Second Quarter Interim Report — Dated: July 31, 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 and six months ended June 30, 2013 and 2012. This MD&A is dated July 31, 2013. All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified.

Financial Highlights	**Three months ended June 30**			**Six months ended June 30**		
(stated in thousands, except share and per share amounts)	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Revenue	50,835	44,819	13%	148,841	155,706	(4%)
Gross Margin[1]	16,087	14,108	14%	57,032	64,321	(11%)
Gross Margin as a percentage of revenue	32%	31%	3%	38%	41%	(7%)
EBITDA[1]	9,199	9,364	(2%)	43,583	53,606	(19%)
EBITDA as a percentage of revenue	18%	21%	(14%)	29%	34%	(15%)
Cash flow from operating activities	48,381	58,930	(18%)	70,825	84,647	(16%)
Capital expenditures	18,547	39,602	(53%)	36,703	76,005	(52%)
Net income (loss)	(3,381)	827	(509%)	11,522	23,835	(52%)
-basic net income (loss) per share	(0.05)	0.01	(600%)	0.18	0.41	(56%)
-diluted net income (loss) per share	(0.05)	0.01	(600%)	0.17	0.39	(56%)
Weighted average number of shares						
-basic	69,594,802	58,533,287	19%	64,630,363	58,533,287	10%
-diluted	69,594,802	60,429,663	15%	65,957,534	60,612,851	9%
Outstanding common shares as at period end	73,343,763	58,533,287	25%	73,343,763	58,533,287	25%
Dividends declared	5,501	-	100%	9,975	-	100%
Dividends declared per common share	0.075	-	100%	0.15	-	100%
Operating Highlights						
Contract Drilling						
Canadian Operations						
Average contract drilling rig fleet	45	41	10%	45	40	13%
Drilling revenue per operating day (CDN$)	28,399	33,507	(15%)	30,435	34,117	(11%)
Drilling rig utilization rate per revenue day[2]	30%	30%	0%	55%	60%	(8%)
Drilling rig utilization rate per operating day[3]	28%	27%	4%	49%	54%	(9%)
CAODC industry average utilization rate[3]	18%	21%	(14%)	38%	43%	(12%)
United States Operations						
Average contract drilling rig fleet	5	5	-	5	5	-
Drilling revenue per operating day (US$)	29,900	33,560	(11%)	30,212	33,566	(10%)
Drilling rig utilization rate per revenue day[2]	60%	89%	(33%)	62%	94%	(34%)
Drilling rig utilization rate per operating day[3]	45%	71%	(37%)	47%	74%	(36%)
Production Services						
Average well servicing rig fleet	63	4	1,475%	36	3	1,100%
Revenue per service hour (CDN$)	755	579	30%	737	580	27%
Service rig utilization rate[4]	30%	22%	36%	29%	23%	26%

(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)	June 30, 2013	June 30, 2012	Change	December 31, 2012	Change
Working capital	22,799	65,582	(65%)	77,628	(71%)
Property and equipment	758,557	536,579	41%	568,157	34%
Total assets	903,882	699,356	29%	749,448	21%
Long term debt	232,529	171,764	35%	186,948	24%

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 June 30		Six months ended June 30	
(stated in thousands)	2013	2012	2013	2012
Gross Margin	16,087	14,108	57,032	64,321
Add (subtract):				
Administrative expenses	(7,578)	(5,286)	(14,877)	(11,872)
Depreciation - administrative	369	178	764	372
Stock based compensation - administrative	321	364	664	785
EBITDA	9,199	9,364	43,583	53,606
Depreciation - operating	(7,642)	(4,941)	(18,498)	(14,605)
Depreciation - administrative	(369)	(178)	(764)	(372)
Operating Earnings	1,188	4,245	24,321	38,629
Stock based compensation - operating	(218)	(116)	(372)	(258)
Stock based compensation - administrative	(321)	(364)	(664)	(785)
Finance costs	(3,995)	(3,250)	(7,754)	(6,031)
Other items	(1,044)	335	42	304
Income taxes	1,009	(23)	(4,051)	(8,024)
Net income (loss)	(3,381)	827	11,522	23,835

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. Subsequent to the acquisition of IROC Energy Services Corp. ("IROC") on April 22, 2013, Western provides well servicing operations through IROC Energy Services Partnership's (the "Partnership") division Eagle Well Servicing ("Eagle"). Previously, well servicing operations were conducted through Western's division Matrix Well Servicing ("Matrix"). Western also provides oilfield rental services through the Partnership's division Aero Rental Services ("AERO"). Financial and operating results for Eagle and AERO from the date of the acquisition, as well as Matrix are included in Western's production services segment.

