



WESTERN ENERGY SERVICES CORP.

Annual Information Form

Year Ended December 31, 2025

February 25, 2026

TABLE OF CONTENTS

GLOSSARY OF TERMS	4
GENERAL MATTERS	7
SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION	7
CORPORATE STRUCTURE	10
Name, Address and Incorporation	10
Intercorporate Relationships	10
GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION AND ITS OPERATING ENTITIES ...	11
General	11
Three Year History	11
DESCRIPTION OF THE CORPORATION'S BUSINESS AND OPERATIONS	14
General	14
Contract Drilling Services	15
Production Services	16
Well Servicing	16
Rental Equipment Services	17
Competitive Conditions	17
Cyclical and Seasonal Nature of the Energy Services Industry	18
Environmental Considerations	19
Health, Safety and Environment	20
Employees	21
RISK FACTORS	21
DIVIDENDS	37
DESCRIPTION OF THE CORPORATION'S SECURITIES	37
Common Shares	37
Preferred Shares	37
MARKET FOR SECURITIES	38
Trading Price and Volume of Western's Common Shares	38
Prior Sales	38
DIRECTORS AND OFFICERS	39
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	41
Conflicts of Interest	42
AUDIT COMMITTEE INFORMATION	42
Audit Committee Charter	42
Composition of the Audit Committee	42
Relevant Education and Experience of Members of the Audit Committee	42
Audit Committee Oversight	43
Pre-Approval Policies and Procedures	43
Auditor Service Fees	43

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	44
TRANSFER AGENT AND REGISTRAR OF THE CORPORATION	44
MATERIAL CONTRACTS	44
INTERESTS OF EXPERTS	44
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	45
ADDITIONAL INFORMATION.....	45
APPENDIX 'A' – AUDIT COMMITTEE CHARTER.....	46

GLOSSARY OF TERMS

In this Annual Information Form, unless the context otherwise requires, references to “we”, “us”, “our” or similar terms, or to the “Corporation” or “Western” refer to Western Energy Services Corp. (either alone or together with its subsidiary) and the following terms and abbreviations shall have the meanings set forth below, unless otherwise indicated.

Unless otherwise indicated, all dollar amounts set forth in this Annual Information Form are in Canadian dollars.

Terms:

“**ABCA**” means the *Business Corporations Act* (Alberta), together with any or all regulations promulgated thereunder, as amended from time to time;

“**AECO**” means Alberta Energy Company;

“**Aero Rental Services**” or “**Aero**” means Aero Rental Services, a division of Western;

“**AIMCo**” means Alberta Investment Management Corporation;

“**Annual Information Form**” means this annual information form;

“**Armco**” means Armco Alberta Inc.;

“**Audit Committee**” means the audit committee of the Board of Directors;

“**BDC**” means Business Development Bank of Canada;

“**Board of Directors**” or “**Board**” means the board of directors of Western;

“**BOP**” means blowout preventer;

“**CAOEC**” means Canadian Association of Energy Contractors;

“**CAPP**” means the Canadian Association of Petroleum Producers;

“**Cardium class rig**” means any contract drilling rig which has a total hookload less than or equal to 399,999 lbs (or 177,999 daN);

“**CEO**” means chief executive officer;

“**CFO**” means chief financial officer;

“**Common Shares**” means the common shares in the capital of Western;

“**Credit Facilities**” means both the Revolving Facility and the Operating Facility;

“**Duvernay class rig**” means any contract drilling rig which has a total hookload equal to or greater than 500,000 lbs (or 222,000 daN);

“Eagle Well Servicing” or **“Eagle”** means Eagle Well Servicing, a division of Western;

“E&P company” or **“E&P companies”** means, individually, a crude oil and/or natural gas exploration and production company, or companies if more than one;

“G2S2” means G2S2 Capital Inc.;

“Horizon Drilling” or **“Horizon”** means Horizon Drilling, a division of Western;

“HSBC Facility” means the six-year committed term non-revolving facility in the amount of \$12.5 million with HSBC under BDC’s Business Credit Availability Program, bearing interest at a floating rate and maturing on December 31, 2026;

“IADC” means the International Association of Drilling Contractors;

“Investor Rights Agreement” has the meaning set forth under the heading *“Material Contracts”*;

“JSA Process” has the meaning set forth under the heading *“Description of the Corporation’s Business and Operations – Health, Safety and Environment”*;

“LNG” means liquefied natural gas;

“Matco” means Matco Investments Ltd.;

“MHA TERO” has the meaning set forth under the heading *“Description of the Corporation’s Business and Operations – Health, Safety and Environment”*;

“Montney class rig” means any contract drilling rig which has a total hookload between 400,000 lbs (or 178,000 daN) and 499,999 lbs (or 221,999 daN);

“NI 51-102” means National Instrument 51-102 - *Continuous Disclosure Obligations*;

“NI 52-110” means National Instrument 52-110 - *Audit Committees*;

“O’Chiese / Eagle J.V.” means the well servicing joint venture between Eagle and the O’Chiese First Nation;

“OPEC” means the Organization of Petroleum Exporting Countries;

“OPEC+” means OPEC plus Russia, Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, South Sudan and Sudan;

“Operating Facility” means the loan facility of Western which consists of a committed operating facility in the amount of \$10 million;

“Preferred Share(s)” means a preferred share in the capital of Western, none of which are currently issued and outstanding;

“Registration Rights Agreement” has the meaning set forth under the heading *“Material Contracts”*;

“Revolving Facility” means the loan facility of Western with a syndicate of lenders which consists of an extendible revolving credit facility in the amount of \$35 million;

“SAGD” means steam assisted gravity drainage;

“Second Lien Facility” means the second lien senior secured four-year 8.5% term loan facility between Western as borrower and AIMCo as lender, with an initial principal amount of \$108.5 million due May 18, 2027;

“Stoneham Drilling” or **“Stoneham”** means Stoneham Drilling Corporation, a wholly owned subsidiary of Western;

“Tax Agencies” has the meaning set forth under the heading *“Risk Factors”*;

“TSX” means the Toronto Stock Exchange;

“WCSB” means Western Canadian Sedimentary Basin; and

“Western” or the **“Corporation”** means Western Energy Services Corp., a corporation existing under the laws of the Province of Alberta, and includes all applicable subsidiaries and predecessor entities of the Corporation, as the context requires.

Abbreviations:

“daN” means decanewton;

“GHG” means greenhouse gases;

“lbs” means imperial pounds;

“US” means the United States of America;

“WCS” means Western Canada Select; and

“WTI” means West Texas Intermediate.

GENERAL MATTERS

The Corporation prepares its financial statements in Canadian dollars and in conformity with International Financial Reporting Standards.

The Corporation's website is located at www.wesc.ca.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

All information and statements contained herein that are not clearly historical in nature constitute forward-looking information or forward-looking statements within the meaning of applicable securities laws. The use of words "may", "will", "should", "could", "expect", "intend", "anticipate", "believe", "estimate", "propose", "plan", "potential", "continue", or the negative of these terms or other comparable terminology are generally intended to identify such forward-looking information. Such forward-looking information represents the Corporation's internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital expenditures, anticipated future debt levels and revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

Forward-looking information in this Annual Information Form includes, but is not limited to the following: the business of the Corporation; industry, market and economic conditions and any anticipated effects on Western; competition in the energy services industry; the anticipated effect of labour shortages; the effect of ongoing geopolitical conflicts, including conflicts in Eastern Europe, the Middle East, and the uncertain economic and political environment in Venezuela, on Western and the energy service industry generally; the cyclical and seasonal nature of the energy services industry; results of operations and performance of the Corporation; expectations about drilling and completion activity levels, demand for and deployment of rigs; expectations about the capability of Western's drilling rig fleet; expectations with respect to E&P companies; capital expenditure plans for 2026; the impact of industry technology on fuel savings and emissions; the declaration of dividends by Western; use of the Credit Facilities, the HSBC Facility or the Second Lien Facility and Western's ongoing compliance with the covenants thereunder; demand, utilization and day rates for the Corporation's services; the outlook on commodity prices impacting the Corporation's business; the ability of Western's management to position the Corporation for success; the impacts on Western and the Canadian energy services industry, the level of demand for Canadian crude oil and natural gas and drilling activity levels in Canada and the United States; impacts of new laws and regulations on Western and the energy services industry; and business strategies, prospects, plans and opportunities. 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. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on these forward-looking statements.

The material assumptions used in making the forward-looking statements in this Annual Information Form include, but are not limited to, assumptions relating to: demand levels and pricing for energy services; demand for crude oil and natural gas and the price and volatility of crude oil and natural gas; the continued business relationships between the Corporation and its customers; the development of LNG projects, crude oil transport and pipeline approval and development; the Corporation's ability to finance its operations; the effects of seasonal and weather conditions on operations and facilities; the competitive

environment to which the various business segments are, or may be, exposed in all aspects of their business; the ability of the Corporation's various business segments to access equipment (including spare parts and new technologies); changes in laws or regulations; currency exchange fluctuations; the ability of the Corporation to attract and retain skilled labour and qualified management; the ability to retain and attract significant customers; and general business, economic and market conditions.

Actual results could differ materially from those anticipated in the forward-looking information in this Annual Information Form as a result of the risks set forth below and elsewhere in this document, including:

- volatility in market prices for crude oil and natural gas and the effect of this volatility on the demand for energy services generally, and, specifically, pressure on, crude oil and natural gas prices;
- reduced exploration and development activities by E&P companies in North America and the effect of such reduced activities on Western's services and products;
- political, industry, market, economic, and environmental conditions in Canada, the United States and globally;
- supply and demand for energy services relating to contract drilling, well servicing and oilfield rental equipment services;
- the proximity, capacity and accessibility of crude oil and natural gas pipelines and processing facilities;
- liabilities and risks inherent in oil and natural gas operations;
- environmental liabilities and risks;
- changes to laws, regulations and policies regarding, among other things, royalties on crude oil and natural gas production, curtailments of crude oil and natural gas production and climate change;
- the ongoing geopolitical events in Eastern Europe and the Middle East, as well as the uncertain economic and political environment in Venezuela, and the duration and impact thereof;
- global health crises, such as pandemics and epidemics;
- fluctuations in foreign exchange or interest rates;
- failure of counterparties to perform or comply with their obligations under contracts;
- regional competition and the increase in new or upgraded rigs;
- the Corporation's ability to attract and retain skilled labour;
- the Corporation's ability to attract and retain customers;
- the Corporation's ability to obtain debt or equity financing and to fund capital, operating and other expenditures and obligations;
- stock market volatility and market valuations;
- uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed;
- fixed costs in relation to variable revenue streams;
- the presence of heavy competition in the market segments in which the Corporation currently operates;

- failure to realize the anticipated benefits of acquisitions or incorrect assessment of the value of acquisitions;
- strategies, goals and plans with respect to Indigenous community engagement;
- the Corporation's ability to comply with the covenants under the Credit Facilities, HSBC Facility and the Second Lien Facility and the restrictions on its operations and activities if it is not compliant with such covenants;
- the Corporation's ability to protect itself from "cyber-attacks" which could compromise its information systems and critical infrastructure; and
- other risks, uncertainties and factors, many of which are beyond the control of Western, and some of which are discussed under "*Risk Factors*" in this Annual Information Form.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this Annual Information Form to provide shareholders and other persons with a more complete perspective on Western's future operations and such information may not be appropriate for other purposes. Western's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Corporation will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive.

Readers are cautioned that the forward-looking information contained herein is made as of the date of this Annual Information Form. The Corporation does not intend and does not assume any obligation to update or revise any forward-looking information, except as required pursuant to applicable securities laws. Readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Annual Information Form. The forward-looking information contained in this Annual Information Form is expressly qualified by this cautionary statement.

