First Quarter Interim Report

Dated: May 1, 2013

The following discussion of the financial condition, changes in financial condition and results of operations of Western Energy Services Corp. (the "Company" or "Western") should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the years ended December 31, 2012 and 2011, the Company's management discussion and analysis ("MD&A") for the year ended December 31, 2012, as well as the Company's condensed consolidated financial statements and notes as at and for the three months ended March 31, 2013 and 2012. This MD&A is dated May 1, 2013. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Financial Highlights	**Three months ended March 31**		
(stated in thousands, except share and per share amounts)	**2013**	**2012**	**Change**
Revenue	98,006	110,887	(12%)
Gross Margin(1)	40,945	50,213	(18%)
Gross Margin as a percentage of revenue	42%	45%	(7%)
EBITDA(1)	34,384	44,242	(22%)
EBITDA as a percentage of revenue	35%	40%	(13%)
Cash flow from operating activities	22,444	25,717	(13%)
Capital expenditures	18,156	36,403	(50%)
Net income	14,903	23,008	(35%)
-basic net income per share	0.25	0.39	(36%)
-diluted net income per share	0.24	0.38	(37%)
Weighted average number of shares			
-basic	59,610,763	58,533,287	2%
-diluted	60,872,610	60,764,266	-
Outstanding common shares as at period end	59,655,921	58,533,287	2%
Dividends declared	4,474	-	100%
Dividends declared per common share	0.075	-	100%
Operating Highlights			
Contract Drilling			
Canadian Operations			
Average contract drilling rig fleet	45	39	15%
Drilling revenue per operating day (CDN$)	31,238	34,329	(9%)
Drilling rig utilization rate per revenue day(2)	80%	90%	(11%)
Drilling rig utilization rate per operating day(3)	71%	81%	(12%)
CAODC industry average utilization rate(3)	59%	65%	(9%)
United States Operations			
Average contract drilling rig fleet	5	5	-
Drilling revenue per operating day (US$)	30,508	33,571	(9%)
Drilling rig utilization rate per revenue day(2)	64%	98%	(35%)
Drilling rig utilization rate per operating day(3)	48%	78%	(38%)
Well Servicing			
Average well servicing rig fleet	10	2	400%
Revenue per service hour (CDN$)	633	581	9%
Service rig utilization rate(4)	28%	28%	-

(1) See Financial Measures Reconciliations on page 2.
(2) Drilling rig utilization rate per revenue day is calculated based on operating and move days.
(3) Drilling rig utilization rate per operating day is calculated on operating days only (i.e. spud to rig release basis).
(4) Service rig utilization rate calculated based on full utilization of 10 hours per day, 365 days per year.

Financial Position at (stated in thousands)	March 31, 2013	March 31, 2012	Change	December 31, 2012	Change
Working capital	79,731	101,925	(22%)	77,628	3%
Property and equipment	576,795	500,130	15%	568,157	2%
Total assets	748,112	706,061	6%	749,448	-
Long term debt	182,068	171,570	6%	186,948	(3%)

Financial Measures Reconciliations

Western uses certain measures in this MD&A which do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS"). These measures which are derived from information reported in the condensed consolidated statements of operations and comprehensive income may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this MD&A in order to provide shareholders and potential investors with additional information regarding the Company.

Gross Margin

Management believes that in addition to net income, Gross Margin is a useful supplemental measure as it provides an indication of the results generated by Western's principal operating activities prior to considering administrative expenses, depreciation and amortization, how those activities are financed, the impact of foreign exchange, how the results are taxed, how funds are invested, and how non-cash items and one-time gains and losses affect results.

EBITDA

Management believes that in addition to net income, earnings before interest and finance costs, taxes, depreciation and amortization, other non-cash items and one-time gains and losses ("EBITDA") is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments similar to Gross Margin but also factors in the cash administrative expenses incurred in the period.

Operating Earnings

Management believes that in addition to net income, Operating Earnings is a useful supplemental measure as it provides an indication of the results generated by the Company's principal operating segments similar to EBITDA but also factors in the depreciation expense charged in the period.

The following table provides a reconciliation of net income under IFRS as disclosed in the condensed consolidated statements of operations and comprehensive income to Gross Margin, EBITDA and Operating Earnings:

	Three months ended March 31	
(stated in thousands)	**2013**	**2012**
Gross Margin	40,945	50,213
Add (subtract):		
Administrative expenses	(7,299)	(6,586)
Depreciation - administrative	395	194
Stock based compensation - administrative	343	421
EBITDA	34,384	44,242
Depreciation - operating	(10,856)	(9,664)
Depreciation - administrative	(395)	(194)
Operating Earnings	23,133	34,384
Stock based compensation - operating	(154)	(142)
Stock based compensation - administrative	(343)	(421)
Finance costs	(3,759)	(2,781)
Other items	1,086	(31)
Income taxes	(5,060)	(8,001)
Net income	14,903	23,008

Overall Performance and Results of Operations

Western is an oilfield service company providing contract drilling services through its division, Horizon Drilling ("Horizon") in Canada, and its wholly owned subsidiary Stoneham Drilling Corporation ("Stoneham") in the United States. In addition, Western provides well servicing operations through its division, Matrix Well Servicing ("Matrix"). On January 1, 2013, Western amalgamated with its wholly owned subsidiaries Horizon Drilling Inc. and Matrix Well Servicing Inc. to form one legal entity. Horizon and Matrix now operate as divisions of Western.

