1,314	(9%)
Revenue per Operating Day <sup>(1)</sup>	33,035	33,624	(2%)
Drilling rig utilization	47%	43%	9%
CAOEC industry Operating Days <sup>(3)</sup>	16,957	18,240	(7%)

#### United States Operations

Operating Days	81	167	(51%)
Revenue per Operating Day (US\$) <sup>(1)</sup>	34,768	27,945	24%
Drilling rig utilization	30%	26%	15%

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

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

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

- For the first quarter of 2026, contract drilling revenue totalled \$43.3 million, a \$7.6 million (or 15%) decrease as compared to the same period in the prior year due to lower industry activity in Canada and in the US. See "Canadian Operations" and "United States Operations" below.
- Administrative expenses for the first quarter of 2026 totalled \$2.3 million and were \$0.3 million (or 12%) higher than the same period in the prior year due to higher employee cost allocations from Corporate compared to prior year.
- Contract drilling Adjusted EBITDA of \$11.3 million in the first quarter of 2026 was \$0.3 million (or 3%) lower than \$11.6 million in the first quarter of 2025, mainly due to lower contract drilling activity in Canada and in the US. This was partially offset by cost savings resulting from the structural reorganization completed in 2025. Adjusted EBITDA in the first quarter of 2025 includes \$1.5 million of one-time reorganization costs.

#### Canadian Operations

- Operating Days for the first quarter of 2026 of 1,193 days were 9% lower than 1,314 days in the same period of the prior year, compared to a 7% decrease in CAOEC industry Operating Days, resulting in drilling rig utilization in Canada of 47% in 2026, compared to 43% in 2025.
- For the three months ended March 31, 2026, revenue per Operating Day averaged \$33,035 compared to \$33,624 in the same period of the prior year, a 2% decrease due to increased competition in Canada.

#### United States Operations

- For the three months ended March 31, 2026, Operating Days in the US decreased by 51% to 81 days compared to 167 days in the same period of the prior year. Drilling rig utilization of 30% in the first quarter of 2026 increased compared to 26% in the first quarter of 2025. Average active industry rigs of 548<sup>3</sup> in the first quarter of 2026 were 7% lower compared to the first quarter of 2025 due to low natural gas prices.
- For the three months March 31, 2026, revenue per Operating Day increased by 24% averaging US\$34,768 compared to US\$27,945 due to changes in rig mix.

<sup>3</sup> Source: Baker Hughes Company, North America Quarterly Rig Count.

## Production Services

Financial Highlights (stated in thousands)	Three months ended March 31		
	2026	2025	Change
Revenue	12,004	18,264	(34%)
Expenses			
Operating	9,108	12,812	(29%)
Administrative	1,206	1,487	(19%)
Adjusted EBITDA <sup>(1)</sup>	1,690	3,965	(57%)
Adjusted EBITDA as a percentage of revenue <sup>(1)</sup>	14%	22%	(36%)
<b>Operating Highlights<sup>(2)</sup></b>			
Service Hours	10,697	14,415	(26%)
Revenue per Service Hour <sup>(1)</sup>	904	1,067	(15%)
Service rig utilization	37%	36%	3%

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

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

- For the quarter ended March 31, 2026, production services revenue decreased by \$6.3 million (or 34%) to \$12.0 million, compared to the same period of the prior year due to delays in customer programs and low natural gas prices.
- For the three months ended March 31, 2026, Service Hours of 10,697 (37% utilization) were 26% lower than the same period of the prior year of 14,415 (36% utilization) due to delays in customer programs.
- For the three months ended March 31, 2026, revenue per Service Hour averaged \$904 and was 15% lower than the same period of 2025, due to increased competition.
- For the three months ended March 31, 2026, administrative expenses were \$0.3 million (or 19%) lower than the same period of the prior year due to lower employee compensation expenses from reduced headcount.
- Adjusted EBITDA decreased for the three months ended March 31, 2026, by \$2.3 million (or 57%) to \$1.7 million, compared to \$4.0 million in the same period of the prior year mainly due to customers program changes resulting from low gas prices. This was partially offset by cost savings resulting from the structural reorganization completed in 2025.

## Corporate

(stated in thousands)	Three months ended March 31		
	2026	2025	Change
Expenses			
Administrative	632	1,523	(59%)

- For the three months ended March 31, 2026, corporate administrative expenses totalled \$0.6 million and were \$0.9 million lower than the same period of the prior year mainly due to lower employee costs. For the three months ended March 31, 2025, \$0.9 million of one-time reorganization costs were incurred.