WESTERN ENERGY SERVICES CORP.

CORPORATE STRUCTURE

Name, Address and Incorporation

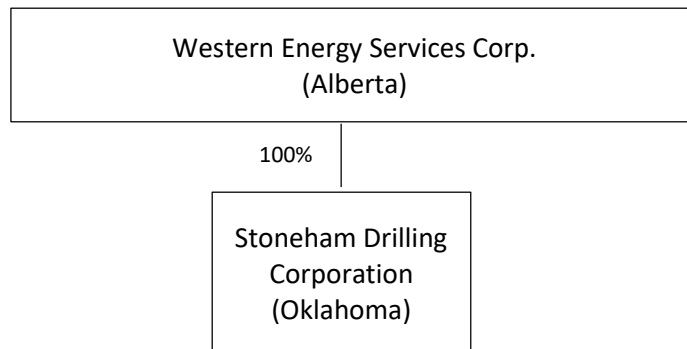
The Corporation was incorporated under the ABCA on March 18, 1996 as “Big Blackfoot Resources Ltd.” On September 27, 2002, the Corporation filed articles of amendment to change its name to “BBF Resources Inc.” and to consolidate its then outstanding Common Shares on the basis of one Common Share for each two Common Shares. On June 23, 2005, the Corporation filed articles of amendment to change its name to “Western Energy Services Corp.” On January 1, 2006, the Corporation filed articles of amalgamation and amalgamated with its wholly-owned subsidiary, WESC Ltd. On September 5, 2008, the Corporation filed articles of amendment to consolidate its then outstanding Common Shares on the basis of one Common Share for each twelve Common Shares. On June 20, 2011, the Corporation filed articles of amendment relating to the consolidation of the issued and outstanding Common Shares of the Corporation on the basis of one Common Share for each twenty Common Shares. On July 31, 2011, the Corporation filed articles of amalgamation and amalgamated with its wholly-owned subsidiary, Stoneham Drilling Inc. On January 1, 2013, the Corporation filed articles of amalgamation and amalgamated with its wholly-owned subsidiaries, Horizon Drilling Inc. and Matrix Well Servicing Inc. On December 28, 2015, Western’s wholly-owned entities, Western Energy Services Holdings (1) Ltd. and Western Energy Services Partnership, were dissolved and their operations were assumed by IROC Drilling and Production Services Corp, which changed its name to Western Production Services Corp. On August 1, 2022, the Corporation filed articles of amalgamation and amalgamated with its wholly-owned subsidiary, Western Production Services Corp. to continue as Western Energy Services Corp. On August 2, 2022, the Corporation filed articles of amendment to consolidate its then issued and outstanding Common Shares on the basis of one Common Share for each 120 Common Shares.

The head and principal office of Western is located at 1700, 215 – 9th Avenue SW, Calgary, Alberta T2P 1K3. The registered office is c/o 600, 815 – 8th Avenue SW, Calgary, Alberta T2P 3P2.

Intercorporate Relationships

The following diagram sets forth the name of the subsidiary of the Corporation, the percentage of voting securities owned by the Corporation and the jurisdiction of incorporation or continuance of its subsidiary as of the date hereof.

Organizational Structure of the Corporation



GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION AND ITS OPERATING ENTITIES

General

The Corporation is an energy service company which provides contract drilling services in Canada through Horizon Drilling and in the United States through Stoneham Drilling. In Canada, the Corporation also provides well servicing through Eagle Well Servicing and rental equipment services through Aero Rental Services.

Three Year History

2023

Energy services industry activity generally softened in Canada and the US in 2023 compared to 2022, as WCS and WTI oil prices were volatile and averaged 19%¹ and 18%¹ lower respectively than in 2022, which were in part, impacted by events in the Middle East and Russia's ongoing invasion of Ukraine. US oil production steadily increased to record levels in the fourth quarter of 2023 while OPEC maintained supply cuts in an effort to support prices. AECO and Henry Hub natural gas prices were 51%¹ and 59%² lower respectively than 2022 as North American production continued to increase, attributable in part to associated natural gas from oil wells, notably in the Permian basin. E&P companies continued to focus on managing debt and maximizing shareholder returns through share buybacks and dividends, reducing capital spending allocated to growing reserves. See "*Risk Factors*".

In Canada, the CAOEC reported 2023 industry drilling days of 57,944 which was 2% below 2022.³ Industry drilling days in the first half of 2023 were 7% higher than the first half of 2022 but 8% lower than 2022 in the second half of 2023³ as E&P companies responded to price volatility. Western's contract drilling division worked 3,575 operating days, a 10% increase over 2022. CAOEC reported industry well servicing hours were 11% lower than 2022⁴ as the federal government's funding for cleanup of orphaned and abandoned wells ended in 2022. Western's well servicing division worked 57,792 service hours, 14% lower than 2022.

In the US, as reported by Baker Hughes Company, the US rig count averaged 687 for 2023, a 5% decrease from 2022.⁵ The rig count steadily decreased over 2023 ending at 622 on December 31, 2023, a 20% decrease from year end 2022. In the US, Western's contract drilling division worked 1,072 operating days compared to 976 in 2022.

Capital expenditures for 2023 were \$23 million comprising expansion capital of \$8 million related to the substantial completion of the Corporation's rig upgrade program and maintenance capital of \$15 million.

On January 10, 2023, Western announced that through its Eagle Well Servicing division, it entered into a business relationship with Infinity Métis Corporation, the business arm of the McMurray Métis Local 1935 and a wholly owned Indigenous business, to foster a long-term, cooperative relationship and to identify opportunities for participation in the area surrounding Fort McMurray, Alberta.

¹ Source: Sproule December 31, 2023, Price Forecast, Historical Prices.

² Source: US Energy Information Administration, Short Term Energy Outlook, February 2024, Table 2.

³ Source: The CAOEC monthly Contractor Summary.

⁴ Source: CAOEC Monthly Service Rig Report.

⁵ Source: Baker Hughes Company, weekly rig count press releases.

2024

In Canada, WCS prices averaged 5%⁶ higher than in 2023, while industry activity in the US in 2024 remained at low levels, with WTI pricing decreasing on average by 2%⁶ in 2024 compared to 2023. AECO and Henry Hub natural gas prices were 47%⁶ and 16%⁷ lower respectively than 2023 as North American production continued to increase, attributable in part to associated natural gas from oil wells, notably in the Permian basin. E&P companies continued to focus on managing debt and maximizing shareholder returns through share buybacks and dividends, reducing capital spending allocated to growing reserves. See “*Risk Factors*”.

Despite lower crude oil and natural gas prices, in Canada, the CAOEC reported 2024 industry drilling days of 61,457 which was 6%⁸ above 2023. Industry drilling days in the first half of 2024 were 2%⁸ higher than the first half of 2023; however, activity increased in the last half of 2024 with industry drilling days 10%⁸ higher than the last half of 2023, as E&P companies responded to price volatility. Western’s contract drilling division worked 3,710 operating days, a 4% increase over 2023. The CAOEC reported industry well servicing hours were 4,422⁹ hours higher than 2023. Western’s well servicing division worked 58,117 service hours, 1% higher than 2023.

In the US, as reported by Baker Hughes Company, the US rig count averaged 599¹⁰ for 2024, a 13% decrease from 2023. The rig count steadily decreased over 2024 ending at 589 on December 31, 2024, a 5% decrease from December 31, 2023. In the US, Western’s contract drilling division worked 743 operating days compared to 1,072 in 2023.

Capital expenditures for 2024 were \$22 million comprising expansion capital of \$12 million and maintenance capital of \$10 million.

On August 7, 2024, the Corporation made a voluntary principal repayment of \$10 million to AIMCo through available cash on hand and its Credit Facilities.

2025

In 2025 in Canada, WCS prices averaged 10%¹¹ lower than in 2024, while continued low industry activity persisted in the US, with WTI pricing decreasing on average by 14%¹¹ in 2025 compared to 2024. AECO and Henry Hub natural gas prices were 22%¹¹ and 56%¹² higher respectively, than 2024 due to higher demand and reduced supply levels. E&P companies continued to focus on managing debt and maximizing shareholder returns through share buybacks and dividends, reducing capital spending allocated to growing reserves. See “*Risk Factors*”.

As a result of lower crude oil prices, in Canada, the CAOEC reported 2025 industry drilling days of 58,513 which were 5%⁸ lower than 2024, with the fourth quarter of 2025 decreasing 6% compared to the same period in 2024 as E&P companies responded to price volatility. Western’s contract drilling division worked 4,276 operating days, a 15% increase over 2024, which compared to a 5% decrease in industry operating

⁶ Source: Sproule December 31, 2024, Price Forecast, Historical Prices.

⁷ Source: US Energy Information Administration, Short Term Energy Outlook, January 2025.

⁸ Source: The CAOEC monthly Contractor Summary.

⁹ Source: The CAOEC monthly Service Rig Report.

¹⁰ Source: Baker Hughes Company, weekly rig count press releases.

¹¹ Source: Sproule December 31, 2025, Price Forecast, Historical Prices.

¹² Source: US Energy Information Administration, Short Term Energy Outlook, January 2026.

days¹³. The CAOEC reported industry well servicing hours were 4,214¹⁴ hours lower than 2024. Western's well servicing division worked 41,970 service hours, 28% lower than 2024.

In the US, as reported by Baker Hughes Company, the US rig count averaged 562¹⁵ for 2025, a 6% decrease from 2024. The rig count steadily decreased over 2025 ending at 546 on December 31, 2025, a 7% decrease from December 31, 2024. In the US, Western's contract drilling division worked 542 operating days compared to 743 in 2024, as the Corporation changed its focus to North Dakota from Texas.

Capital expenditures for 2025 were \$22 million comprising expansion capital of \$7 million and maintenance capital of \$15 million.

During the fourth quarter of 2025, the Corporation decommissioned certain underutilized assets within its contract drilling and well servicing rig fleets as part of a strategic optimization of its Canada and US operations. In connection with this decommissioning, the Corporation recognized a loss on asset decommissioning of \$25.1 million, with \$22.8 million recognized in the contract drilling segment and \$2.3 million recognized in the production services segment.

On January 27, 2025, the Corporation extended the maturity date of its Second Lien Facility from May 18, 2026 to May 18, 2027. Additionally, under the amended Second Lien Facility agreement, the Corporation is allowed to make voluntary prepayments without having to pay any make-whole amounts or other premiums. The Corporation is, however, no longer able to satisfy its interest payments by capitalizing or deferring such amounts. There were no changes to the quarterly principal payments, the semi-annual interest payments or the interest rate required under the amended agreement.

In conjunction with the Second Lien Facility extension, the maturity date of Western's Credit Facilities were extended by a year automatically by their terms, to the earlier of (i) six months prior to the maturity date of the amended Second Lien Facility of November 18, 2026 or (ii) March 22, 2027. The total commitments under the Credit Facilities remain unchanged and there were no changes to the Corporation's financial covenants.

On January 30, 2025, the Corporation announced that Alex MacAusland, President and CEO had retired from his roles at the Corporation, including as a director of Western. Gavin Lane, Western's CFO, was appointed CEO on May 16, 2025. Orson Ross was appointed as Western's CFO on September 15, 2025.

2026 Year to Date

To date in 2026, industry activity is lower than 2025 in Canada with year-to-date average active industry drilling rigs decreasing by 9%¹⁶ whereas industry activity in the US in 2026 is 6% lower than 2025. The developments in Venezuela after the US government's actions in January 2026, may contribute to further market volatility and commodity price uncertainty. The Corporation may be impacted by such commodity price fluctuations.