While the commodity price environment for crude oil in Canada has softened in 2013 as compared to 2012, decreasing approximately 4% year over year, prices for crude oil still remain above the five year average. Natural gas prices have stabilized and improved approximately 19% from the first quarter of 2012. The demand for oil, along with an emphasis on liquids rich natural gas, has primarily resulted in the drilling of horizontal wells in both conventional and unconventional resource plays. Horizontal wells in the western Canadian sedimentary basin ("WCSB") as a percentage of all wells drilled increased by 11% in the first quarter of 2013 to 68% compared to 61% in the first quarter of 2012. This has resulted in continued demand for drilling rigs in the WCSB, with the industry utilization rate averaging 59% during the first quarter of 2013, which is above the five year average of 56%, but lower than the first quarter in the prior year when industry utilization was 65%. During the first quarter of 2013, Western's entire drilling rig fleet has been focused on drilling horizontal wells. In Canada, Western averaged 14.5 operating days per well drilled in the first quarter of 2013 as compared to 15.7 operating days per well in the first quarter of 2012 reflecting the 11% decrease in meters drilled per well which averaged 2,652 meters in the first quarter of 2013 as compared to 2,972 meters in the first quarter of 2012. In the United States, Western averaged 25.8 operating days per well drilled in the first quarter of 2013 as compared to 29.3 operating days per well in the same period of the prior year, a 12% decrease. The average meters drilled per well totalled 5,483 meters in the first quarter of 2013 in the United States, compared to 6,274 meters in the first quarter of 2012, a 13% decrease. The average time it takes to drill a well has a direct relationship to the complexity and depth of the well.

Key operational results for the first quarter of 2013 include:

- During the quarter, the Company's contract drilling rig fleet increased by one due to the commissioning of a new telescopic Efficient Long Reach ("ELR") double drilling rig in Canada. As such, the Company exited the period with 45 drilling rigs in Canada along with 5 drilling rigs in the United States for a total contract drilling rig fleet of 50. Additionally, during the quarter the Company's well servicing fleet increased due to the commissioning of two new service rigs. As such, the Company exited the first quarter of 2013 with a fleet of ten well servicing rigs.
- First quarter revenues decreased by $12.9 million (or 12%) to $98.0 million in 2013 as compared to $110.9 million in 2012. In Canada, revenues in the contract drilling segment were $8.9 million lower in the first quarter of 2013 mainly due to a 9% decrease in revenue per operating day. Despite a larger rig fleet in Canada, operating days remained unchanged resulting in a decrease in utilization to 71% compared to 81% in the first quarter of 2012. In the United States, operating days were 39% lower than in the same period of the prior year leading to a $5.3 million decrease in revenues. The slowdown in oilfield service activity was due in part to uncertain economic conditions in the first quarter of 2013 which resulted in reduced producer spending on capital programs as capital markets tightened. Lower revenue in the contract drilling segment was partially offset by a $1.3 million increase in well servicing revenue.
- First quarter EBITDA decreased by $9.8 million (or 22%) to $34.4 million in 2013 (35% of revenue), as compared to $44.2 million in 2012 (40% of revenue). The decrease in EBITDA was less than the decrease in revenue, as the full impact of the drilling day rate decrease was partially offset by Western's ability to effectively control costs in a slower market. Specifically, cash operating costs per operating day in the contract drilling segment decreased by 3% to approximately $18,000 in the first quarter of 2013 as compared to $18,600 in the same period of the prior year.
- Administrative expenses, excluding depreciation and stock based compensation, in the first quarter of 2013 increased $0.6 million to $6.6 million (7% of revenue) as compared to $6.0 in the first quarter of 2012 (5% of revenue) due to higher employee related costs.
- Net income decreased by $8.1 million to $14.9 million in the first quarter of 2013 ($0.25 per basic common share) as compared to $23.0 million in the same period in the prior year ($0.39 per basic common share). The decrease is mainly attributed to the $9.8 million decrease in EBITDA, an increase in depreciation expense of $1.4 million and an increase in finance costs of $1.0 million, offset by a decrease in income tax expense of $2.9 million and a $1.2 million gain on the sale of investments.
- First quarter capital expenditures of $18.2 million include $14.0 million of expansion capital, $1.7 million of maintenance capital, and $2.5 million for critical spares. The majority of the first quarter 2013 capital expenditures relate to the contract drilling segment, which incurred $17.7 million in capital expenditures. These expenditures mainly relate to Western's drilling rig build program, which totalled $9.4 million in the first quarter. The remaining capital spending in the contract drilling segment related to ancillary drilling equipment. Additionally, $0.4 million was