On a year to date basis, the commodity price environment for crude oil in Canada has strengthened in 2013 as compared to 2012, increasing approximately 3% year over year. Additionally, the price for natural gas has improved significantly, increasing approximately 48% year over year. 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 significantly in 2013 to 70% compared to 63% in 2012. This has resulted in continued demand in the WCSB for Efficient Long Reach ("ELR") drilling rigs, with the industry utilization rate averaging 38% during the first half of 2013, which is consistent with the five year average of 38%, but lower than the same period in the prior year when industry utilization averaged 43%. During 2013 Western's entire drilling rig fleet has been focused on drilling horizontal wells. In Canada, on a year to date basis, Western's average operating days per well drilled decreased by 5% to 15.4 operating days per well in 2013 as compared to 16.2 operating days per well in 2012. However, the average meters drilled per well increased by 4% to 3,411 in 2013 as compared to 3,294 in the prior year, reflecting increased efficiencies in Western's drilling operations. In the United States on a year to date basis, Western averaged 25.1 operating days per well drilled in 2013 as compared to 27.4 operating days per well in the same period of the prior year, an 8% decrease. The average meters drilled per well totalled 5,327 meters in 2013 in the United States, compared to 5,844 meters in 2012, a 9% 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 second quarter of 2013 include:

- On April 22, 2013, the Company acquired all of the issued and outstanding shares of IROC in exchange for a combination of cash and common shares of Western. The total transaction value was approximately $176.3 million, including the assumption of $29.4 million in debt. A portion of the consideration included the issuance of approximately 12.4 million common shares of Western at an ascribed price of $6.80 per Western common share with the remaining $62.9 million of consideration paid in cash. At June 30, 2013, IROC's well servicing fleet totalled 54 rigs, consisting of 22 singles, 26 doubles and 6 slant rigs. Additionally, IROC's assets included approximately $35 million in oilfield rental equipment and three coiled tubing units. The Company exited the second quarter of 2013 with a fleet of 64 well servicing rigs, 45 drilling rigs and an oilfield equipment rental division in Canada as well as 5 drilling rigs in the United States. The three coiled tubing units owned by IROC were not operated by Western after the acquisition and are expected to be sold in the third quarter of 2013;
- As a result of the acquisition of IROC, results in the second quarter 2013 reflect $12.2 million in incremental revenue, $3.2 million in additional Gross Margin, and a $2.3 million increase in EBITDA. Additionally as a result of the acquisition, $2.1 million in acquisition costs have been incurred, which impacted net income during the second quarter of 2013;
- Second quarter revenues increased by $6.0 million (or 13%) to $50.8 million in 2013 as compared to $44.8 million in 2012. The increase is due to the increased size and scale of Western's production services segment following the acquisition of IROC which resulted in an approximate $11.9 million increase in revenue in the period. The increase in production services revenue was partially offset by lower drilling revenue in the United States of US$4.7 million due to fewer operating days and lower day rates, coupled with lower drilling revenue in Canada of $1.2 million resulting from lower day rates and a decrease in third party charges.
- Second quarter EBITDA remained relatively unchanged at $9.2 million in 2013 (18% of revenue), as compared to $9.4 million in 2012 (21% of revenue). While EBITDA remained constant on a total dollar basis, as a percentage of revenue, the decrease in EBITDA is due to higher administrative expenses required to support the increased scale of Western's operations following the acquisition of IROC coupled with wet weather which hampered utilization, particularly in the production services segment.
- Administrative expenses, excluding depreciation and stock based compensation, in the second quarter of 2013 increased $2.2 million to $6.9 million (14% of revenue) as compared to $4.7 million in the second quarter of 2012 (11% of revenue) mainly due to the increased administrative expenses associated with the acquisition of IROC.

- Net income decreased by $4.2 million to a loss position of $3.4 million in the second quarter of 2013 ($0.05 per basic common share) as compared to net income of $0.8 million in the same period in the prior year ($0.01 per basic common share). The decrease is attributed to an increase in depreciation expense of $2.9 million, an increase in other expense items of $1.4 million, mainly related to costs associated with the acquisition of IROC, and an increase in finance costs of $0.7 million, offset by a decrease in income tax expense of $1.0 million.
- Second quarter capital expenditures of $18.5 million include $15.8 million of expansion capital, $1.9 million of maintenance capital and $0.8 million for critical spares. The majority of the second quarter 2013 capital expenditures relate to the contract drilling segment, which incurred $16.3 million in capital expenditures. These expenditures mainly relate to Western's drilling rig build program, which totalled $10.2 million in the second quarter. The remaining capital spending in the contract drilling segment related to ancillary drilling equipment. Additionally, $2.1 million was incurred in the production services segment relating to the completion of the Company's well servicing rig build program and the purchase of additional oilfield rental equipment.