The Corporation's 2026 capital expenditure budget of approximately \$25 million is expected to be comprised of approximately \$18 million of maintenance capital and \$7 million of expansion capital.

¹³ Source: The CAOEC monthly Contractor Summary.

¹⁴ Source: CAOEC monthly Service Rig Report.

¹⁵ Source: Baker Hughes Company, weekly rig count press releases.

¹⁶ Source: Divestco Daily Rig Count.

Western will continuously monitor the utilization of its fleet, as well as its customer requirements and will adjust the 2026 capital expenditure budget accordingly.

DESCRIPTION OF THE CORPORATION'S BUSINESS AND OPERATIONS

General

Western is an energy services company, with its corporate head office located in Calgary, Alberta. Western's contract drilling segment provides contract drilling services in Canada through Horizon Drilling from its operations base in Leduc, Alberta, and in the United States through Stoneham Drilling, from its operations base in Williston, North Dakota. The Corporation's production services segment provides well servicing in Canada through Eagle Well Servicing with operating bases in Blackfalds and Grande Prairie, Alberta, Lloydminster, Saskatchewan and Virden, Manitoba, and rental equipment services through Aero Rental Services which operates out of facilities in Blackfalds and Grande Prairie, Alberta.

The market demand for energy services is subject to the capital expenditure budgets of E&P companies. Such capital expenditures are influenced by the ability of E&P companies to fund their capital expenditures with cash flow and their access to debt or equity financing for such expenditures as well as the demands of investors, which may require the allocation of cash flow to reducing debt or returning cash to shareholders through dividends or share buybacks. Market fluctuations, commodity prices, the supply of and demand for crude oil and natural gas, the proximity and capacity of crude oil and natural gas pipelines and processing equipment and government regulations (including regulations relating to prices, taxes, foreign exchange, royalties, land tenure, allowable production, the import and export of crude oil and natural gas, and environmental protection) also factor into the number of crude oil and natural gas wells drilled and other services required by E&P companies and, consequently, the demand for Western's energy services. Western's management has significant experience in the energy service industry, enabling senior leadership to provide the direction necessary to position the Corporation for success.

As at December 31, 2025, Western decommissioned six drilling rigs from its fleet in Canada and three drilling rigs from its fleet in the US. Subsequent to December 31, 2025, the six drilling rigs in Canada were deregistered with the CAOEC. The Corporation currently markets a fleet of 31 drilling rigs, specifically suited for drilling complex horizontal wells across Canada and the US (28 in Canada and 3 in the United States). Following these changes, Western remains the fourth-largest drilling contractor in Canada based on the number of rigs registered with the CAOEC. In total, 74% of Western's owned drilling rig fleet are Montney and Duvernay class rigs and 26% are Cardium class rigs.

As at December 31, 2025 Western deregistered 17 well servicing rigs and now has 45 service rigs registered with the CAOEC in Canada, including 17 singles, 25 doubles and 3 slant service rigs. Following these changes, Western remains the second-largest well servicing contractor in Canada, based on the number of rigs registered with the CAOEC.

Aero Rental Services, Western's equipment rental division, supplies E&P companies, as well as other energy service companies, with rental equipment for pressure control, hydraulic fracturing services, well completions and production work, coil tubing, and drilling services.

Western's revenue by segment for 2025 and 2024 is outlined below:

<i>(stated in thousands)</i>	Year Ended December 31, 2025	Year Ended December 31, 2024
Contract Drilling	\$164,854	\$153,983
Production Services	\$52,848	\$69,487

Contract Drilling Services

Horizon Drilling provides contract drilling services in the WCSB in Canada, while Stoneham Drilling provides contract drilling services in the Williston and Powder River Basins in the United States.

Services and Contracts

Contract drilling services are performed using drilling rigs and auxiliary equipment pursuant to contracts with E&P companies. Other applications for contract drilling services outside of conventional oil and natural gas include geothermal and helium wells as well as lithium, potash and uranium mining. Customers provide instructions to Western regarding drilling locations and the desired depth of the well to be drilled. If the well is productive and can be economically produced, the drilling rig will set the production casing or liner to complete the well. The drilling rig may also complete the well or install a wellhead for completion at a later date.

Drilling contracts are awarded through competitive bidding or on a negotiated basis. In periods of low activity, more contracts are offered on a competitive bid basis. During periods of high activity, contracts are often awarded on a negotiated basis. Terms and rates will vary depending on competitive conditions, equipment and services to be supplied, the geographical area, the geological formation to be drilled, the on-site drilling conditions and the anticipated duration of the work. The drilling rig contractor provides the drilling rig and crew and is also responsible for the payment of rig operating and maintenance expenses. Surface lease construction, negotiating access with landowners, rig mobilization expenses as well as third-party fuel and rentals are generally arranged and paid for by the E&P company.

Contract drilling services are performed primarily pursuant to industry standard drilling contracts endorsed by both the CAOEC and CAPP in Canada and the IADC in the United States. The contract can be for a specific well or number of wells or for a specific time period. Generally, contracts are carried out on a daywork basis. Pursuant to daywork contracts, the customer pays a fixed charge per day for the number of days needed to drill a well. Daywork contracts also provide for an hourly rate, day rate, or a lump sum amount, for mobilization of the rig to the well location and for rig-up and rig-down. Daywork contracts typically provide that the drilling company bears very limited downhole risks such as time delays for various reasons, a well control situation or a stuck or damaged drill string.

Equipment

As of December 31, 2025, Western marketed 31 drilling rigs. 28 of these are registered with the CAOEC in Canada, making Western the fourth-largest drilling contractor in Canada based on the number of registered drilling rigs. Three drilling rigs are in the United States. As at December 31, 2025, Western's rigs were classified into categories as follows:

Rig Class	Marketed
Cardium	8
Montney	17
Duvernay	6
	31

Drilling in North America has become longer and more technically challenging as E&P companies "unlock" existing reserves in basins that were historically prohibitively expensive to develop. Management believes Western's Canadian rig fleet is, on average, one of the most capable drilling rig fleets operating in the WCSB, based on the length of wells drilled. Drilling rigs are generally charged to customers on a per day

basis that fluctuates depending upon the geographic area, the time of year and level of industry activity, and are subject to pronounced seasonal and cyclical variances. In Canada, the highest rate of activity in the industry is typically during the winter season, from November through mid-March.

Horizon Drilling operates one of the newest drilling fleets in the WCSB, thus enabling the Corporation to provide customers with reliability, mobility and technical capacity. All of these qualities and characteristics are increasingly important to E&P companies seeking to optimize returns in more technically complex reservoirs.

In addition, Western maintains a complete inventory of rotational equipment in Canada and the United States which is designed to ensure continuous operational efficiencies.

Production Services

Well Servicing

Eagle Well Servicing provides well servicing in the WCSB.

Services and Contracts

Service rigs provide services for completions, production workovers and well abandonments as well as various maintenance activities on producing shallow to deep crude oil and natural gas wells. Completion services prepare a newly drilled well for production and may include well clean-out, or the installation of production tubing or downhole well equipment. The length of the completion process varies depending on the requirements of the well. Production workover services include major repairs or modifications to existing wells which may enhance production of an existing producing well. Abandonment services include pulling tubing, assisting with cement pumping, pressure testing and setting permanent bridge plugs. Well maintenance services are also required to ensure continuous and efficient production of a producing well. These services include routine mechanical repairs or replacing damaged production tubing, downhole pumps and rods (continuous or jointed) and typically are shorter jobs, sometimes taking less than two days to complete.

In addition to the benefits received from Western's modern rig fleet, the industry weighting towards crude oil related exploration and development activity continues to provide benefit as service rigs are typically utilized more for crude oil wells than natural gas wells.

Service rigs are generally charged to customers on an hourly rate basis that fluctuates depending upon the geographic area, the time of year and level of industry activity, and are subject to pronounced seasonal and cyclical variances. In Canada, the highest rate of activity in the industry is typically during the winter season, from November through mid-March.

Equipment and Operating Bases

As at December 31, 2025, Western's service rig fleet consisted of a total of 45 service rigs in Canada and was the second-largest well servicing contractor in Canada, based on the number of rigs registered with the CAOEC.

Service rigs typically operate within close proximity to their home base, and therefore the competition is localized in nature and effectively limited to other service rigs based nearby.

Eagle provides services across the WCSB from bases in Blackfalds and Grande Prairie, Alberta, Lloydminster, Saskatchewan and Virden, Manitoba. Eagle also is a joint venture partner with the O'Chiese First Nation. The O'Chiese / Eagle J.V. owns and operates three well servicing rigs in Central Alberta. Eagle and the O'Chiese First Nation jointly market the rigs, and the rigs are operated and managed by Eagle personnel and O'Chiese First Nation members. Eagle also has a formal business relationship with Infinity Métis Corporation, the business arm of the McMurray Métis Local 1935 and a wholly owned Indigenous business, to foster a long-term, cooperative relationship and to identify opportunities for participation in the area surrounding Fort McMurray, Alberta.

Rental Equipment Services

Aero Rental Services operates from equipment rental facilities in Blackfalds and Grande Prairie, Alberta. Aero's rental equipment consists of surface pressure control rental assets, including conventional and coil tubing BOPs, accumulators, drilling and production manifolds, debris catchers, frac heads, spooling equipment, valves and various other pressure control and handling equipment used at well sites. Aero also offers conventional rental equipment including power swivels, catwalks, drill collars, pipe racks, tubulars and matting.

Rental equipment is generally provided to customers on a daily fee basis or under term contracts, depending upon the time of year and level of industry activity. The equipment rental business is subject to the same pronounced seasonal and cyclical variances as the rest of the crude oil and natural gas industry.

Aero has followed a controlled organic growth model, allowing it to evolve and adapt its rental equipment mix to the changing needs of its customers. The current mix of Aero's rental assets is ideally suited for well completions in shale and tight natural gas resource plays of the WCSB. Development of these resource plays requires intensive well fracturing services at high pressure which require the various types of equipment provided by Aero. The capital cost of rental equipment can vary greatly depending on the types of assets being purchased. In addition, lead times for procuring rental equipment can be significant, potentially creating difficulty for new entrants into this market.

In recent years, Aero Rental Services has seen an increased demand for equipment packages for SAGD-related work. These SAGD operations require larger and lower pressure BOPs and larger accumulators to manage the increased volumes generated by these BOPs. Well servicing rig companies that are contracted to perform production and completion services on SAGD wells are often required to rent the larger BOPs that are not part of the typical well servicing rig package. In addition, as public awareness of heavy oil and SAGD operations increases, operators are under greater scrutiny to ensure their operations are performing at the highest possible level of safety and environmental standards. Aero is therefore seeing increased demand for equipment which provides safer working conditions.

Aero competes against large multi-national rental companies and smaller companies operating in various regions of the WCSB, each of which offers a different range of rental equipment.

Competitive Conditions

The Corporation, through its operating divisions and subsidiary, provides energy services primarily to the field operation locations of E&P companies located in the WCSB, and in the Williston and Powder River Basins in the United States. The energy services business is highly competitive and to be successful, the Corporation, its operating divisions and its subsidiary must provide services that meet the specific needs of customers at competitive prices. The principal competitive factors in the markets in which the Corporation operates are: (i) service quality and availability; (ii) reliability and performance of equipment

used to perform its services; (iii) technical knowledge and experience; (iv) a reputation for safety performance; and (v) price. The Corporation competes with several smaller and larger regional competitors. Competitors offer similar services in all geographic regions in which the Corporation operates.