incurred in the well servicing segment mainly relating to the commissioning of two rigs in the first quarter of 2013. Capital spending in the first quarter of 2013 was 50% lower than in the same period of the prior year as Western has taken a prudent approach to our capital program and cancelled or deferred a number of projects until greater industry visibility is available.

Subsequent Events

- On April 22, 2013, the Company acquired all of the issued and outstanding shares of IROC Energy Services Corp. ("IROC") in exchange for a combination of cash and common shares of Western. The total transaction value is approximately $184.8 million, including $37.9 million in debt, transaction costs and the cancellation of stock options and restricted share units. A portion of the consideration was paid for through the issuance of 12,353,040 shares of the Company issued at an ascribed value of $6.80 per Western share which was Western's closing share price on April 19, 2013.
- On May 1, 2013, the Board of Directors of Western declared a quarterly dividend of $0.075 per share, payable on July 12, 2013 to shareholders of record at the close of business on June 28, 2013. On a prospective basis, the declaration of dividends will be determined on a quarter-by-quarter basis by the Board of Directors.

Outlook

Western currently has a drilling rig fleet of 50 rigs, with two additional telescopic ELR double drilling rigs under construction which will be the Company's first two convertible pad rigs. Long term take-or-pay contracts have been signed for both rigs under construction. Western is the sixth largest drilling contractor in Canada with a fleet of 45 rigs. Additionally, Western has five drilling rigs deployed in the United States.

With the addition of IROC in April 2013, Western acquired 53 well servicing rigs operating through Eagle Well Servicing, with a further 2 rigs under construction which will be commissioned in the second quarter of 2013. During the first quarter of 2013, IROC achieved 74% fleet utilization, which was a 16% increase from the first quarter of 2012. After IROC's 2 well servicing rigs under construction are commissioned, Western will have a well servicing fleet totalling 65 rigs, with an average age of approximately 4 years. As such, Western now operates one of the newest fleets in the WCSB and is the seventh largest well servicing company in Canada. IROC also operates an oilfield rental division, AERO Rental Services, which provides technologically advanced oilfield equipment used in the drilling and completions processes by oil and gas producers and oilfield service companies. This acquisition allows Western to focus its efforts on three core business lines including contract drilling, well servicing and rental services.

Western's drilling rig fleet, which has an average age of approximately 6 years, is specifically suited for the current market which is focused on drilling horizontal wells of increased complexity. In total, 96% of Western's fleet are ELR rigs with depth ratings greater than 3,000 meters and all of Western's rigs are capable of drilling resource based horizontal wells. Approximately one quarter of Western's fleet is currently under long term take-or-pay contracts with an average remaining contract life of approximately 19 months, which provide a base level of revenue. These contracts typically generate 250 operating days per year in Canada, as spring breakup restricts activity during the second quarter, while in the United States these contracts typically range from 330 to 365 revenue generating days per year.

Western's approved capital spending for 2013 totals approximately $86 million, including $58 million in expansion capital, $19 million in maintenance capital and $9 million in critical spare equipment. The Company's approved capital spending for 2013 increased by $6 million from the previously disclosed $80 million due to an additional drilling rig build on a long term take-or-pay contract approved in the first quarter of 2013, offset by the cancellation of certain capital projects. As we have just completed the acquisition of IROC, Western is currently evaluating Eagle Well Servicing's and Aero Rental Services' capital requirements. Western has taken a prudent approach to capital spending and deferred a number of projects until greater industry visibility is available. As such, Western expects a portion of its capital spending to carry over into 2014. Western will continue to monitor capital spending and will make appropriate adjustments to the capital program as required.

Approved capital spending for 2013 in the contract drilling segment totals $83 million and consists of $56 million in expansion capital, $18 million in maintenance capital and $9 million in critical spare equipment. Budgeted expansion capital in the contract drilling segment mainly relates to Western's drilling rig build program, capital to increase our drilling rig fleet's pumping capacity in Canada, as well as the addition of rig moving systems to certain drilling rigs in the United States and additional drill pipe and other drilling equipment. Budgeted maintenance capital in the contract drilling segment in 2013 of $18 million includes additional drilling equipment, drill pipe and equipment recertifications.

Western expects to finance its 2013 capital expenditure budget substantially from operating cash flows while maintaining our conservative balance sheet in 2013 and positioning the Company for future opportunities. Following the acquisition of IROC, the balance on Western's revolving credit facility is approximately $95 million.