## Consolidated Other Expenses

(stated in thousands)	Three months ended March 31		
	2026	2025	Change
Depreciation	9,336	10,043	(7%)
Stock based compensation	299	(931)	(132%)
Finance costs	2,013	2,353	(14%)
Other items	(1,500)	(217)	591%
Income tax expense	381	442	(14%)

- Depreciation expense for the three months ended March 31, 2026 totalled \$9.3 million compared to \$10.0 million in the same period of the prior year due to assets being fully depreciated.
- Stock based compensation for the three months ended March 31, 2026 totalled \$0.3 million, compared to a recovery of \$0.9 million in the same period of the prior year, due to forfeiture recoveries related to one-time reorganization changes in 2025.

- Finance costs in the first quarter of 2026 of \$2.0 million were \$0.4 million lower than \$2.4 million in the same period of the prior year, mainly due to lower total debt levels resulting from Western's debt repayments made and represented an effective interest rate of 8.6%, which was higher than an effective interest rate of 8.4% in the same period of the prior year.
- For the three months ended March 31, 2026, other items relate to foreign exchange gains and losses and the sale of assets. Western recognized a \$1.5 million gain on the sale of assets in 2026. This gain was primarily driven by the sale of a field support building in Canada in March 2026.
- For the first quarter of 2026, income tax expense totaled \$0.4 million, compared to \$0.4 million in the same period of the prior year, representing an effective tax rate of 17.2%, as compared to an effective tax rate of 15.6% in the same period of 2025. The Company had no cash taxes payable for the three months ended March 31, 2026.

### Liquidity and Capital Resources

The Company's liquidity requirements in the short and long term can be sourced in several ways including: available cash and cash equivalents, cash flow from operating activities, borrowing against the Credit Facilities, new debt instruments, equity issuances and proceeds from the sale of assets. As at March 31, 2026, Western had working capital of \$21.0 million compared to working capital of \$18.1 million as at December 31, 2025.

During the quarter ended March 31, 2026, Western had the following changes to its cash balances in the period, which resulted in a \$0.7 million increase in cash and cash equivalents in the quarter:

<b>Cash and cash equivalents (stated in thousands)</b>	
Opening balance, at December 31, 2025	2,657
Add:	
Adjusted EBITDA <sup>(1)</sup>	12,361
Draw on Credit Facilities	4,625
Proceeds on sale of property and equipment	3,513
Proceeds from exercise of options	19
Deduct:	
Change in non cash working capital	(5,380)
Additions to property and equipment	(4,131)
Finance costs paid	(3,756)
Principal repayment of lease obligations	(464)
Principal repayment of HSBC Facility	(313)
Principal repayment of Second Lien debt	(5,270)
Other items	(553)
<b>Ending balance, at March 31, 2026</b>	<b>3,308</b>

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

As at March 31, 2026, Western had a total of \$4.9 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"), which mature on the earlier of (i) six months prior to the maturity date of the Second Lien Facility (as defined below), which is currently November 18, 2026, or (ii) March 22, 2027 if the Second Lien Facility is extended, and \$3.1 million outstanding on its committed term non-revolving facility (the "HSBC Facility"), which matures on December 31, 2026. As at March 31, 2026, Western had \$76.9 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 first quarter of 2026, the Company made a voluntary prepayment of \$5.0 million on its Second Lien Facility.

Cash flow from operating activities and available Credit Facilities are expected to be sufficient to cover Western's financial obligations, including working capital requirements and 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 on page 12 of this MD&A, by including certain items such as realized foreign exchange gains or losses and cash payments made on leases capitalized under IFRS 16 Leases. Copies of Western's Credit Facilities agreements are available under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

The Credit Facilities are secured by the assets of Western and its subsidiary Stoneham Drilling Corporation (“Stoneham”). A summary of the Company’s financial covenants at March 31, 2026 is as follows:

<b>March 31, 2026</b>	<b>Covenants<sup>(1)</sup></b>
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 8 of the March 31, 2026 condensed consolidated financial statements.