Reduced levels of activity in the crude oil and natural gas industry can intensify competition and result in lower revenue to Western. Variations in the exploration and development budgets of E&P companies which are directly affected by, among other things, the influence of investors on the allocation of cash flow among debt repayments, shareholder returns and capital expenditures, fluctuations in commodity prices, the cyclical nature and competitiveness of the crude oil and natural gas industry, governmental regulation and foreign exchange rates will have an effect upon Western's ability to generate revenue and earnings. See *"Risk Factors – Cyclical Nature of the Energy Services Industry"* and *"Risk Factors – Competition"*.

Drilling and completion activity levels in the WCSB have declined since late 2014 as a result of reduced commodity prices, the COVID-19 pandemic and pipeline capacity issues. Such reduced activity levels by E&P companies have decreased the demand for the Corporation's services (and those of its competitors) which, in turn, has increased the competition among the Corporation and its competitors. The decrease in demand and increase in competition have resulted in reduced utilization and pricing for the Corporation's services. The reduced demand, utilization and day rates have all contributed to the Corporation's revenues decreasing significantly since the peak of 2014. While demand and utilization began to recover in 2017 and 2018, continued low commodity prices, lack of pipeline egress and mandatory production curtailments implemented by the Government of Alberta further suppressed demand, utilization and pricing in 2019. As a result of the COVID-19 pandemic, activity levels were driven to historic lows in 2020. In 2021 and 2022 demand improved as a result of higher commodity prices, the lifting of government restrictions and the conflict in Eastern Europe; however, demand remained constrained as E&P companies directed more cash flow to reducing debt, paying dividends and share buybacks. In 2023 and 2024, demand softened as commodity prices declined and E&P companies continued to direct more cash flow to reducing debt, paying dividends and share buybacks. In 2025, commodity prices faced downward pressure due to trade tensions resulting from US tariffs on imports and retaliatory measures from several countries. The ongoing geopolitical conflict in Eastern Europe and the Middle East, combined with persistently weak global demand for crude oil, further impacted market sentiment. While activity is expected to increase modestly in 2026, it is not expected to return to 2014 levels for the foreseeable future.

Cyclical and Seasonal Nature of the Energy Services Industry

The level of activity in the crude oil and natural gas industry in Canada is influenced by seasonal weather patterns, which are more pronounced in northern drilling locations. However, the annual drilling cycle affects the entire energy industry in Canada and can generally be viewed in four components:

- Spring break-up — typically occurs between mid-March and mid-June. The northern drilling locations thaw and southern lands become impractical for travel due to wet road and surface conditions resulting in road bans. Drilling and other energy services activity is generally low during these periods with E&P companies planning for the summer drilling season.
- Summer and fall drilling season — typically occurs between mid-June and mid-October, generally focused on areas that are accessible in the summer (i.e. not situated in areas covered with muskeg); summer drilling activity is generally not as strong as in the winter drilling season.

- Switch-over to winter drilling season — typically occurs between mid-October and mid-November and is characterized by lighter drilling activity when many E&P companies are moving off summer drilling locations and preparing winter drilling leases for delivery of equipment.
- Winter drilling season — typically occurs between mid-November through mid-March and is the period when a large part of rig activity takes place and E&P companies take advantage of the frozen landscape to access northern drilling locations.

The volatility in the weather and temperature can create unpredictable activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of E&P companies and corresponding declines in the demand for the goods and services of the Corporation. See "*Risk Factors – Seasonality*". However, in the contract drilling industry, more and more customers are utilizing pad drilling techniques and programs to allow for longer or even year-round drilling. The Corporation currently has six pad rigs in Canada and three pad rigs in the United States.

Environmental Considerations

The crude oil and natural gas industry is regulated by a number of federal, state, provincial and municipal governmental bodies and agencies under a variety of complex federal, state, provincial and municipal legislation that sets forth numerous prohibitions and requirements, with respect to planning and approval processes related to land use, sustainable resource management, waste management, responsibility for the release of hazardous materials, protection of wildlife and the environment and the health and safety of workers. Legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain crude oil and natural gas industry operations. Legislation addresses drilling, well completion, installation of surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas.

Western and its customers are subject to the above-noted regulatory regime, and, consequently, are subject to various environmental and health and safety statutes and regulations governing the manufacturing, processing, importation, transportation, handling and disposal of substances used in its operations. Government authorities have the power to enact legislation, adopt regulations, make orders and take other actions (including enforcement action) to protect the environment and ensure safety. Such actions could include licensing, equipment and personnel certification, environmental assessments and monitoring, remediation and reclamation orders and environmental and worker safety inspections, investigations and orders.

The Corporation is proactive in its approach to environmental concerns. Generally, industry acceptable contracts in Canada and the United States for both drilling and well servicing provide a clear division of responsibilities relating to the foregoing between energy service companies and the customer. Procedures, which are overseen by the CEO and the VP, Corporate Services are in place to ensure that care is taken in the day-to-day management of the Corporation's energy services operations. These procedures include third-party environmental assessments and continual training, as well as communication with all field leaders regarding spills and chemical handlings. In addition, the Corporation has a comprehensive insurance program, to provide certain protection for our personnel, assets, operations and liability. However, there is no guarantee that such insurance will continue to be available in the future or will be for a sufficient amount.

The Corporation operates in environments where the mitigation of sound is a consideration and to address this matter, we have modified existing exhaust systems with sound suppression exhaust systems.

In 2025, these types of environmental protection requirements have not had a significant direct financial or operational effect on our capital expenditures, net income (loss) or competitive position. While environmental protection requirements are not expected to have a significant impact on matters in 2026, they may have a larger impact in future periods as further environmental laws and regulations are introduced.

Health, Safety and Environment

The Corporation is committed to operating in a safe, respectable and sustainable manner. The Corporation has a comprehensive health, safety and environment protection program with policies and procedures designed to provide quality products and services, while taking all reasonable steps to safeguard and protect employees, contractors, customers, property, the public and the environment.

Western's management assists with coordinating the development and implementation of all safety and environmental protection programs for the Corporation. Critical business issues, such as safety, compliance, operations, environment, social and governance issues and human resources, among others, are typically discussed with the Board on a quarterly basis or more frequently as needed.

The Health, Safety and Environment Committee provides additional oversight in relation to health, safety and environment matters. The Health, Safety and Environment Committee is, as of the date hereof, composed of four directors, being Tomer Cohen (Chair), Colleen Cebuliak, Lorne A. Gartner and John R. Rooney, who are all independent. The Corporation's Health, Safety and Environment Committee assists the Board in its oversight of health, safety and environmental issues, including the evaluation of Western's programs and ensuring that employees are provided with a safe environment in which to perform their duties, controls and reporting systems, and compliance with applicable laws, rules and regulations.

In May 2021 the Corporation adopted its Environmental, Social and Governance Standard policy which is published on the Corporation's website. The Environmental, Social and Governance Standard is intended to describe Western's values and objectives in respect of environmental, social and governance matters and provide information regarding the strategies and practices that the Corporation uses to implement its environmental, social and governance-related objectives.

Some of the efforts the Corporation takes to implement its environmental, social and governance-related objectives include, but are not limited to, the following:

- The Corporation uses industry proven technology to ensure that its environmental, social and governance policies and procedures are followed and maintained. For example, Western has rigs equipped with power-on-demand technology where generators are programmed to run at peak efficiency, with engines that start and shut off as needed. This results in an estimated 30% savings in fuel, less maintenance and lower emissions overall. Western also had rigs equipped with hydrogen-on-demand systems that increase the combustion efficiency of diesel engines, which reduces its fuel consumption while maintaining the same power output. These technologies increase the rig's overall fuel efficiency, which lowers the operating cost for the operator, while also reducing the associated greenhouse gas emissions on site.
- All facilities within Western have undergone environmental site assessments, regulatory inspections and compliance reviews for permits, training, facility operations and security. These assessments and compliance reviews are conducted monthly, quarterly and annually. In addition, the Corporation's operations teams, health, safety and environment teams and field employees perform inspections for all facilities, drilling rigs and service rig operations.

- The Corporation has a Health, Safety and Environment Policy and regularly conducts training with all employees and provides updates on such policies. The Corporation's experienced health and safety staff regularly meet with industry peers and applicable industry associations to ensure Western is adhering to best practices in its operations.
- The Corporation uses the job safety analysis process ("JSA Process") for hazard identification and risk communication. The JSA Process is used to identify hazards before a procedure begins or during an on-going procedure when the process changes. It is also used to provide training to employees on hazard identification. Once hazards have been identified, steps are taken to eliminate or reduce the hazards to a risk level that is acceptable to the Corporation.
- The Corporation engages the Mandan, Hidatsa, and Arikara Nations Tribal Employment Rights Office (the "MHA TERO") on infrastructure and economic development, operational impacts, permitting, land access, regulations and other issues. Western complies with tribal regulations including those of MHA TERO, which aim to strengthen business opportunities for companies owned 100% by a member of the MHA nations.
- The Corporation proactively engages in the communities where it operates, including local community and charity groups and regularly interacts with its customers and the property owners of the land on which it operates.

Employees

As at December 31, 2025, the Corporation had, together with its subsidiary, 588 employees.

RISK FACTORS

The following is a summary of certain risk factors relating to the business of the Corporation. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this document, along with Western's other continuous disclosure documents filed in accordance with NI 51-102 with the Canadian securities regulatory authorities. Shareholders and potential shareholders should consider carefully the information contained herein and, in particular, the following risk factors.

Dependence on the Price of Crude Oil and Natural Gas and Energy Services Industry Conditions

Western provides its services to E&P companies. Macroeconomic and geopolitical factors associated with crude oil and natural gas supply and demand are primary drivers for pricing and profitability within the energy services industry. Generally, when commodity prices are relatively high, demand for Western's services is high, while the opposite is true when commodity prices are low. The markets for crude oil and natural gas are separate and distinct. Crude oil is a global commodity with a vast distribution network, although transportation constraints can cause pricing differentials at certain locations, including in Western Canada, to contract or widen compared to industry benchmarks. As natural gas is most economically transported in its gaseous state via pipeline, currently its North American market is dependent on pipeline infrastructure and is subject to regional supply and demand factors. However, recent developments in the transportation of liquefied natural gas in ocean going tanker ships have introduced an element of globalization to the natural gas market. Crude oil and natural gas prices can be very volatile, which accounts for much of the cyclical nature of the energy services business. Commodity prices at any given time may not be supportive of crude oil and natural gas development and exploration spending. Further price movements may impact E&P companies' willingness to commit to capital

spending, which in turn may have a significant adverse effect on the Corporation's business and financial results.

Worldwide military, political and economic events, including the conflicts in Eastern Europe and the Middle East and initiatives by OPEC and other major petroleum producing and/or exporting countries, for instance, affect both the demand for, and the supply of, crude oil and natural gas and its pricing. Weather conditions, governmental regulation (in Canada, the United States and elsewhere), royalty regimes, levels of consumer demand, the availability of pipeline capacity, United States and Canadian crude oil and natural gas storage levels, crude oil and gas environmental laws, policies and activism and other factors beyond Western's control also affect the supply of and demand for crude oil and natural gas and thus lead to price volatility.