In the first quarter of 2013, the price for natural gas has improved, with the AECO 30-day spot rate on average increasing by approximately 19% as compared to the first quarter in the prior year. The average Edmonton Par price has remained consistent with the prior year decreasing 4% quarter over quarter. The commodity price environment for crude oil, coupled with the uncertain economic environment is expected to result in lower levels of oilfield services activity in 2013 as compared to 2012. Notwithstanding the lower activity, Western continues to believe that additional rig build opportunities in the contract drilling segment will be available as liquefied natural gas projects gain approval, drilling activity increases in the Duvernay and Montney resource plays in Alberta and northwest British Columbia, coupled with increased foreign investment in Canada. Currently, the largest challenges facing the oilfield services industry are producer spending constraints, pricing differentials on Canadian crude oil, historically low natural gas prices, and the challenge to attract and retain skilled labour. The Company believes Western's modern drilling and well servicing rig fleet and corporate culture will provide a distinct advantage in retaining and attracting qualified individuals. Western is of the view, that its modern fleet, strong customer base and solid reputation provides a competitive advantage which will enable the Company to continue its growth strategy and higher than industry utilization through a period of lower commodity prices and oilfield services activity.

Segmented Information

Western operates in the contract drilling segment in both Canada and the United States as well as the well servicing segment in Canada. Contract drilling includes drilling rigs along with related equipment. Well servicing includes service rigs along with related equipment for production and work over services in addition to well completions.

Contract Drilling

	Three months ended March 31		
(stated in thousands)	**2013**	**2012**	**Change**
Revenue	96,467	110,638	(13%)
Expenses			
Operating			
Cash operating expenses	55,641	60,162	(8%)
Depreciation	10,670	9,629	11%
Stock based compensation	140	140	-
Total operating expenses	66,451	69,931	(5%)
Administrative			
Cash administrative expenses	4,709	4,166	13%
Depreciation	109	88	24%
Stock based compensation	(40)	98	(141%)
Total administrative expenses	4,778	4,352	10%
Gross Margin[(1)]	40,826	50,476	(19%)
Gross Margin as a percentage of revenue	42%	46%	(9%)
EBITDA[(1)]	36,117	46,310	(22%)
EBITDA as a percentage of revenue	37%	42%	(12%)
Operating Earnings[(1)]	25,338	36,593	(31%)
Capital expenditures	17,655	32,326	(45%)
Canadian Operations			
Contract drilling rig fleet:			
Average	45	39	15%
End of period	45	40	13%
Drilling revenue per operating day (CDN$)	31,238	34,329	(9%)
Drilling rig operating days[(2)]	2,875	2,875	-
Number of meters drilled	524,072	544,826	(4%)
Number of wells drilled	197.6	183.3	8%
Average operating days per well	14.5	15.7	(8%)
Drilling rig utilization rate per revenue day[(3)]	80%	90%	(11%)
Drilling rig utilization rate per operating day[(2)]	71%	81%	(12%)
CAODC industry average utilization rate[(2)]	59%	65%	(9%)
United States Operations			
Contract drilling rig fleet:			
Average	5	5	-
End of period	5	5	-
Drilling revenue per operating day (US$)	30,508	33,571	(9%)
Drilling rig operating days[(2)]	217	355	(39%)
Number of meters drilled	46,060	74,666	(38%)
Number of wells drilled	8.4	12.1	(31%)
Average operating days per well	25.8	29.3	(12%)
Drilling rig utilization rate per revenue day[(3)]	64%	98%	(35%)
Drilling rig utilization rate per operating day[(2)]	48%	78%	(38%)

(1) See Financial Measures Reconciliations on page 2.
(2) Utilization rate per operating day and drilling rig operating days are calculated on operating days only (i.e. spud to rig release basis).
(3) Utilization rate per revenue day is calculated based on operating and move days.

During the first quarter of 2013, revenues in the contract drilling segment totalled $96.5 million, a $14.1 million (or 13%) decrease from the same period in the prior year. Approximately $8.9 million of the decrease is a result of lower pricing in Canada as operating days remained unchanged. The remaining decrease is due to 138 fewer operating days in the United States operations, which represents approximately 10% of Western's total drilling rig fleet.

For the quarter ended March 31, 2013, Canadian operations were impacted by lower day rates. Increased competition for ELR drilling rigs, resulted in pricing pressure and a corresponding decrease in revenue per operating day of 9% to $31,238 in 2013 as compared to $34,329 in the prior year. However, revenue per operating day remained consistent with the fourth quarter of 2012, decreasing only by 2%. Utilization per operating day decreased to 71% in 2013, as compared to 81% in 2012. While the number of operating days was consistent with the prior year at 2,875, a larger drilling fleet resulting from Western's 2012 capital program led to lower utilization in 2013. However, the Company's utilization remained 20% above the CAODC industry average of 59% for the first quarter of 2013.