Key operational results for the six months ended June 30, 2013 include:

- Revenues for the six month period ended June 30, 2013 decreased by $6.9 million (or 4%) to $148.8 million as compared to $155.7 million in the same period of the prior year. The decrease is due to lower revenues in the contract drilling segment, which decreased by $20.0 million year over year, due to lower pricing in both Canada and the United States and a decrease in third party charges. In addition, total operating days decreased by 3% as lower operating days in the United States were only partially offset by increased operating days in Canada. The decrease in contract drilling revenue was partially offset by a $13.1 million increase in production services revenue resulting from the acquisition on IROC on April 22, 2013.
- For the six months ended June 30, 2013, EBITDA decreased by $10.0 million (or 19%) to $43.6 million (29% of revenue), as compared to $53.6 million (34% of revenue) in the same period of the prior year. The decrease in EBITDA reflects lower revenue in the period of $6.9 million and a $2.7 million increase in administrative expenses.
- Year to date administrative expenses, excluding depreciation and stock based compensation, increased $2.7 million to $13.4 million (9% of revenue) as compared to $10.7 million in (7% of revenue) in the same period of the prior year. The increase is mainly due to the increased administrative expenses associated with the acquisition of IROC.
- For the six months ended June 30, 2013, net income decreased by $12.3 million to $11.5 million ($0.18 per basic common share) as compared to $23.8 million ($0.41 per basic common share) in the same period of the prior year. The decrease in net income reflects the decrease in EBITDA of $10.0 million, increased depreciation of $4.3 million and increased finance costs of $1.7 million offset by a decrease in income taxes of $4.0 million.
- Year to date capital expenditures of $36.7 million include $29.9 million of expansion capital, $3.5 million of maintenance capital and $3.3 million for critical spares. The majority of the capital expenditures for the six months ended June 30, 2013 relate to the contract drilling segment, which incurred $34.0 million in capital expenditures. These expenditures mainly relate to Western's drilling rig build program, which totalled $19.7 million year to date. The remaining capital spending in the contract drilling segment related to ancillary drilling equipment. Additionally, $2.5 million was incurred in the production services segment mainly relating to the completion of the Company's well servicing rig build program and the purchase of additional oilfield rental equipment.

Subsequent Events

- On July 31, 2013, the Board of Directors of Western declared a quarterly dividend of $0.075 per share, payable on October 15, 2013 to shareholders of record at the close of business on September 30, 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 ELR triple drilling rigs deployed in the United States.

Subsequent to the acquisition of IROC in April 2013, Western now has a well servicing rig fleet of 65 rigs operating through Eagle Well Servicing. As such, Western now operates one of the newest fleets in the WCSB, with an average age of approximately four years, and is the seventh largest well servicing company in Canada. As part of the acquisition of IROC, Western also acquired an oilfield rentals division, AERO Rental Services, which provides advanced designed 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: contract drilling, well servicing and oilfield equipment 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 drilling 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 two years, 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 $94 million, including $69 million in expansion capital, $19 million in maintenance capital and $6 million in critical spare equipment. In total, budgeted capital spending has increased by $8 million from the previously disclosed $86 million. The Company's expansion capital has increased by $11 million from the previously disclosed $58 million, mainly related to additional capital in the Canadian contract drilling segment for customer requested mud pump and tank system upgrades, which is contingent on signing long term contracts, plus additional oilfield rental equipment for AERO. The increase in expansion capital has been partially offset by the cancellation of previously budgeted capital items related to spare equipment. Western will continue to take a conservative approach to capital spending and will make appropriate adjustments to the capital program as required. Currently, Western expects a portion of its capital spending to carry over into 2014.

Approved capital spending for 2013 in the contract drilling segment totals $81 million and consists of $59 million in expansion capital, $16 million in maintenance capital and $6 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 moving systems on select drilling rigs in the United States and additional drill pipe and other drilling equipment. Budgeted maintenance capital in the contract drilling segment includes additional drilling equipment, drill pipe and equipment recertifications.

In the production services segment, approved capital spending for 2013 totals $12 million and consists of $10 million in expansion capital and $2 million in maintenance capital. Budgeted expansion capital in the production services segment mainly relates to the completion of Eagle's well servicing rig build program and the purchase of additional oilfield rental equipment for AERO. The 2013 capital plan includes the expansion of AERO into the Grande Prairie, Alberta market to serve northern Alberta and northeast British Columbia. AERO's main operating base is located in Red Deer, Alberta.