At March 31, 2026, 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:

<b>Three months ended (stated in thousands, except per share amounts)</b>	<b>Mar 31, 2026</b>	<b>Dec 31, 2025</b>	<b>Sep 30, 2025</b>	<b>Jun 30, 2025</b>	<b>Mar 31, 2025</b>	<b>Dec 31, 2024</b>	<b>Sep 30, 2024</b>	<b>Jun 30, 2024</b>
Revenue	55,257	58,452	50,035	40,005	69,010	59,720	58,343	43,033
Adjusted EBITDA <sup>(1)</sup>	12,361	15,433	13,062	5,853	14,076	10,316	11,433	5,259
Cash flow from operating activities	7,291	10,040	8,452	19,804	2,678	14,332	5,404	19,260
Net income (loss)	1,832	(21,186)	(2,242)	(4,585)	2,386	(1,995)	(1,190)	(5,136)
per share - basic and diluted	0.05	(0.63)	(0.07)	(0.14)	0.07	(0.06)	(0.04)	(0.15)
Total assets	374,094	378,647	405,949	407,791	438,232	430,981	429,623	433,354
Long-term debt - non current portion	75,790	80,997	90,445	89,057	102,193	91,657	102,999	106,912

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

Revenue and Adjusted EBITDA were impacted by commodity prices and market uncertainty throughout the last eight quarters. In 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. In 2025, in addition to the ongoing conflicts in Eastern Europe and the Middle East, import tariffs announced by the US government resulted in market volatility. In 2026, the Iran War and the resulting disruption of supply routes has caused significant uncertainty surrounding the duration, severity, and long-term implications of the conflict.

## Commitments

In the normal course of business, the Company incurs commitments related to its contractual obligations. The expected maturities of the Company's contractual obligations as at March 31, 2026 are as follows:

(stated in thousands)	2026	2027	2028	2029	2030	Thereafter	Total
Trade payables and other current liabilities <sup>(1)</sup>	11,591	-	-	-	-	-	11,591
Operating commitments <sup>(2)</sup>	3,311	789	787	786	380	-	6,053
Second Lien Facility principal	810	76,102	-	-	-	-	76,912
Second Lien Facility interest	3,309	5,683	-	-	-	-	8,992
HSBC Facility principal	3,125	-	-	-	-	-	3,125
HSBC Facility interest	137	-	-	-	-	-	137
Lease obligations <sup>(3)</sup>	1,545	1,744	1,428	909	479	-	6,105
Operating Facility	4,918	-	-	-	-	-	4,918
<b>Total</b>	<b>28,746</b>	<b>84,318</b>	<b>2,215</b>	<b>1,695</b>	<b>859</b>	<b>-</b>	<b>117,833</b>

(1) Trade payables and other current liabilities exclude interest accrued as at March 31, 2026 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, 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

	April 28, 2026	March 31, 2026	December 31, 2025
Common shares outstanding	33,849,835	33,849,835	33,843,022
Stock options outstanding	934,054	1,019,691	1,108,921

## Off Balance Sheet Arrangements

As at March 31, 2026, 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 and the Company's lease obligations, have fixed interest rates; however, they are subject to interest rate fluctuations relating to refinancing.

### Inflation Risk

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

### Foreign Exchange Risk

The Company is exposed to foreign currency fluctuations in relation to its US dollar capital expenditures and operations. At March 31, 2026, portions of the Company's cash balances, trade and other receivables, trade payables and other current liabilities were denominated in US dollars and subject to foreign exchange fluctuations which are recorded within net income (loss). In addition, Stoneham, Western's US subsidiary, is subject to foreign currency translation adjustments upon consolidation, which is recorded separately within other comprehensive income (loss).

### Credit Risk

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

The Company's practice is to manage credit risk by performing a thorough analysis of the creditworthiness of new customers by reviewing their financial position before credit terms are offered. In some cases, the Company may request prepayment before services are provided to help minimize credit risk. Additionally, the Company continually evaluates individual customer trade receivables for collectability considering payment history and aging of the trade receivables.

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

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

The following table provides an analysis of the Company's trade and other receivables as at March 31, 2026 and December 31, 2025:

Balances at (stated in thousands)	March 31, 2026	December 31, 2025
Trade receivables	36,399	36,483
Accrued trade receivables	6,189	4,517
Other receivables	618	541
Allowance for doubtful accounts	(1,871)	(1,840)
<b>Total</b>	<b>41,335</b>	<b>39,701</b>

For the three months ended March 31, 2026, the Company had one customer comprising 10.2% of the Company's total revenue. The total trade receivable balance outstanding related to the significant customer for 2026 was 8.2% of the Company's total trade and other receivables as at March 31, 2026. For the three months ended March 31, 2025, the Company had one customer comprising 11.7% or more of the Company's total revenue, with a trade receivable balance outstanding related to the significant customer of 7.8% of the Company's total trade and other receivable balance. There was one significant customer for the year ended December 31, 2025 comprising 10.6% of total revenue and 6.2% of the Company's total trade and other receivables as at December 31, 2025.