In the United States, operating days decreased by 138 days (or 39%) in the period as a result of decreased activity levels in the Williston basin of North Dakota, due to increased competition and reduced customer budgets. This resulted in utilization decreasing by 38% to 48% compared to 78% in the first quarter of 2012 when utilization rates were at record highs. The drop in the Williston basin rig count is due to the natural progression to multi well pads as customers look for cost synergies in pad drilling as they switch their focus from delineation and land retention to development of their properties in the area. Western's capital budget includes adding moving systems to a number of our US based rigs to meet the needs of our customers in this area. For the quarter ended March 31, 2013, as a result of the decrease in activity, revenue per operating day decreased by 9% to US$30,508 compared to US$33,571 in the first quarter of 2012.

In the first quarter of 2013, EBITDA in the contract drilling segment decreased by $10.2 million (or 22%) to $36.1 million (37% of the segment's revenue), as compared to $46.3 million (42% of the segment's revenue) in 2012. EBITDA as a percentage of revenue has decreased in 2013 as compared to the prior year, due to lower utilization and day rates. Cash administrative expenses, excluding depreciation and stock based compensation, increased 13% from $4.2 million to $4.7 million mainly due to increased employee related expenses in the period. Depreciation expense in the contract drilling segment increased by $1.1 million to $10.8 million as a result of an increase in ancillary equipment which is depreciated on a straight-line basis.

Total capital expenditures in the first quarter of 2013 of $17.7 million in the contract drilling segment include $13.7 million related to expansion capital, $1.5 million related to maintenance capital and $2.5 million related to critical spares. Of the expansion capital incurred during the quarter, $9.4 million relates to the Company's rig build program with the remaining capital spending relating to ancillary drilling equipment, including mud pumps and generator upgrades.

Well Servicing

(stated in thousands)	Three months ended March 31 2013	2012	Change
Revenue	1,539	249	518%
Expenses			
Operating			
Cash operating expenses	1,419	512	177%
Depreciation	187	35	434%
Stock based compensation	14	2	600%
Total operating expenses	1,620	549	195%
Administrative			
Cash administrative expenses	406	397	2%
Depreciation	13	16	(19%)
Stock based compensation	(2)	3	(167%)
Total administrative expenses	417	416	-
Gross Margin(1)	120	(263)	146%
EBITDA(1)	(286)	(660)	57%
Operating Earnings(1)	(486)	(711)	32%
Capital expenditures	387	3,417	(89%)
Well servicing rig fleet:			
Average	10	2	400%
End of period	10	2	400%
Revenue per service hour (CDN$)	633	581	9%
Total service hours	2,430	430	465%
Service rig utilization rate(2)	28%	28%	-

(1) See Financial Measures Reconciliations on page 2.

(2) Utilization rate calculated based on full utilization of 10 hours per day, 365 days per year.

The Company's well servicing division, Matrix, operates in Canada in the Lloydminster area. During the first quarter of 2013, revenues improved to $1.5 million compared to $0.2 million in the first quarter of 2012. EBITDA improved to a loss of $0.3 million in the first quarter of 2013 compared to a loss of $0.6 million in the prior year. The increases in revenue and improvement in EBITDA is due to a larger fleet operating in 2013 as compared to the prior year when operations were just commencing.

Matrix's service rig utilization remained unchanged at 28% as compared to the same period in the prior year, however total service hours increased 465% in the first quarter of 2013 from 430 in 2012 to 2,430, reflecting the increase in the well servicing fleet from 2 to 10 rigs. Revenue per service hour increased by 9% to $633 in the first quarter of 2013 compared to $581 in the same quarter of the prior year. As the Company continues to establish their operations in Matrix and obtains more scale through the acquisition of IROC, the Company believes utilization rates and margins will improve.

Capital expenditures of $0.4 million for the first quarter of 2013 mainly relate to expansion capital associated with the Company's well servicing rig build program which commissioned its final two rigs in the quarter.

Corporate

(stated in thousands)	Three months ended March 31 2013	2012	Change
Administrative			
Cash administrative expenses	1,446	1,408	3%
Depreciation	273	90	203%
Stock based compensation	385	320	20%
Total administrative expenses	2,104	1,818	16%
Finance costs	3,759	2,781	35%
Other items	(1,086)	31	(3,603%)
Income taxes			
Current tax expense	668	4,321	(85%)
Deferred tax expense	4,392	3,680	19%
Total income taxes	5,060	8,001	(37%)
Capital expenditures	114	660	(83%)

During the first quarter of 2013, corporate administrative expenses, excluding depreciation and stock based compensation, remained constant at $1.4 million, as compared to the first quarter of 2012.