Western expects to finance its 2013 capital expenditure budget substantially from operating cash flows while maintaining our well-structured balance sheet in 2013 thereby positioning the Company for future opportunities.

During 2013, the price for natural gas has improved significantly, with the AECO 30-day spot rate on average increasing by approximately 48% as compared to the first six months of 2012. Additionally, the average Edmonton Par price has remained consistent with the prior year increasing by 3% during the first six months of 2013, as compared to the same period in the prior year. With the improved commodity price environment and increased visibility into the second half of 2013, the Company expects oilfield services activity in 2013 to remain relatively consistent with 2012 levels. Additionally, Western continues to believe that additional rig build opportunities in the contract drilling segment will be available as liquefied natural gas projects gain approval, crude oil transportation capacity increases through rail and pipeline development, drilling activity increases in the Duvernay and Montney resource plays in Alberta and northeast British Columbia, coupled with continued 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 provide a competitive advantage which will enable the Company to continue its growth strategy and higher than industry average utilization.

Segmented Information

Western operates in the contract drilling segment in both Canada and the United States as well as the production servicing segment in Canada. Contract drilling includes drilling rigs along with related equipment. Production services includes well servicing rigs and related equipment as well as oilfield rental equipment.

Contract Drilling

(stated in thousands)	Three months ended June 30 2013	2012	Change	Six months ended June 30 2013	2012	Change
Revenue						
Contract drilling revenue	35,675	40,166	(11%)	124,216	140,664	(12%)
Third party charges	2,807	4,164	(33%)	10,733	14,304	(25%)
Total revenue	38,482	44,330	(13%)	134,949	154,968	(13%)
Expenses						
Operating						
Cash operating expenses	25,355	30,146	(16%)	80,996	90,308	(10%)
Depreciation	5,692	4,873	17%	16,362	14,502	13%
Stock based compensation	181	111	63%	321	251	28%
Total operating expenses	31,228	35,130	(11%)	97,679	105,061	(7%)
Administrative						
Cash administrative expenses	4,156	3,470	20%	8,865	7,636	16%
Depreciation	80	91	(12%)	189	179	6%
Stock based compensation	84	84	%	44	182	(76%)
Total administrative expenses	4,320	3,645	19%	9,098	7,997	14%
Gross Margin(1)	13,127	14,184	(7%)	53,953	64,660	(17%)
Gross Margin as a percentage of revenue	34%	32%	6%	40%	42%	(5%)
EBITDA(1)	8,971	10,714	(16%)	45,088	57,024	(21%)
EBITDA as a percentage of revenue	23%	24%	(4%)	33%	37%	(11%)
Operating Earnings(1)	3,199	5,750	(44%)	28,537	42,343	(33%)
Capital expenditures	16,322	36,305	(55%)	33,977	68,631	(50%)
Canadian Operations						
Contract drilling rig fleet:						
Average	45	41	10%	45	40	13%
End of period	45	41	10%	45	41	10%
Drilling revenue per operating day (CDN$)	28,399	33,507	(15%)	30,435	34,117	(11%)
Drilling rig operating days(2)	1,134	998	14%	4,010	3,873	4%
Number of meters drilled	362,348	241,162	50%	886,420	785,988	13%
Number of wells drilled	62	55	13%	260	239	9%
Average operating days per well	18.2	18.0	1%	15.4	16.2	(5%)
Drilling rig utilization rate per revenue day(3)	30%	30%	-	55%	60%	(8%)
Drilling rig utilization rate per operating day(2)	28%	27%	4%	49%	54%	(9%)
CAODC industry average utilization rate(2)	18%	21%	(14%)	38%	43%	(12%)
United States Operations						
Contract drilling rig fleet:						
Average	5	5	-	5	5	-
End of period	5	5	-	5	5	-
Drilling revenue per operating day (US$)	29,900	33,560	(11%)	30,212	33,566	(10%)
Drilling rig operating days(2)	205	322	(36%)	422	677	(38%)
Number of meters drilled	43,438	69,678	(38%)	89,498	144,344	(38%)
Number of wells drilled	8	13	(38%)	17	25	(32%)
Average operating days per well	24.4	25.5	(4%)	25.1	27.4	(8%)
Drilling rig utilization rate per revenue day(3)	60%	89%	(33%)	62%	94%	(34%)
Drilling rig utilization rate per operating day(2)	45%	71%	(37%)	47%	74%	(36%)

(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 second quarter of 2013, revenues in the contract drilling segment totalled $38.5 million; a $5.8 million (or 13%) decrease over the same period in the prior year, due to lower pricing in both Canada and the United States as well as a decrease in third party charges. Increased operating days in Canada were offset by fewer operating days in the United

States. For the six months ended June 30, 2013, revenues in the contract drilling segment totalled $134.9 million; a $20.0 million (or 13%) decrease over the same period in the prior year, due to lower pricing in both Canada and the United States and a decrease in third party charges. In addition, total operating days decreased by 3% as lower operating days in the United States were only partially offset by increased operating days in Canada.