Prolonged low crude oil and natural gas prices (as was the case from late 2014 to early 2021) will generally depress the level of exploration and production activity by E&P companies, which causes a corresponding decline in the demand for drilling and completion services. These factors could have an adverse effect (which could be material) on the Corporation's business and financial results. Sustained lower crude oil and natural gas prices could also cause Western's customers to seek to terminate, renegotiate or fail to honour their drilling contracts which could also have a material adverse effect on the Corporation's business and financial results. All of these factors could affect Western's ability to retain skilled field personnel and its ability to obtain access to capital to finance and grow its businesses. Any adverse changes to government incentives with regards to royalties could also have a significant impact on the energy services industry in Canada or the United States and, as a result, Western's business and financial results. The level of activity in the Canadian and United States crude oil and natural gas exploration and production industry is volatile. The level of demand for Canadian crude oil and natural gas from the United States, Canada's largest crude oil and gas customer, is also volatile due to increases in domestic United States production and changes in the administration's policies. While the US administration's policies may result in higher drilling activity levels in the United States, the changes in tariffs on all crude oil and natural gas exports to the United States, as well as import tariffs on goods imported from the United States could significantly impact the energy services industry in Canada. Additionally, the uncertainty in Venezuela and changes to its crude oil production in the future, could impact the volume of exports from Canada to the United States. There can be no assurance that the future level of demand for Western's services or future conditions in the energy services industry will not decline.

Western's accounts receivable balances are with customers involved in the crude oil and natural gas industry, whose revenues are impacted by fluctuations in commodity prices. The collection of receivables may be adversely affected by any prolonged weakness in crude oil and natural gas prices.

Competition

The contract drilling, well servicing and equipment rental business is highly competitive. The Corporation competes with a substantial number of companies in each of its business lines. The Corporation's ability to generate revenue and earnings depends primarily upon its ability to win bids in competitive bidding processes and to perform awarded projects within estimated times and costs. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Corporation or that new competitors will not enter the various markets in which the Corporation is active. Reduced levels of activity in the crude oil and natural gas industry can intensify competition and result in lower revenue to the Corporation.

The proportion of newly built or upgraded high specification drilling rigs and new well servicing rigs competing for work in the market areas Western serves has increased. Such increases in the availability of these rigs could have a material adverse effect on Western's market share. The reduction in drilling and completion activities in the WCSB from 2014 levels has directly resulted in the demand for the Corporation's services (and those of its competitors) decreasing which, in turn, has increased competition among the Corporation and its competitors. Decreases in demand and increases in competition have resulted and may continue to result in reduced utilization and day rates for the Corporation's services.

Reliance on Key Personnel and Experienced Crews

The success of the Corporation is dependent upon its key personnel. The Corporation may, at times, not be able to find enough skilled labour to meet its needs, which could limit its growth. The Corporation may also have difficulty finding enough skilled and unskilled labourers in the future if demand for its services increases. Shortages of qualified personnel have occurred in the past during periods of high, or increasing, demand and there is no guarantee that such shortages will not occur in the future. In addition, periods of increased demand have typically led to wage rate increases which may or may not be reflected by service rate increases, while in periods of decreased demand, wages may or may not be reduced to offset a potential reduction in service rates.

Other factors may also inhibit the Corporation's ability to find enough workers to meet its employment needs. The work performed by the Corporation's field employees requires skilled workers who can perform physically demanding work. As a result of volatility in energy services activity and the demanding nature of the work, workers may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive with the Corporation's. The Corporation believes that its success is dependent upon its ability to continue to employ and retain skilled technical personnel, and the inability to do so could have a material adverse effect on its operations.

The Corporation's ability to provide reliable services is dependent upon the availability of well-trained, experienced crews to operate its field equipment. The Corporation must also balance the requirement to maintain a skilled workforce with the need to establish cost structures that fluctuate with activity levels. Within the Corporation the most experienced employees are retained during periods of low utilization by having them fill lower-level positions on field crews. It is not uncommon for the Corporation's businesses to experience manpower shortages in peak operating periods.

Cyclical Nature of the Energy Services Industry

The contract drilling, well servicing and rental equipment industries have historically been cyclical, and each have experienced periods of low demand, excess supply, and lowering rates, followed by periods of high demand, short supply and increasing rates. Periods of excess supply of drilling rigs, well servicing rigs or rental equipment intensify the competition in the industry and often result in drilling rigs or rental equipment being idle. There are numerous contract drilling, well servicing and rental equipment competitors in each of the markets in which Western competes. In all of those markets, an oversupply of drilling rigs, well servicing rigs or rental equipment can cause greater price competition. Contract drilling, well servicing and rental equipment companies compete primarily on a regional basis, and the intensity of competition may vary significantly from region to region at any particular time. If demand for drilling, well servicing or rental equipment services is better in a region where Western operates, its competitors may respond by moving in suitable drilling rigs, well servicing rigs or rental equipment from other regions, by reactivating previously inactive rigs or by purchasing new drilling rigs, well servicing rigs or rental equipment. An influx of drilling rigs, well servicing rigs or rental equipment into a market area from any

source could intensify competition and make any improvement in demand for drilling rigs, well servicing rigs or rental equipment short-lived.

Global Economic Uncertainty

The overall uncertainty surrounding global economic conditions has contributed significant volatility to commodity prices in North America which has adversely affected the crude oil and natural gas industry in North America. Global economic conditions that may affect the North American crude oil and natural gas industry include, among other things, demand for commodities, sovereign debt levels and political unrest. Such factors continue to impact commodity prices in North America and contribute to higher volatility in North American stock markets. Negative volatility of global economic conditions could have a material adverse effect on Western, its customers and its suppliers.

Impacts of Geopolitical Events

The ongoing conflicts in Eastern Europe and the Middle East and the international response thereto has, and may continue to have, potential wide-ranging consequences for global market volatility and economic conditions, including energy and commodity prices, which may, in turn, increase inflationary pressures and interest rates. Certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which have, and may continue to have, far-reaching effects on the global economy and energy and commodity prices.

The short-, medium- and long-term implications of the conflicts in Eastern Europe and the Middle East, as well as the impact of the political tension in Venezuela, are difficult to predict with any certainty at this time and there remains uncertainty relating to the potential direct and indirect impact of the conflict on Western, and it could have a material and adverse effect on the Corporation's business, financial condition and results of operations. Depending on the extent, duration, and severity of the conflicts, it may have the effect of heightening many of the other risks described herein, including, without limitation, the risks relating to Western's exposure to commodity prices; supply chains and Western's ability to obtain required equipment or labour; cybersecurity risks; inflationary pressures; and restricted access to capital and increased borrowing costs as a result of increased interest rates.

Leverage and Restrictive Covenants

The ability of Western to make payments, dividends, or enter into certain transactions will be subject to applicable laws and contractual restrictions in the instruments governing its indebtedness, including the Credit Facilities, the HSBC Facility and the Second Lien Facility.

The degree to which Western is leveraged could have important consequences for investors including: (i) Western's ability to obtain additional financing for working capital, capital expenditures or future acquisitions; (ii) all or part of Western's cash flow from operations may be dedicated to the payment of the principal of and interest on Western's indebtedness, thereby reducing or eliminating funds available for future operations and dividends; (iii) certain of Western's borrowings may be at variable rates of interest, which exposes Western to the risk of increased interest rates; and (iv) Western may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. These factors could have a material adverse effect on Western's business and financial results.

The Credit Facilities, the HSBC Facility and the Second Lien Facility contain numerous covenants that limit the discretion of management with respect to certain business matters. These covenants will place restrictions on, among other things, the ability of Western to create liens or other encumbrances; to pay dividends or make other distributions, or make certain other investments, loans and guarantees; to sell

or otherwise dispose of assets or repurchase stock, merge, amalgamate or consolidate with another entity. In addition, the Credit Facilities contain a number of financial covenants that require Western to meet certain financial ratios and financial condition tests. Western's ability to meet such tests could be affected by events beyond its control, and it may not be able to meet such financial ratios and/or tests.

A failure to comply with the obligations in the Credit Facilities, including financial ratios and financial condition tests, could result in a default which, if not cured or waived, would permit acceleration of the repayment of the relevant indebtedness as the lenders could elect to declare all amounts outstanding under the Credit Facilities to be immediately due and payable and terminate all commitments to extend further credit. If the lenders were to accelerate the repayment of borrowings, Western may not have sufficient assets to repay balances owing on the Credit Facilities, the HSBC Facility and the Second Lien Facility, as the acceleration of Western's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. If Western's indebtedness is accelerated and the Corporation was not able to repay its indebtedness or borrow sufficient funds to refinance it, the lenders under the Credit Facilities could proceed to realize upon the collateral granted to them to secure that indebtedness which could have a material adverse effect on Western's business and financial results. Even if Western is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to Western and/or may impose financial restrictions and other covenants on it that may be more restrictive than the Credit Facilities, the HSBC Facility or Second Lien Facility.

Notwithstanding an event of default, there is also no assurance that Western will be able to refinance any or all of the Credit Facilities, the HSBC Facility and Second Lien Facility at their maturity dates on acceptable terms, or on any basis.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial and other obligations as they become due or can do so only at excessive cost. The Corporation believes it can finance any future operations through one of or a combination of internally generated cash flows, borrowing under existing credit facilities, the issuance of debt or the issuance of equity, according to its capital management objectives and can manage its debt obligations. However, there is no guarantee that debt or equity will be awardable to the Corporation or that the Corporation will otherwise be able to achieve any of the foregoing if depressed industry market or economic conditions continue or worsen. To the extent external sources of capital become unavailable or available on onerous terms or are otherwise limited, Western's assets, liabilities, business, financial condition, and results of operations may be materially adversely affected as a result.

Governmental Regulations and Policies

Certain activities conducted by Western are affected by factors that are beyond its control or influence. Western's businesses and activities in Canada and in the United States are directly affected by fluctuations in exploration, development and production activity carried on by its customers which, in turn, is dictated by numerous factors including global energy prices and government policies. The addition, elimination or curtailment of government regulations and incentives could have a significant impact on the crude oil and natural gas business in Canada and abroad. These factors could lead to a decline in the demand for the Corporation's services, resulting in a material adverse effect on the Corporation's business and financial results.

Further, the operations of Western are subject to a variety of federal, state, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of

operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Western believes that it and its subsidiary are currently in compliance with such laws and regulations. Western currently invests financial and managerial resources to ensure such compliance and will continue to do so in the future. However, such laws or regulations are subject to change and accordingly, Western cannot accurately predict the cost or impact of any change to such laws and regulations on Western's business and financial results.

A number of changes to industry regulation and market access may be forthcoming from policies adopted by the United States government. The US administration may have very different priorities, and measures adopted by state and local governments may offset supportive federal priorities. In addition, uncertainty regarding the implementation of specific policies, the potential for changes to the outlook for natural gas demand based on a muted pace of coal power generation retirements, the impact of trade disputes between the United States and other countries, including Canada and China, create further uncertainty. New policies to be adopted by the government or changes to regulations and agreements currently in place may have a material adverse effect on the Corporation's business and financial results.

Fluctuations in the Price of Common Shares

Many factors including, but not limited to, the Corporation's financial and operating results, can affect the volatility and price of the Common Shares. Some of these factors include the current local and global economic condition, governmental/regulatory actions or inactions, speculation made by media or the investment community, industry conditions, commodity prices, foreign exchange rates and political or other events unrelated to the Corporation's operating performance may impact the price of the Common Shares. Investors should not place undue reliance on historical share price as an indicator of future share price or Western's financial results and should seek advice from a financial expert prior to investing.

Future Sales of Common Shares by the Corporation

The Corporation may issue additional Common Shares in the future, which may dilute a shareholder's holdings in the Corporation or negatively affect the market price of the Common Shares. The Corporation's articles permit the issuance of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. Such additional Common Shares and Preferred Shares may, in certain cases, be issued without the approval of shareholders and shareholders will have no pre-emptive rights in connection with such further issuances. The Board has the discretion to determine the provisions attached to any series of Preferred Shares and the price and the terms of issue of further issuances of Common Shares. Issuances of a substantial number of Common Shares or Preferred Shares may adversely affect prevailing market prices for the Common Shares or Preferred Shares. As well, with any additional issuance of Common Shares or Preferred Shares, shareholders will experience dilution, compared to funding via debt. Also, additional Common Shares will be issued by the Corporation on the exercise of Stock Options (as defined herein) under the Corporation's stock option plan, vesting under the Corporation's restricted share unit plan, or pursuant to other share compensation arrangements.