For the first quarter of 2013, finance costs increased by $1.0 million to $3.8 million as compared to the prior quarter. The increase is due to one additional month of interest in the first quarter of 2013 on the senior notes that were issued January 30, 2012.

Other items for the first quarter of 2013, represent a gain of $1.1 million, an improvement of $1.1 million from the first quarter of 2012. In 2013 other items mainly relate to gains on the sale of Western's investments of $1.2 million.

For the first quarter of 2013, income taxes totalled $5.1 million reflecting an effective tax rate of approximately 25.3% which is comparable to 2012 when income taxes totalled $8.0 million and represented an effective tax rate of approximately 25.8%. The improvement in the effective tax rate is mainly due to a greater portion of the Company's taxable income being earned in Canada, which has lower corporate tax rates.

Liquidity and Capital Resources

As at March 31, 2013, Western had cash and cash equivalents of $23.5 million, resulting in a consolidated net debt balance of $158.9 million, a decrease of $27.2 million as compared to December 31, 2012 mainly due to the sale of investments of $34.4 million in the quarter, while cash from operating activities of $22.4 million was offset by capital expenditures of $18.2 million, cash interest payments of $6.9 million and dividend payments of $4.5 million.

At March 31, 2013, Western had a working capital balance of $79.7 million, a $2.1 million increase as compared to December 31, 2012. At March 31, 2013, Western had approximately $125.0 million in available credit facilities and is in compliance with all debt covenants. Subsequent to closing the acquisition of IROC, Western had approximately $40 million in available credit facilities. As such, cash from operations coupled with Western's working capital, cash balances and available credit facilities are expected to be sufficient to cover Western's financial obligations including the 2013 capital budget.

Summary of Quarterly Results

In addition to other market factors, quarterly results of Western are markedly affected by weather patterns throughout its operating area in Canada. 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. As a result of this, the variation of Western's results on a quarterly basis, particularly in the first and second quarters, can be dramatic year over year 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	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011
(stated in thousands, except per share amounts)								
Revenue	98,006	83,338	69,573	44,819	110,887	101,300	80,786	30,340
Gross Margin(1)	40,945	37,360	29,382	14,108	50,213	47,170	35,005	11,274
EBITDA(1)	34,384	31,381	23,944	9,364	44,242	41,473	30,392	8,533
Cash flow from operating activities	22,444	11,021	9,248	58,930	25,717	25,337	3,391	21,026
Income from continuing operations	14,903	13,092	8,251	827	23,008	24,923	13,891	4,750
per share - basic(2)	0.25	0.22	0.14	0.01	0.39	0.43	0.24	0.09
per share - diluted(2)	0.24	0.22	0.14	0.01	0.38	0.41	0.23	0.09
Net income	14,903	13,092	8,251	827	23,008	24,314	24,893	4,193
per share - basic(2)	0.25	0.22	0.14	0.01	0.39	0.42	0.43	0.08
per share - diluted(2)	0.24	0.22	0.14	0.01	0.38	0.40	0.41	0.08
Total assets	748,112	749,448	727,113	699,356	706,061	619,645	584,823	543,117
Long term financial liabilities(3)	182,068	186,948	176,739	171,764	171,570	108,039	108,057	116,186
Dividends declared	4,474	4,469	4,457	-	-	-	-	-

(1) See Financial Measures Reconciliations on page 2.

(2) Adjusted to reflect the 20:1 share consolidation completed on June 22, 2011.

(3) Long term financial liabilities consist of long term debt.

Revenue steadily increased beginning in the second quarter of 2011 until spring breakup in the second quarter of 2012. Since spring breakup in 2012, revenues have continuously increased each quarter due to the cyclical nature of the oilfield service industry, however not to the previous highs realized in the fourth quarter of 2011 and the first quarter of 2012. Oilfield services activity was lower in the third and fourth quarters of 2012 due to economic uncertainty which carried into the first quarter of 2013.

EBITDA has followed a similar trend to revenue, steadily increasing after spring breakup into the third and fourth quarters. EBITDA is generally highest in the first quarter when activity is the highest. EBITDA in the past four quarters has not been as high as the third and fourth quarters in 2011 and the first quarter of 2012 due to lower activity and general economic uncertainty as producers have reduced their capital budgets.

Net income has fluctuated throughout the last eight quarters due to the cyclical nature of the oilfield service industry, as well as the gain on the sale of StimSol Canada Inc. in the third quarter of 2011.

Total assets of the Company have increased throughout the last eight quarters due to the Company's capital spending program which added assets of $88.9 million in 2011, $127.2 million in 2012 and $18.2 million in the first quarter of 2013, including nine drilling rig builds and ten well servicing rig builds.