In Canada, for the three and six months ended June 30, 2013, an increased drilling rig fleet and seasonal but steady demand for contract drilling services resulted in increased operating days, as compared to the same periods in the prior year. However, revenues were impacted by lower day rates and a decrease in third party charges. For the three months ended June 30, 2013, revenue per operating day decreased by $5,108 (or 15%) to $28,399 as compared to $33,507 in the same period of the prior year. Approximately $1,689 of the decrease (or 33%) is related to lower third party charges, partially due to the change in the Company's customer base, which now includes many larger exploration and production companies that prefer to pay directly for items such as fuel, and a number of significant flow through charges that were incurred in the prior year. The remainder of the decrease in revenue per operating days is due to lower activity in the contract drilling industry which has resulted in pricing pressure on day rates. While utilization in Canada remained relatively consistent averaging 28% in the second quarter of 2013, as compared to 27% in the same period of the prior year, operating days increased by 14% to 1,134 for the three months ended June 30, 2013 as compared to 998 in the same period of the prior year. The increase is due to the Company's larger drilling rig fleet in Canada which increased to 45 rigs from 41 rigs quarter over quarter, as a result of the Company's capital build program. During the second quarter of 2013, the Company's utilization in Canada of 28% was 56% above the CAODC industry average of 18%. The Company's utilization over the CAODC average reflects a 10% spread, an improvement over the 6% spread in the second quarter of the prior year, as the Company's utilization has improved by 1% while the industry average utilization has declined by 3%. The Company's improved utilization, relative to the CAODC industry average, is attributed to the evolution of the Company's customer base which now includes many larger exploration and production companies that typically drill on pads during the second quarter and therefore are less affected by wet weather.

For the six months ended June 30, 2013, revenue per operating day in Canada decreased by $3,682 (or 11%) to $30,435 as compared to $34,117 in the same period of the prior year. For the same reasons as noted above, approximately $993 of the decrease (or 27%) is due to lower third party charges, with the remaining decrease attributable to increased pricing pressure in tighter market conditions. Despite utilization in Canada for the six months ended June 30, 2013 decreasing to 49% as compared to 54% in the same period of the prior year, operating days increased by 4% to 4,010 as compared to 3,873 for the six months ended June 30, 2012, due to the Company's increased drilling rig fleet in Canada which averaged 45 drilling rigs in the period as compared to 40 in the same period of the prior year. For the six months ended June 30, 2013, the Company's utilization in Canada was 49%, which was 29% above the CAODC industry average of 38%. As a result of the higher utilization in the second quarter of 2013, relative to the CAODC industry average, the Company was able to maintain its 11% spread over the CAODC industry average for the six months ended June 30, 2013, as compared to the same period in the prior year.

In the United States, operating days for the three and six months ended June 30, 2013 decreased by 117 days (or 36%) and 255 days (38%) respectively, as compared to the same periods in the prior year as a result of decreased activity levels in the Williston basin of North Dakota, due to increased competition in the area and reduced customer budgets. This resulted in utilization for the three and six months ended June 30, 2013 averaging 45% and 47% respectively, as compared to 71% and 74% respectively, in the same periods of the prior year when utilization rates were at record highs. The rig count in the Williston basin has decreased 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 on select drilling rigs in the United States to meet the needs of our customers in this area. Despite lower utilization in the first half of 2013, at the end of the second quarter of 2013 all five drilling rigs in the United States were running. For the three and six months ended June 30, 2013, as a result of the decrease in activity and increased competition, revenue per operating day decreased by 11% to $29,900 and 10% to $30,212 respectively.

For the three months ended June 30, 2013, EBITDA in the contract drilling segment decreased by $1.7 million (or 16%) to $9.0 million (23% of the segment's revenue), as compared to $10.7 million (24% of the segment's revenue) in the same period of the prior year. Despite the decreased day rates, which directly impact both Gross Margin and EBITDA, the Company was able to effectively control costs and maintain margins. For the six months ended June 30, 2013, EBITDA in the contract drilling segment decreased by $11.9 million (or 21%) to $45.1 million (33% of the segment's revenue), as compared to $57.0 million (37% of the segment's revenue) in the same period of the prior year, due to lower utilization in the first quarter of 2013, relative to the first quarter of 2012, and lower day rates throughout the period.