Seasonality

In Canada the level of activity in the energy services industry is influenced by seasonal weather patterns. The spring thaw makes the ground unstable and less capable of supporting heavy loads. Consequently, municipalities and transportation departments enforce road bans that restrict the movement of heavy equipment, thereby reducing drilling and well servicing activity levels. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting Western's business and financial results.

There is greater demand for energy services provided by the Corporation in the winter season when freezing conditions permit the movement and operation of heavy equipment. Activities tend to increase in the fall and peak in the winter months of November through March. However, if an unseasonably warm winter prevents sufficient freezing, the Corporation may not be able to access well sites and its operating results and financial condition may therefore be adversely affected. Volatility in the weather and temperature, including as a result of climate change, can therefore create unpredictability in activity and utilization rates, which could have a material adverse effect on the Corporation's business and financial results.

Risks of Interruption and Casualty Losses

Western's operations are, or will be, subject to many hazards inherent in the energy service industry, including unusual or unexpected geological formations, pressures, blowouts, cratering, explosions, fires, loss of well control, damaged or lost drilling, well servicing and rental equipment, and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage, pollution, damage to the property of others and damage to producing or potentially productive crude oil and natural gas formations through which Western drills or in which its well servicing rigs and rental equipment operate.

Generally, both drilling and well servicing contracts provide a clear division of the responsibilities between an energy services company and its customer, and Western seeks to obtain indemnification from its customers by contract for certain of these risks. Western also seeks protection through insurance. However, Western cannot guarantee that such insurance or indemnification agreements will adequately protect it against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a customer or insurer to meet its indemnification or insurance obligations, could result in substantial losses. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate or the Corporation may elect not to insure because of high premium costs or other reasons. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic.

Inflation and Increases in Western's Costs

The general rate of inflation impacts the economies and business environments in which Western operates. Increased inflation and any economic conditions resulting from governmental attempts to reduce inflation, such as the imposition of higher interest rates or wage and price controls, may negatively impact levels of demand for Western's services and cost of inputs, and could, accordingly, have a material adverse effect on Western's business, financial condition and results of operations.

During times of increased activity in the Canadian and US oil and gas industry, costs to service companies like Western often rise, and recent increases in activity in the sector have had such an impact over the prior year. Increases in prices of goods and services, either in the economy as a whole or in respect of the goods and services that Western acquires as part of its business in particular, may increase the Corporation's costs and have an adverse effect on earnings and cash flow.

Higher interest rates as a result of inflation could negatively impact Western's borrowing costs, which could, in turn, have a material adverse effect on Western's cash flow and ability to service obligations under the Credit Facilities, HSBC Facility and the Second Lien Facility.

Credit Risk

Credit risk in Western's business arises primarily from credit exposure to customers and partners in the form of outstanding trade receivables. The maximum exposure to credit risk is equal to the carrying amount of the financial assets. Western may be exposed to credit-related losses in the event counterparties to contracts become insolvent, are subject to creditor protection laws, or otherwise fail to fulfill their present or future financial obligations to Western. While Western takes active steps to monitor and manage its credit risk, it is possible that credit exposure to counterparties (or any one of them), may result in Western suffering losses, in which case its operations and financial results may be adversely affected.

Based on the nature of its operations, the Corporation will always have a concentration of credit risk as nearly all of the Corporation's trade receivables are with customers in the crude oil and natural gas industry and are subject to normal industry credit risks.

Agreements and Customers

The business operations of Western will depend, to a certain extent, on industry standard agreements, and in some cases, verbal agreements with its customer base, some of which are cancellable at any time by Western, or its customers, upon certain conditions being met. The key factors which will determine whether a client continues to use Western are (i) service quality and availability, (ii) reliability and performance of personnel and equipment used to perform its services, (iii) technical knowledge and experience, (iv) safety performance and (v) competitive pricing. There can be no assurance that Western's relationship with its customers will continue, and a significant reduction or total loss of the business from a customer, if not offset by sales to new or existing customers, could have a material adverse effect on Western's business, financial condition, results of operations and cash flows.

At times, Western's drilling rigs may be under long-term take-or-pay contracts which provide a base level of future revenue over the term of the contract. Western is subject to the risk that customers may not honour these types of agreements or any other agreements with or commitments to Western. In addition, Western is subject to counter-party credit risk which increases materially in a low commodity price environment. Breaches of agreements or commitments by Western's customers, or failure or inability to pay by Western's customers, could materially reduce the Corporation's revenue and profitability and could have a material adverse effect on the results of its operations.

In addition, Western's success depends on the ability of its customers to select and acquire suitable producing properties or undeveloped exploration prospects. The marketability of any crude oil and natural gas assets acquired or discovered by Western's customers is affected by numerous factors beyond the control of such customers. These factors include market fluctuations, the price of crude oil and natural gas, the supply and demand for crude oil and natural gas, the proximity and capacity of crude oil and natural gas pipelines and processing equipment, crude oil and natural gas environment activism and government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production, the import and export of crude oil and natural gas, and environmental protection. All of these factors which could affect the Corporation's customers therefore could also negatively affect Western's business and financial results.

The loss of one or more significant customers, or any significant decrease in services provided to such customers, prices paid or any other changes to the terms of services with customers, could have a material adverse effect on Western's business and financial results.

Capital Overbuild in the Contract Drilling and Well Servicing Industry

As a result of the long-life nature of contract drilling and well servicing equipment and the lag between when the decision to build a rig is made and when that rig is placed into service, the number of rigs in the industry does not always correlate to the level of demand for those rigs. Periods of high demand often spur increased capital expenditures on rigs, and those capital expenditures may result in equipment supply exceeding actual demand. The potential of a capital overbuild in the industry could cause Western's competitors to lower their rates and could lead to a decrease in rates in the energy services industry generally, which could have a material adverse effect on Western's business and financial results.

Effects of Climate Change

The risks of natural disasters that could impact Western's business may increase in the future as a result of climate change. Additionally, laws, the political landscape in Canada and abroad, regulations, policies, obligations, natural disasters, social attitudes and customer preferences relating to climate change and the transition to a lower carbon economy could have an adverse impact on Western's business, financial condition, results of operations, cash flows, reputation, access to capital, access to insurance, cost of borrowing, access to liquidity, and/or business plans.

Physical Impact

As discussed under the "Seasonality" risk factor, weather patterns in Canada affect activity in the energy services industry. Global climate change could impact the timing and length of the spring thaw and the period in which the muskeg freezes and thaws and could impact the severity of winter, which could have a material adverse effect on our business and operating results. Furthermore, extreme and evolving climate conditions could result in increased risks of, or more frequent, natural disasters such as flooding or forest fires and may result in delays or cancellation of some of our customer's operations or could increase our operating costs (such as insurance costs), which could have a material adverse effect on our business and operating results. Extreme weather conditions could also impact the production and drilling of new wells. We cannot estimate the degree to which climate change and extreme climate conditions could impact our business and operating results.

Regulatory Impact

In response to climate change and increased focus on environmental protection, environmental laws, regulations and guidelines relating to the protection of the environment, including regulations and treaties concerning climate change or GHG emissions, continue to expand in scope. There has been an increasing focus on reduction of GHG emissions and a potential shift to lower carbon intensive energy sources or a shift to a lower carbon economy. The Corporation's customers' facilities and other operations and activities emit GHGs which require them to comply with GHG emissions legislation in force in those provinces and states in which they operate or that may be enacted in provinces and states in which they operate. Any regulatory changes that impose additional environmental restrictions or requirements on Western or its customers, could increase the Corporation's operating costs and potentially lead to lower demand for services and have an adverse effect on the Corporation's business operations and financial condition. Laws, regulations or treaties concerning climate change or GHGs, including incentives to conserve energy or use alternate sources of energy, can have an adverse impact on the demand for oil and natural gas, which could have a material adverse effect on the Corporation's business operations and financial condition. Such laws, regulations or treaties are evolving, and it is difficult to estimate with certainty the impact they will have on Western's business.

In addition to actions taken by governments with respect to GHG emissions, some investors, including some large institutional investors, have adopted policies or otherwise made investment decisions that limit their exposure to fossil fuel-related industries or other industries that are perceived as being GHG-intensive. Continuing focus on climate change-related issues by investors could reduce the investment capital available to E&P companies, which could negatively affect the capital programs of these companies and, by extension, the funds available to pay energy service companies like Western. In addition, reduced investment in the energy industry generally could have a negative impact on demand for securities of energy services companies, including Western's Common Shares.

Safety Performance

The safety performance of the Corporation and each of its operating divisions and its subsidiary is an important part of the Corporation's business and the Corporation's customers' business. Western's Health, Safety and Environment department develops, implements and monitors strategies to ensure all operations are meeting regulatory and internal safety policies and procedures. The Corporation's safety performance is continuously monitored at all levels of the Corporation, starting with the Board of Directors.

A decline in the Corporation's safety performance could negatively impact the Corporation's ability to perform work for certain customers or potential customers and therefore could have a material adverse effect on the Corporation's business and financial results.

Foreign Operations

Some of the Corporation's current operations and related assets are in the United States. In addition, the Corporation's growth plans may contemplate establishing operations in other foreign countries, including countries where the political and economic systems may be less stable than those in North America. Risks of foreign operations include, but are not limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, inflation, repatriation of earnings, social unrest or civil war, acts of terrorism, extortion or armed conflict and uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, it could have a material adverse effect on the Corporation's business and financial results.

Dividends

On February 25, 2016, the Board suspended the declaration of dividends until further notice. The declaration and payment by the Corporation of dividends on Common Shares in the future, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions. Future dividend payments by Western are not guaranteed as the funds available for the payment of dividends from time to time will be dependent upon, among other things, cash flow from operations generated by Western and its subsidiary, financial requirements for Western's operations and the execution of its growth strategy, fluctuations in working capital, the timing and amount of capital expenditures, debt service requirements and covenants, statutory liquidity requirements under the ABCA and other factors beyond the control of Western. Even if dividends are declared in the future, such dividends may subsequently be reduced, suspended or eliminated entirely depending on Western's operations and the performance of Western's assets and such other factors as the Board considers appropriate.

Tax Matters

In the ordinary course of business, Western may be subject to ongoing audits by tax authorities. While Western believes that its tax filing positions are appropriate and supportable, it is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. In addition, the previous tax filing positions of businesses acquired by Western may be reviewed and challenged by tax authorities. If such challenge were to succeed, it could have a material adverse effect on Western's tax position. Further, the interpretation of and changes in tax laws, whether by legislative or judicial action or decision, and the administrative policies and assessing practices of taxation authorities, could have a material adverse effect on Western's tax position. Consequently, Western is unable to predict with certainty the effect of the foregoing on Western's taxes payable, effective tax rate and earnings.

Western regularly reviews the adequacy of its tax provisions and believes that it has adequately provided for those matters. Should the ultimate outcomes materially differ from these provisions, Western's taxes payable, effective tax rate and earnings may be affected positively or negatively in the period in which the matters are resolved. Western intends to mitigate this risk through ensuring the staff performing the tax calculations are well trained and supervised and that tax filing positions are scrutinized by management and external consultants, as appropriate.

There can be no assurance that income tax laws or the interpretation thereof in any of the jurisdictions in which Western operates will not be changed or interpreted or administered in a manner which adversely affects Western, its subsidiary, and its shareholders. In addition, there is no assurance that the Canada Revenue Agency, the Internal Revenue Service or a provincial or foreign tax agency (collectively, the "Tax Agencies") will agree with the manner in which Western or its subsidiary calculates their income or taxable income for tax purposes or that any of the Tax Agencies will not change their administrative practices to the detriment of Western, its shareholders or both.