Contractual Obligations

In the normal course of business, the Company incurs contractual obligations. The expected maturities of the Company's contractual obligations are as follows:

	Payments due by period						
(stated in thousands)	2013	2014	2015	2016	2017	Thereafter	Total
Senior Notes	$ -	$ -	$ -	$ -	$ -	$ 175,000	$ 175,000
Senior Notes interest	6,891	13,781	13,781	13,781	13,781	20,672	82,687
Trade payables	30,699	-	-	-	-	-	30,699
Operating leases	2,774	3,244	2,436	2,416	2,280	16,267	29,417
Revolving facility	-	-	10,000	-	-	-	10,000
Purchase commitments	20,292	-	-	-	-	-	20,292
Finance leases	333	318	48	-	-	-	699
Total	$ 60,989	$ 17,343	$ 26,265	$ 16,197	$ 16,061	$ 211,939	$ 348,794

Outstanding Share Data

	May 1, 2013	March 31, 2013	December 31, 2012
Common shares outstanding	72,567,613	59,655,921	59,582,143
Warrants outstanding	908,714	1,464,032	1,527,811
Stock options outstanding	2,724,234	2,653,400	2,522,733

Off Balance Sheet Arrangements

As at March 31, 2013, Western had no off balance sheet arrangements in place.

Financial Instruments

Fair Values

The Company's cash and cash equivalents and derivatives are the only financial assets or liabilities measured using fair value. Fair value is determined based on quoted prices in active markets for identical assets or liabilities.

Credit Risk

The Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risk. The Company's practice is to manage credit risk by performing a detailed analysis of the credit worthiness of new customers before the Company's standard payment terms are offered. Additionally, the Company constantly reviews individual customer trade receivables, taking into consideration payment history and the aging of the receivable to monitor collectability.

Interest Rate Risk

The Company is exposed to interest rate risk on debt subject to floating interest rates, such as the Company's credit facilities.

Foreign Exchange Risk

The Company is exposed to foreign exchange fluctuations in relation to its US dollar capital expenditures and US operations. The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances. From time-to-time the Company may use forward foreign currency contracts to hedge against these fluctuations.

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. To manage liquidity risk, the Company forecasts operational results and capital spending on a regular basis. Variances between actual results and forecast are continually monitored to assess the Company's ability to meet its financial obligations.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

As Western trades on the Toronto Stock Exchange, per 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 at March 31, 2013 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, 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.

Critical Accounting Estimates

This Management's Discussion and Analysis of the Company's financial condition and results of operations is based on its condensed consolidated financial statements which were prepared in accordance with IFRS. The presentation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of provisions at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and judgements are based on historical experience and on various assumptions that are believed to be reasonable under the circumstances. Anticipating future events cannot be done with certainty, therefore these estimates may change as new events occur, more experience is acquired and as the Company's operating environment changes. The Company's key accounting estimates relate to business combinations, impairment, depreciation, current and deferred taxes and the determination of the fair value of stock options.

The accounting estimates believed to be the most difficult, subjective or have complex judgements and which are the most critical to the reporting of results of operations and financial positions are as follows:

Business Combinations

The Company assesses the fair values of the net assets acquired based on management's best estimate of market value, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received from the assets as well as the amount it is expected to cost to settle the outstanding liabilities.

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the organization that may lead to impairment of assets. Where an impairment indicator exists, or annually in the case of goodwill, the recoverable amount of the asset or cash generating unit is determined. Value-in-use and fair value less cost to sell calculations performed in assessing the recoverable amounts incorporate a number of key estimates. As at March 31, 2013, the Company completed its assessments and did not identify indicators of impairment for the long-lived assets of the Company.

Depreciation

The Company's property and equipment is depreciated based upon estimates of useful lives and salvage values. These estimates are based on industry practice and the Company's own experience and may change as more experience is gained, market conditions shift or new technological advancements are made.

The componentization of the Company's property and equipment, specifically drilling rig equipment and well servicing rig equipment, is based on management's judgment as to which components constitute a significant cost in relation to the entire item. The componentization process also requires management's judgement in assessing whether individual components have similar consumption patterns and useful lives.

Income taxes

Preparation of the condensed consolidated financial statements involves determining an estimate of, or provision for, income taxes in each of the jurisdictions in which the Company operates. The process also involves making an estimate of taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred taxes. Deferred taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the condensed consolidated balance sheet as deferred tax assets and liabilities. An assessment must also be made to determine the likelihood that the Company's future taxable income will be sufficient to permit the recovery of deferred tax assets. To the extent that such recovery is not probable, recognized deferred tax assets must be reduced to the recoverable amount. Judgement is required in determining the provision for income taxes and recognition of deferred tax assets and liabilities. Management must also exercise judgement in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

Share-based payments

Stock based compensation expense associated with stock options granted is based on various assumptions, using the Black-Scholes option pricing model to calculate an estimate of fair value. The inputs into the model include interest rates, expected life, expected volatility, expected forfeitures, expected dividends and share prices and these inputs affect the estimated fair value calculated. Determining the estimated expected life, volatility, forfeitures and expected dividends requires judgement.