Cash administrative expenses, excluding depreciation and stock based compensation, increased 20% to $4.2 million and 16% to $8.9 million for the three and six months ended June 30, 2013 respectively, mainly due to increased employee related expenses in the period.

Depreciation expense in the contract drilling segment for the three months ended June 30, 2013 increased by $0.8 million to $5.8 million, while for the six months ended June 30, 2013 depreciation expense increased by $1.9 million to $16.6 million. The increase for both the three and six months ended June 30, 2013 is due to increased operating days and an increase in ancillary equipment which is depreciated on a straight-line basis.

Total capital expenditures in the contract drilling segment for the three and six months ended June 30, 2013 totalled $16.3 million and $34.0 million respectively. Of the capital expenditures incurred in the contract drilling segment for the three months ended June 30, 2013, $14.2 million relate to expansion capital, $1.3 million relate to maintenance capital and $0.8 million relate to critical spares. For the six months ended June 30, 2013, expansion capital in the contract drilling segment totalled $27.9 million, while maintenance capital totalled $2.8 million and critical spares totalled $3.3 million. Of the expansion capital incurred during the three and six months ended June 30, 2013, $10.2 million and $19.6 million respectively, relates to the Company's rig build program with the remaining capital spending relating to ancillary drilling equipment, including mud pumps and generator upgrades.

Production Services

	Three months ended June 30			Six months ended June 30		
(stated in thousands)	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Revenue	12,353	489	2,426%	13,892	738	1,782%
Expenses						
Operating						
Cash operating expenses	9,393	565	1,562%	10,813	1,077	904%
Depreciation	1,950	68	2,768%	2,136	103	1,974%
Stock based compensation	37	5	640%	51	7	629%
Total operating expenses	11,380	638	1,684%	13,000	1,187	995%
Administrative						
Cash administrative expenses	1,277	417	206%	1,683	814	107%
Depreciation	12	17	(29%)	25	33	(24%)
Stock based compensation	2	10	(80%)	-	13	(100%)
Total administrative expenses	1,291	444	191%	1,708	860	99%
Gross Margin(1)	2,960	(76)	(3,995%)	3,079	(339)	(1,008%)
Gross margin as a percentage of revenue	24%	(16%)	(254%)	22%	(46%)	(148%)
EBITDA(1)	1,683	(493)	(441%)	1,396	(1,153)	(221%)
EBITDA as a percentage of revenue	14%	(101%)	(114%)	10%	(156%)	(106%)
Operating Earnings(1)	(279)	(578)	(52%)	(765)	(1,289)	(41%)
Capital expenditures	2,129	1,836	16%	2,516	5,253	(52%)
Well servicing rig fleet:						
Average	63	4	1,475%	36	3	1,100%
End of period	64	5	1,180%	64	5	1,180%
Revenue per service hour (CDN$)	755	579	30%	737	580	27%
Total service hours	13,718	844	1,525%	16,148	1,274	1,168%
Service rig utilization rate(2)	30%	22%	36%	29%	23%	26%

(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.

Subsequent to the acquisition of IROC on April 22, 2013, the Company's well servicing fleet increased significantly to 64 rigs at June 30, 2013 as compared to 10 rigs immediately prior to the acquisition and 5 rigs exiting the second quarter of the prior year. Previously, Western's well servicing rigs operated through the Company's division, Matrix Well Servicing. Subsequent to the acquisition of IROC, the Company's well servicing rigs, including the Matrix well servicing rigs, operate through Eagle Well Servicing. Additionally, with the acquisition of IROC, Western acquired approximately $35 million in oilfield rental equipment, which is operated through the AERO Rental Services division. As a result of these changes, revenue for the three and six months ended June 30, 2013 increased significantly to $12.4 million and $13.9 million respectively, as compared to $0.5 million and $0.7 million respectively, in the same periods of the prior year when Western had just commenced well servicing operations. EBITDA also improved following the IROC acquisition to $1.7 million and $1.4 million for the three and six months ended June 30, 2013 respectively; a significant improvement from the negative EBITDA in the same periods of the prior year.