Vulnerability to Market Changes

Fixed costs, including costs associated with operations, leases, labour costs and depreciation will account for a significant portion of the Corporation's costs and expenses. As a result, reduced productivity resulting from reduced demand, equipment failure, weather or other factors could have a material adverse effect on the Corporation's business and financial results.

New Technology Could Place Western at a Disadvantage versus Competitors

Complex drilling and completions programs for the exploration, development and production of conventional and unconventional crude oil and natural gas reserves in North America demand high performance equipment. The abilities of energy service providers to meet these demands will depend on continuous improvement of existing rig technology such as 7500 psi circulating systems, walking systems, drive systems, control systems, automation, mud systems and top drives to improve drilling efficiency. Western's ability to deliver equipment and services that are more efficient is critical to continued success. There is no assurance that competitors will not achieve technological improvements that are more advantageous, timely or cost effective than improvements developed by Western.

The ability of Western to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment and there can be no assurance that Western will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. Failure by Western to do so could have a material adverse effect on Western's business, financial

condition, results of operations and cash flows. No assurances can be given that competitors will not achieve technological advantages over Western.

In the future Western may seek patents or other similar protections in respect of certain tools, equipment and technology; however, Western may not be successful in such efforts. Competitors may also develop similar tools, equipment and technology to those of Western thereby adversely affecting Western's competitive advantage in one or more of its businesses. Additionally, there can be no assurance that certain tools, equipment or technology which may be developed by Western, may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on Western's business and financial results.

Potential Replacement or Reduced Use of Products and Services

Certain of the Corporation's equipment may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be preferable for environmental or other reasons. Regulatory changes or customer preferences which favor lower-emissions technology could make the Corporation's existing equipment less attractive or effective or require the Corporation to invest significant capital to upgrade its technology. The Corporation will need to keep current with the changing market for energy services and technological and regulatory changes. If it fails to do so, it could have a material adverse effect on the Corporation's business and financial results.

Dependence on Suppliers

Failure of suppliers to deliver equipment in a timely and efficient manner could be detrimental to the Corporation's ability to keep customers and to grow. In addition, certain equipment is manufactured specifically for the Corporation and the Corporation is dependent upon the continued availability of the manufacturer and the maintenance of the quality of manufacturing. No assurances can be given that the Corporation will be successful in maintaining its required supply of equipment.

Public Health Crises

Western's business, financial condition and results of operations have been and may continue to be materially and adversely affected by the outbreak of epidemics, pandemics and other public health crises in geographic areas in which the Corporation has operations, customers or employees. Actions that have been, and may be, taken by governmental authorities in response to pandemics have resulted, and may continue to result in, among other things: fluctuations in the status of the global economy, including changes in global energy demand; increased volatility in financial and commodity markets; disruptions to global supply chains; labour shortages; inflation and cost pressures; significant impacts to the workforce; reductions in trade volumes; temporary operational restrictions and restrictions on gatherings of individuals, as well as shelter-in-place declarations and quarantine orders; business closures and travel bans; political and economic instability; and civil unrest. The occurrence of new epidemics, pandemics and other public health crises in certain geographic areas, including certain areas in which Western operates, may result in the reimposition of certain of the foregoing restrictions or further restrictions by governmental authorities in certain jurisdictions, including certain jurisdictions in which Western operates.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, environmental protection regulation, increasing consumer demand for alternatives to crude oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and natural gas hydrocarbons. The Corporation cannot predict the impact of changing demand for crude oil and natural gas products, and any major changes could have a material adverse effect on the Corporation's business and financial results.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation may make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of an acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. Western expects to continue to selectively seek strategic acquisitions. Western's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to it may be limited by the number of attractive acquisition targets, internal demands on Western's resources and, to the extent necessary, Western's ability to obtain financing on satisfactory terms, if at all. Acquisitions may expose Western to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems; managing newly-acquired operations and improving their operating efficiency; difficulties in maintaining uniform standards, controls, procedures and policies through all of Western's operations; entry into markets in which Western has little or no direct experience; difficulties in retaining key employees of the acquired operations; and disruptions to Western's ongoing business.

In addition, future acquisitions could result in the incurrence of additional debt, costs, and contingent liabilities. Western may also incur costs for and divert management attention to potential acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize. Western's failure to effectively address any of these issues could have a material adverse effect on Western's business and financial results.

While Western's acquisition process typically includes due diligence on the business or assets to be acquired, and the acquisition agreements typically include detailed representations and warranties respecting the business or assets being acquired, there can be no assurance that Western would not become subject to certain undisclosed liabilities in proceeding with such transactions. In addition, any representations and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, the financial resources of the indemnitor or warrantor or for other reasons. Western has completed several acquisitions and there may exist liabilities that Western's due diligence failed or was unable to discover prior to the consummation of these acquisitions. To the extent that prior owners of businesses failed to comply with or otherwise violated applicable laws, Western, as a successor-owner, may be financially responsible for these violations. The discovery of any material liabilities could have a material adverse effect on Western's business and financial results.

The Corporation may make dispositions of businesses and assets in the ordinary course of business. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation

can focus its efforts and resources more efficiently. Depending on the state of the market, certain non-core assets of the Corporation, if disposed of, could result in the Corporation receiving less than their carrying amount.

Environmental Liability

The Corporation is subject to the operating risks inherent in the industry, including environmental damage. The Corporation has established programs to address compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that the Corporation's procedures will prevent environmental damage occurring from spills of materials handled by the Corporation or that such damage has not already occurred. On occasion, substantial fines or liabilities to third parties may be incurred. The Corporation may have the benefit of insurance maintained by it or the E&P company operating the well; however, the Corporation 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.

Variations in Foreign Exchange Rates and Interest Rates

World crude oil and natural gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/US dollar exchange rate, which will fluctuate over time.

In recent years, the Canadian dollar has experienced levels which were below par to the United States dollar although the Canadian dollar may experience fluctuations from such levels. To the extent that Western engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which Western may contract.

Western takes on interest rate risk in association with its debt obligations. Amounts paid in respect of interest on debt reduce Western's cash flow. Interest rates are influenced by Canadian and global economic conditions beyond the Corporation's control. Increased inflation and any economic conditions resulting from governmental attempts to reduce inflation, such as the imposition of higher interest rates, could negatively impact Western's borrowing costs, which could, in turn, have a material adverse effect on the Corporation's cash flow and ability to service obligations under its debt obligations.

The Corporation is exposed to interest rate risk on its Credit Facilities and the HSBC Facility. Floating-rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate with changes in market interest rates.

The Second Lien Facility has a fixed interest rate which will not decrease even if interest rates generally decrease. There is no guarantee that the Corporation will be able to refinance the Second Lien Facility upon maturity at acceptable interest rates or at all.

Asset Impairment

The Corporation is required to periodically review asset balances including capital assets for impairment when certain factors indicate the need for analysis. These calculations are based on management's estimates and assumptions at the time the analysis is made. Several factors are included in this analysis and may include changes in share price, cash flow and earnings estimates, changes in market conditions, and general local and global economic conditions. Any resulting future impairment write down to capital assets could result in a non-cash charge against net earnings and could be material in nature.

Access to Additional Financing

The Corporation may find it necessary in the future to obtain additional debt or equity to support ongoing operations, to re-finance debt, to undertake capital expenditures or to undertake acquisitions or other business combination transactions (including joint venture transactions). There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the Corporation. The Corporation's inability to raise financing to support ongoing operations, to re-finance debt, including the Second Lien Facility, or to fund capital expenditures or acquisitions or other business combination transactions could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Where additional financing is raised by the issuance of Common Shares or securities convertible into Common Shares, shareholders may suffer dilution to their investment. The Corporation's activities may also be financed partially or wholly with debt, which may increase the Corporation's debt levels above industry standards. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing in the future.

Significant Shareholder Risk

As of the date of this Annual Information Form, AIMCo is the Corporation's largest shareholder, holding approximately 49.7% of the Common Shares. AIMCo has the ability to substantially influence matters affecting shareholders or requiring shareholder approval, including the election of directors, amendments to the articles and bylaws of the Corporation, and the determination of significant corporate actions.

In addition, pursuant to the Investor Rights Agreement, AIMCo has certain nomination rights, including the right to nominate up to two directors on the Board. AIMCo's nomination rights remain in effect so long as AIMCo and its affiliates beneficially own, control or direct at least 30% of the outstanding Common Shares.

There can be no assurance that the interests of AIMCo or its affiliates will align with the Corporation's interests or the interests of other shareholders. In addition, AIMCo's significant interest in the Corporation may also impact the liquidity of the Common Shares. The Common Shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where AIMCo did not have the ability to significantly influence or determine matters affecting the Corporation. AIMCo's very significant shareholding position may also make third parties who have an interest in acquiring a large share position or seeking a more significant transaction involving the Corporation's shares reluctant to do so, adversely affecting the potential demand for shares and the Corporation's share price.

Potential Decline in Market Price of Common Shares

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell such Common Shares, could significantly reduce the market price of the Common Shares and the market price could decline.

Western cannot predict the effect, if any, that future public sales of these Common Shares or the availability of these Common Shares for sale will have on the market price of the Common Shares. If the market price of the Common Shares was to drop as a result, this might impede Western's ability to raise additional capital and might cause remaining shareholders to lose all or part of their investments.

In addition, AIMCo, Western's largest shareholder, has certain rights under the Registration Rights Agreement (as defined herein) to require Western to file a prospectus to facilitate the sale of its Common Shares in a public offering, or to allow it to participate in a public offering of Common Shares by the Corporation, in each case subject to certain customary restrictions and limitations. A public offering of a large number of AIMCo's Common Shares, potentially at a discount to Western's trading price at the time, may have a negative effect on the market for the Common Shares.

Conflicts of Interest

There are potential conflicts of interest which may arise as a result of the members of Western's Board being engaged in certain businesses on their own behalf or on behalf of other companies. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA and Western's internal code of business conduct and ethics.

Information Technology Security

The risk of cyber-attacks targeting the Corporation's industry is increasing. Western relies on various information systems to manage its business. The Corporation has employed security measures and procedures to mitigate the risk of cyber-attacks and has taken precautions to protect critical infrastructure from failure. Despite reasonable efforts, the business is still exposed to cyber-attacks with increasing sophistication and frequency. Critical systems are built with redundancies in mind, but catastrophic failures can still occur through natural or malicious causes. In the event of a security or infrastructure failure the business could be adversely affected in ways such as, but not limited to, outages, data corruption or loss, unauthorized disclosure, reputational harm, delays, lost profits, damage to assets, and inability to fulfill critical business functions. We have not experienced any material impact from cyber-attacks or infrastructure failures to date; however, there is no guaranteed protection from these threats.

Rig Upgrade Risks

When Western decides to complete targeted rig upgrades or modifications on its contract drilling or well servicing rig fleet, the cost of the upgrade and the timeline for completing the upgrade or modification are estimated at that time. Actual costs of components may, however, vary significantly from those estimated as a result of numerous factors, including, without limitation, changes in input costs such as the price of steel, variations in labour rates, and, to the extent that component parts must be sourced from other countries, fluctuations in exchange rates and tariffs. In addition, several factors could cause delays in rig upgraded, including shortages in skilled labour and delays or shortages in the supply of component parts. Any delays in completing the upgrade or modification in the future could lead to postponements of the anticipated date for deployment of the rig into operation and any such postponement could have a negative effect on cash flows generated from operations, of which the effect may be material.