Business Risks

For a comprehensive listing of the Company's business risks please see the most recent Annual Information Form for the year ended December 31, 2012 as filed on SEDAR at www.sedar.com. The Company's primary business risks are as follows:

- The Company's business relies on the oil and gas exploration and production industry which is subject to a number of risks including general economic conditions, fluctuations in demand and supply of production components, fluctuations in commodity prices, competition and increases in operating costs. In addition, changes may occur in government regulations, including regulations relating to foreign acquisitions, prices, taxes, royalties, land tenure, allowable production, importing and exporting of oil and natural gas and environmental protection for the oil and gas industry as a whole. Risks affecting the oil and gas exploration and production industry may also affect the Company's business. The exact effect of these risks cannot be accurately predicted.
- In addition to global economic events and uncertainty, the capacity within North America to ship commodities to market introduces uncertainties in levels of activity and pricing for oil and natural gas production.
- The Company is vulnerable to market prices. Fixed costs, including costs associated with operations, leases, labour costs and depreciation account for a significant portion of the Company's expenses. As a result, reduced productivity resulting from reduced demand, equipment failure, or other factors could significantly affect its revenues and financial results.
- Competition among related service companies is significant. Some competitors are larger and have greater revenues than the Company and overall greater financial resources. The Company's ability to generate revenues depends on its ability to attract and win contracts and to perform services.
- Currently, the Company is focused on providing services in the western Canadian sedimentary basin as well as certain geographic areas in the United States, which may expose the Company to more extreme market fluctuations relating to items such as weather and general economic conditions which may be more extreme than the broader industry conditions.
- The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company.
- The Company's business is subject to the operating risks inherent to the oilfield service industry. On occasion, substantial liabilities to third parties may be incurred. The Company will have the benefit of insurance maintained by it and industry standard contracts, however, it may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons.
- The oilfield service industry has experienced a high degree of invention and innovation. It is possible that new technology will be developed which will compete with the Company's products and services.
- A portion of the operations of the Company are in the United States which subject the Company to currency fluctuations and different tax and regulatory laws.

Forward-Looking Statements and Information

This MD&A contains certain statements or disclosures relating to Western that are based on the expectations of Western as well as assumptions made by and information currently available to Western which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Western anticipates or expects may, or will occur in the future (in whole or part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future," "may", "will", "expect", "anticipate,", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma", or other comparable terminology.

In particular, forward-looking information in this MD&A include, under the heading "Outlook" the statements: "Western's approved capital spending for 2013 totals approximately $86 million, including $58 million in expansion capital, $19 million in maintenance capital and $9 million in critical spare equipment. The Company's approved capital spending for 2013 increased by $6 million from the previously disclosed $80 million due to an additional drilling rig build on a long term take-or-pay contract approved in the first quarter of 2013, offset by the cancellation of certain capital projects. As we have just completed the acquisition of IROC, Western is currently evaluating Eagle Well Servicing's and Aero Rental Services' capital requirements. Western has taken a prudent approach to capital spending and deferred a number of projects until greater industry visibility is available. As such, Western expects a portion of its capital spending to carry over into 2014. Western will continue to monitor capital spending and will make appropriate adjustments to the capital program as required. Approved capital spending for 2013 in the contract drilling segment totals $83 million and consists of $56 million in expansion capital, $18 million in maintenance capital and $9 million in critical spare equipment. Budgeted expansion capital in the contract drilling segment mainly relates to Western's drilling rig build program, capital to increase our drilling

rig fleet's pumping capacity in Canada, as well as the addition of rig moving systems to certain drilling rigs in the United States and additional drill pipe and other drilling equipment. Budgeted maintenance capital in the contract drilling segment in 2013 of $18 million includes additional drilling equipment, drill pipe and equipment recertifications. Western expects to finance its 2013 capital expenditure budget substantially from operating cash flows while maintaining our conservative balance sheet in 2013 and positioning the Company for future opportunities. Following the acquisition of IROC, the balance on Western's revolving credit facility is approximately $95 million."

The forward-looking information assumes that revenues over the remainder of 2013 will be sufficient to cover the budgeted expenditures, however, there is a risk that deteriorating conditions for its customers could result in a reduction in planned expenditures. As such, many factors could cause the performance or achievement of Western to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although Western believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Western cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve 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, general economic, market and business conditions. Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other risk factors that could affect Western's operations and financial results are included in Western's annual information form and the other disclosure documents filed by Western with securities regulatory authorities which may be accessed through the SEDAR website at www.sedar.com. 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 and forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Additional data

Additional information relating to the Company is filed on SEDAR at www.sedar.com.