Well servicing utilization improved to 30% in the second quarter of 2013, a 36% improvement from the same period in the prior year. Despite the improved utilization, wet weather in Eagle's operating areas in western Canada, hampered utilization resulting in lower than expected revenue and EBITDA in the period. For comparison purposes, Eagle's utilization in the second quarter of the prior year averaged 43%. As a result of the increased well servicing rig fleet subsequent to the acquisition of IROC, well servicing hours increased substantially to 13,718 in the quarter as compared to 844 in the prior year. Furthermore, revenue per service hour increased by 30% in the second quarter of 2013 to average $755. The increase in revenue per service hour is attributed to the increased size of the Company's well servicing operations as Eagle operates in a number of different geographic locations, whereas the Company previously operated solely in the Lloydminster area which is highly competitive, less capital intensive and typically results in lower hourly rates. For the six months ended June 30, 2013, well servicing utilization increased by 26% to 29% as compared to 23% in the same period of the prior year. Year to date, the Company's increased well servicing rig fleet resulted in total service hours increasing to 16,148 as compared to 1,274 in the same period of the prior year. For the same reasons as noted above, year to date revenue per service hour also increased substantially to $737 as compared to $580 in the prior year. For the three and six months ended June 30, 2013, revenue in the AERO Rental Services division totalled $2.0 million.

Capital expenditures for the three and six months ended June 30, 2013 totalled $2.1 million and $2.5 million respectively, and mainly relate to expansion capital associated with the Company's well servicing rig build program as well as additional oilfield rental equipment.

Corporate

	Three months ended June 30			Six months ended June 30		
(stated in thousands)	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Administrative						
Cash administrative expenses	1,455	857	70%	2,901	2,265	28%
Depreciation	277	70	296%	550	160	244%
Stock based compensation	235	270	(13%)	620	590	5%
Total administrative expenses	1,967	1,197	64%	4,071	3,015	35%
Finance costs	3,995	3,250	23%	7,754	6,031	29%
Other items	1,044	(335)	(412%)	(42)	(304)	(86%)
Income taxes						
Current tax expense	(668)	(89)	651%	-	4,232	(100%)
Deferred tax expense	(341)	112	(404%)	4,051	3,792	7%
Total income taxes	(1,009)	23	(4,487%)	4,051	8,024	(50%)
Capital expenditures	96	1,461	(93%)	210	2,121	(90%)

Corporate administrative expenses, for both the three and six months ended June 30, 2013 increased by $0.6 million as compared to the same periods in the prior year, due to the increased staffing levels and overhead required to support the Company's growth.

For the three and six month periods ended June 30, 2013, finance costs on a consolidated basis increased by $0.7 million and $1.7 million respectively, as compared to the same periods in the prior year. The increase is largely due to higher debt levels on the Company's revolving credit facility following the acquisition of IROC on April 22, 2013 coupled with one additional month of interest in the first six months of 2013 on the senior notes that were issued on January 30, 2012.

Other items for the three months ended June 30, 2013, represent a net expense of $1.0 million, mainly due to acquisition costs associated with the acquisition of IROC. For the six months ended June 30, 2013, other items net to a small gain as gains on the sale of Western's investments in the first quarter of 2013 were largely offset by costs associated with the acquisition of IROC.

For the three months ended June 30, 2013, income taxes on a consolidated basis were in a recovery position of $1.0 million representing an effective tax rate of 23.0%. For the six months ended June 30, 2013, income tax expense totalled $4.1 million and represented an effective tax rate of approximately 26.0%.

Liquidity and Capital Resources

As at June 30, 2013, Western had cash and cash equivalents of $12.3 million, resulting in a consolidated net debt balance of $221.1 million, an increase of $35.0 million as compared to December 31, 2012 mainly due to the acquisition of IROC which included cash consideration of $62.9 million for the IROC common shares plus an additional $29.4 million for the assumption of IROC's debt. Additionally, Western incurred capital expenditures of $36.7 million, made cash interest payments of $7.1 million and paid dividends of $8.9 million. These cash outflows were partially offset by cash from operating activities of $70.8 million and the sale of investments during the first quarter of 2013 of $34.4 million.

At June 30, 2013, Western had a working capital balance of $22.8 million, a $54.8 million decrease as compared to December 31, 2012 mainly due to a decrease in accounts receivable due to lower activity in the second quarter and improved collections coupled with the sale of investments in 2013. At June 30, 2013, Western had approximately $75.0 million in available credit facilities and is in compliance with all debt covenants. 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 areas 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	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011
(stated in thousands, except per share amounts)								
Revenue	50,835	98,006	83,338	69,573	44,819	110,887	101,300	80,786
Gross Margin(1)	16,087	40,945	37,360	29,382	14,108	50,213	47,170	35,005
EBITDA(1)	9,199	34,384	31,381	23,944	9,364	44,242	41,473	30,392
Cash flow from operating activities	48,381	22,444	11,021	9,248	58,930	25,717	25,337	3,391
Income (loss) from continuing operations	(3,381)	14,903	13,092	8,251	827	23,008	24,923	13,891
per share - basic	(0.05)	0.25	0.22	0.14	0.01	0.39	0.43	0.24
per share - diluted	(0.05)	0.24	0.22	0.14	0.01	0.38	0.41	0.23
Net income (loss)	(3,381)	14,903	13,092	8,251	827	23,008	24,314	24,893
per share - basic	(0.05)	0.25	0.22	0.14	0.01	0.39	0.42	0.43
per share - diluted	(0.05)	0.24	0.22	0.14	0.01	0.38	0.40	0.41
Total assets	903,882	748,112	749,448	727,113	699,356	706,061	619,645	584,823
Long term financial liabilities(2)	232,529	182,068	186,948	176,739	171,764	171,570	108,039	108,057
Dividends declared	5,501	4,474	4,469	4,457	-	-	-	-