### *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 Chief Financial Officer ("CFO") of the Company have certified as at March 31, 2026 that they have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and the CFO by others within those entities, particularly during the periods in which the interim filings of the Company are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

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

During the three months ended March 31, 2026, 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, 2025 and for the years ended December 31, 2025 and 2024. There were no new accounting standards or amendments to existing standards adopted in the three months ended March 31, 2026, that are expected to have a material impact on the Company's financial statements.

This MD&A of the Company's financial condition and results of operations is based on the condensed consolidated financial statements as at and for the three months ended March 31, 2026, 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, 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](http://www.sedarplus.ca). Copies of the AIF may also be obtained on request without charge from Western by emailing [ir@wesc.ca](mailto:ir@wesc.ca) or through Western's website at [www.wesc.ca](http://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 income, as disclosed in the condensed consolidated statements of operations and comprehensive income, to Adjusted EBITDA:

<b>(stated in thousands)</b>	<b>Three months ended March 31</b>	
	<b>2026</b>	<b>2025</b>
<b>Net income</b>	<b>1,832</b>	<b>2,386</b>
Income tax expense	381	442
<b>Income before income taxes</b>	<b>2,213</b>	<b>2,828</b>
Add (deduct):		
Depreciation	9,336	10,043
Stock based compensation	299	(931)
Finance costs	2,013	2,353
Other items	(1,500)	(217)
<b>Adjusted EBITDA</b>	<b>12,361</b>	<b>14,076</b>

The following table reconciles Adjusted EBITDA, defined previously, to operating earnings (loss) as disclosed in the condensed consolidated financial statements for the three months ended March 31, 2026 and 2025:

<b>(stated in thousands)</b>	<b>Three months ended March 31, 2026</b>			
	<b>Contract Drilling</b>	<b>Production Services</b>	<b>Corporate</b>	<b>Total</b>
Adjusted EBITDA	11,303	1,690	(632)	12,361
Depreciation	(7,277)	(1,742)	(317)	(9,336)
<b>Operating earnings (loss)</b>	<b>4,026</b>	<b>(52)</b>	<b>(949)</b>	<b>3,025</b>

  

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

### *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 Information**

This MD&A contains 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. 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; expectations regarding future drilling and well servicing activity; expectations with respect to customer spending; the impact of a reduced industry rig count and Western's upgraded drilling rigs; the potential impact of the ongoing geopolitical instability in Eastern Europe, the Middle East and Venezuela on crude oil prices; the Company's capital budget for 2026, including the allocation of such budget; Western's plans for managing its capital program; expectations of continued investment in the Canadian crude oil and natural gas industry and increased industry activity associated with major Canadian infrastructure projects, including the Trans Mountain pipeline project and the LNG Canada liquified natural gas project and broader initiatives supporting domestic energy security

and economic independence; the impact of the US tariffs and retaliatory measures on global economic conditions and market confidence; potential changes in Canadian government policies resulting from a federal election in 2025; the Company's ability to continue to focus on deleveraging the business; 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 and 2026 budgeted capital expenditures; 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 commodity prices, inflation, interest rates and foreign exchange rates; 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; that global trade tensions may increase focus on domestic energy security, supporting accelerated infrastructure development; the impact of the memorandum of understanding signed on November 27, 2025, between the Governments of Alberta and Canada; 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, including as a result of a Canadian federal election in 2025; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; the ability to maintain a satisfactory safety record; that any required commercial agreements can be reached; that there are no unforeseen events preventing the performance of contracts and general business, economic and market conditions.

Although Western believes that the expectations and assumptions on which such forward-looking information is based on are reasonable, undue reliance should not be placed on the forward-looking information as Western cannot give any assurance that such will prove to be correct. By its nature, forward-looking information is subject to inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, volatility in market prices for crude oil and natural gas and the effect of this volatility on the demand for oilfield services generally; reduced exploration and development activities by customers and the effect of such reduced activities on Western's services and products; political, industry, market, economic, and environmental conditions in Canada, the US, and globally; supply and demand for oilfield services relating to contract drilling, well servicing and oilfield rental equipment services; the proximity, capacity and accessibility of crude oil and natural gas pipelines and processing facilities; liabilities and risks inherent in oil and natural gas operations, including environmental liabilities and risks; changes to laws, regulations and policies; the ongoing geopolitical events in Eastern Europe, 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](http://www.sedarplus.ca).

The forward-looking 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 information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking information 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](http://www.sedarplus.ca).