(1) See Financial Measures Reconciliations on page 2.

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

Revenue steadily increased beginning in the third quarter of 2011 until spring breakup in the second quarter of 2012. Following spring breakup in 2012 and until the second quarter of 2013, revenues 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, due to slower activity in the oilfield service industry.

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 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. During the second quarter of 2013, the significant increase in the Company's total assets is due to the acquisition of IROC.

Goodwill

Goodwill represents the excess, at the date of acquisition, of the purchase price of the business acquired over the fair value of the net tangible and intangible assets acquired. A continuity of Western's goodwill balance as at June 30, 2013 is as follows:

(stated in thousands)	Amount
December 31, 2012	$ 55,527
IROC acquisition	32,757
June 30, 2013	$ 88,284

Contractual Obligations

In the normal course of business, the Company incurs contractual obligations. The expected maturities of the Company's contractual obligations as at June 30, 2013 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	27,372	-	-	-	-	-	27,372
Operating leases	2,528	4,302	3,413	2,856	2,401	16,348	31,848
Revolving facility	-	-	60,000	-	-	-	60,000
Purchase commitments	19,175	-	-	-	-	-	19,175
Other long term debt	605	841	310	-	-	-	1,756
Total	$ 56,571	$ 18,924	$ 77,504	$ 16,637	$ 16,182	$ 212,020	$ 397,838

Outstanding Share Data

	July 31, 2013	**June 30, 2013**	**December 31, 2012**
Common shares outstanding	73,347,096	73,343,763	59,582,143
Warrants outstanding	137,356	137,356	1,527,811
Stock options outstanding	4,370,933	4,225,099	2,522,733

Off Balance Sheet Arrangements

As at June 30, 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

During the second quarter of 2013, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except as noted below.

In accordance with 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 limited the scope of their design of the Company's disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of IROC. Western acquired 100% of the outstanding common shares of IROC on April 22, 2013. IROC's contribution to the Company's unaudited condensed consolidated financial statements for the quarter ended June 30, 2013 was approximately 24% of the consolidated net revenues and approximately 12% of consolidated pre-tax earnings.

Additionally, at June 30, 2013, IROC's current assets and current liabilities were approximately 28% and 21% of consolidated current assets and liabilities respectively, and its non-current assets and non-current liabilities were approximately 24% and 7% of consolidated non-current assets and non-current liabilities respectively.

The scope limitation is primarily based on the time required to assess IROC's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") in a manner consistent with Western's other operations.

Further details related to the acquisition are disclosed in Note 5 of the Company's notes to the Unaudited Condensed Consolidated Interim Financial Statements as at and for the three and six months ended June 30, 2013.

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 June 30, 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, and labour costs 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 "Overall Performance and Results of Operations" the statement that: "The three coiled tubing units owned by IROC were not operated by Western after the acquisition and are expected to be sold in the third quarter of 2013". Such forward-looking information assumes a sale of such units could take place which may not occur. In addition, other forward-looking information in this MD&A occurs under the heading "Outlook" which includes the statements: "Western's approved capital spending for 2013 totals approximately $94 million, including $69 million in expansion capital, $19 million in maintenance capital and $6 million in critical spare equipment. In total, budgeted capital spending has increased by $8 million from the previously disclosed $86 million. The Company's expansion capital has increased by $11 million from the previously disclosed $58 million, mainly related to additional capital in the Canadian contract drilling segment for customer requested mud pump and tank system upgrades, which is contingent on signing long term contracts, plus additional oilfield rental equipment for AERO. The increase in expansion capital has been partially offset by the cancellation of previously budgeted capital items related to spare equipment. Western will continue to take a conservative approach to capital spending and will make appropriate adjustments to the capital program as required. Currently Western expects a portion of its capital spending to carry over into 2014."

Such 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 conditions could deteriorate for its customers which 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 on 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 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 any 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.