DIVIDENDS

On February 25, 2016, the Board suspended the declaration of dividends until further notice. There is no guarantee the Board will declare dividends in the future.

The Corporation does not have a dividend policy. The amount and timing of future cash dividends, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions, including, among other things, cash flow from operations generated by Western and its subsidiary, financial requirements for Western's operations and the execution of its growth strategy, fluctuations in working capital, the timing and amount of capital expenditures, debt service requirements and covenants, statutory liquidity requirements under the ABCA and other factors beyond the control of Western.

DESCRIPTION OF THE CORPORATION'S SECURITIES

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at February 25, 2026, the Corporation had 33,843,022 Common Shares and no Preferred Shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions of the securities of the Corporation.

Common Shares

Holders of Common Shares are entitled to dividends as and when declared by the Board of Directors, to one vote per share at meetings of shareholders and, upon liquidation, to receive such assets of the Corporation as are distributable to the shareholders of the Corporation, subject to the rights of holders of Preferred Shares having priority over the Common Shares. All of the Common Shares issued and outstanding have been issued as fully paid and non-assessable.

Preferred Shares

Preferred Shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the Board of Directors determines prior to the issue thereof. Preferred Shares rank prior to the Common Shares with respect to the payment of dividends and distribution in the event of liquidation, dissolution or winding up of the Corporation. The Corporation has no Preferred Shares issued and outstanding.

MARKET FOR SECURITIES

Trading Price and Volume of Western's Common Shares

The following table sets forth the price range and trading volume of the Common Shares on the TSX for the periods indicated below:

2025	Price Range		Volume
	High (\$)	Low (\$)	
January	3.10	2.50	33,355
February	2.64	2.35	109,126
March	2.40	1.85	472,735
April	2.32	2.05	38,430
May	2.18	2.05	7,318
June	2.26	2.05	29,037
July	2.37	2.01	16,181
August	2.18	2.01	8,858
September	2.30	2.03	15,420
October	2.18	2.03	36,366
November	2.18	2.05	8,832
December	2.20	2.05	43,569

Prior Sales

During the financial year ended December 31, 2025, no securities have been issued by the Corporation that are outstanding but not listed or quoted on a marketplace.

DIRECTORS AND OFFICERS

The following table sets forth the name, place of residence, date of appointment and position for each director and executive officer of Western as of February 25, 2026, together with their principal occupation during the last five years. The directors of Western shall hold office until the next annual meeting of shareholders or until their respective successors have been duly elected or appointed.

<u>Name and Place of Residence</u>	<u>Position with Western</u>	<u>Director or Officer of Western Since</u>	<u>Principal Occupation and Positions for the Past Five Years</u>
Trent Boehm ⁽²⁾ Alberta, Canada	Director	May 24, 2022	Mr. Boehm is an independent businessman. Formerly, Mr. Boehm was the Vice Chairman, Managing Director of Stifel FirstEnergy, a position he held from 2002 to 2021.
Colleen Cebuliak ⁽¹⁾⁽³⁾ Alberta, Canada	Director	May 24, 2022	Ms. Cebuliak is an independent businesswoman. Formerly, Ms. Cebuliak was the Senior Vice President (“SVP”), and General Counsel for OEG Inc. (formerly Katz Group), a company specializing in sports and entertainment, retail cannabis and hospitality. Ms. Cebuliak held this position from February 2023 to December 2024. Prior thereto, Ms. Cebuliak was the SVP, Legal of OEG Inc. from January 2022 to February 2023. Prior thereto, Ms. Cebuliak was a lawyer with Kingsgate Legal from May 2021 to December 2021. Prior thereto, Ms. Cebuliak was the Chief Compliance Officer for Alberta Investment Management Corporation from March 2020 to May 2021. Prior thereto, Ms. Cebuliak was Associate General Counsel for Alberta Investment Management Corporation from August 2016 to March 2020.
Tomer Cohen ⁽³⁾ Nova Scotia, Canada	Director	June 29, 2022	Mr. Cohen is currently the Vice President Investments at Clarke Inc., an investment company. Mr. Cohen has held this position since September 2019. Prior thereto, Mr. Cohen was a Financial Analyst for Holloway Lodging from May 2018 to August 2019. Prior thereto, Mr. Cohen was a Business Analyst for SemCAMS (now Pembina Gas Infrastructure) from March 2012 to March 2018.
Lorne A. Gartner ⁽¹⁾⁽²⁾⁽³⁾ Alberta, Canada	Director	June 16, 2011	Mr. Gartner is an independent businessman. Formerly, Mr. Gartner was a Managing Director of Royal Bank of Canada Capital Markets, a position he held from 2000 to 2006. Prior to that time, Mr. Gartner was a Vice President of Royal Bank of Canada, Calgary Energy Group.
Ronald P. Mathison Alberta, Canada	Director and Chairman of the Board	December 17, 2010	Mr. Mathison is the President and Chief Executive Officer of Matco Investments Ltd. and Matco Capital Ltd., private investment firms which specialize in providing capital and management expertise to companies in which they have an interest. Mr. Mathison has held this position since before 2017.

Name and Place of Residence	Position with Western	Director or Officer of Western Since	Principal Occupation and Positions for the Past Five Years
John R. Rooney ⁽¹⁾⁽²⁾⁽³⁾ Alberta, Canada	Director	December 22, 2009	Mr. Rooney is an independent businessman. Mr. Rooney is the Chairman of Tamarack Valley Energy Ltd., a public oil company since March 2021 and Chairman of Kara Technologies Inc., a private energy technology company, since September 2017. Mr. Rooney is a Chartered Accountant and a Chartered Business Valuator.
Gavin Lane Alberta, Canada	CEO	June 17, 2024	Effective May 16, 2025, Mr. Lane was appointed CEO of Western. Previously, Mr. Lane was the CFO and Corporate Secretary of Western from June 2024 to January 2025. Mr. Lane has over 20 years of experience in finance and operational leadership within the energy industry. Prior to joining Western, Mr. Lane was CFO of Indigena Drilling Inc. from December 2023 to June 2024. From May 2020 to November 2023, Mr. Lane was the CFO of BTG Energy. Previously, Mr. Lane was the CFO of Animus Capital Partners. Prior to that, Mr. Lane held progressively more senior positions with Trinidad Drilling Ltd. during his 14-year tenure including Senior Vice President, Canadian Operations, Vice President, Finance and Corporate Controller.
Orson Ross Alberta, Canada	CFO	September 15, 2025	Mr. Ross is the Chief Financial Officer of Western. Mr. Ross has over 25 years of experience in senior leadership roles within publicly traded companies. Prior to joining Western, Mr. Ross was the CFO of Cleantek Industries Inc. from September 2021 to September 2025. Prior to that, Mr. Ross held the role of VP, Finance at several publicly listed companies, including Horizon North Logistics Inc./Dexterra Group and Source Energy Services.
April N. Williams Alberta, Canada	Vice President, Corporate Services	September 19, 2022	Ms. Williams is the Vice President, Corporate Services of Western. Prior to joining Western, Ms. Williams held various leadership roles primarily those during her 17-year tenure with Trinidad Drilling Ltd. where she held the role of Director, Human Resources, responsible for the oversight of the human resources function globally.

Notes:

- (1) Member of the Audit Committee. Mr. Rooney is the Chair of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee. Mr. Boehm is the Chair of the Corporate Governance and Compensation Committee.
- (3) Member of the Health, Safety and Environment Committee. Mr. Cohen is the Chair of the Health, Safety and Environment Committee.

As at February 25, 2026, the current officers and directors of Western, as a group, beneficially own or control or direct, directly and indirectly, an aggregate of 4,532,202 Common Shares, being approximately 13.4% of the outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

No director or executive officer of the Corporation is, as at the date of this Annual Information Form, or has been, within the last 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company, that:

- (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (each, an "Order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Except as set forth below, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (i) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation regarding bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Ronald P. Mathison and Lorne A. Gartner were directors of Tesla Exploration Ltd. ("Tesla"). On July 25, 2016, Messrs. Mathison and Gartner resigned as directors of Tesla and Tesla was placed into receivership by its Canadian credit facility lender. An order for discharge of the receiver was pronounced in August 2018.

Penalties or Sanctions

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to any:

- (i) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Western will be subject in connection with the operations of Western. In particular, certain of the directors and officers of Western may be involved with other energy services entities whose operations may, from time to time, be in direct competition with those of Western or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Western. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event a director or officer of a company is a party to, or is a director or officer of, or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction with Western, the director and/or officer shall disclose his interest in such contract or transaction and, in the case of directors, shall refrain from voting on any matter in respect of such contract or transaction unless otherwise provided by the ABCA.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Audit Committee is responsible for reviewing the Corporation's financial reporting procedures, internal controls and the performance of the external auditors. The Audit Committee Charter of Western is set forth as Appendix "A" of this Annual Information Form.

Composition of the Audit Committee

The current members of the Audit Committee are John R. Rooney (Chair), Colleen Cebuliak, and Lorne A. Gartner. The Audit Committee is a standing committee appointed by the Board of Directors of Western to assist the Board of Western in fulfilling its oversight responsibilities with respect to the financial reporting by the Corporation. Each member of the Audit Committee is independent as defined under NI 52-110 and none received any compensation, directly or indirectly, from Western other than for services as a member of the Board of Western and its committees, as applicable. All members of the Audit Committee are financially literate as defined in NI 52-110.

Relevant Education and Experience of Members of the Audit Committee

John R. Rooney (Chair)

Mr. Rooney is an independent businessman. Mr. Rooney is the Chairman of Tamarack Valley Energy Ltd, a public oil company since March 2021 and Chairman of Kara Technologies Inc., a private energy technology company, since September 2017. Mr. Rooney is a Chartered Accountant and a Chartered Business Valuator.

Lorne A. Gartner

Mr. Gartner is an independent businessman. From May of 2000 until March of 2006, he was the Managing Director of Royal Bank of Canada Capital Markets based out of Houston, Texas. In this position, Mr. Gartner was responsible for overseeing the bank's United States energy portfolio. Prior to that time, he was a Vice President of Royal Bank of Canada, Calgary Energy Group. Mr. Gartner has over 40 years of banking experience in Canada with an excess of 20 years of experience in energy banking and has a Bachelor of Commerce Degree from the University of Alberta with a specialization in finance.

Colleen Cebuliak

Ms. Cebuliak is an independent businesswoman. From February 2023 to December 2024, Ms. Cebuliak was the SVP and General Counsel of OEG Inc., a North American leader in sports and entertainment, retail cannabis and hospitality. From August of 2016 to May of 2021, Ms. Cebuliak was Associate General Counsel and then later Chief Compliance Officer of Alberta Investment Management Corporation, an investment manager with currently in excess of \$182 billion in assets under management. Prior thereto, Ms. Cebuliak spent more than 20 years in practice with Dentons Canada LLP primarily in the areas of mergers and acquisitions and public markets. Ms. Cebuliak has a Bachelor of Commerce Degree and a Bachelor of Laws from the University of Alberta as well as a Master of Laws in securities law from Osgoode Hall Law School, York University.

Audit Committee Oversight

At no time since the commencement of Western's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has delegated to the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority), the authority to act on behalf of the Audit Committee between meetings of the Audit Committee with respect to the pre-approval of audit and permitted non-audited services provided by Deloitte LLP. The Audit Committee is required to be notified of any non-approved services over and above audit and tax. The Chair reports on any such pre-approval at the next meeting of the Audit Committee.

Auditor Service Fees

Deloitte LLP was appointed as auditors of Western by the Board of Directors effective January 10, 2010. Fees paid to Deloitte LLP for the last two fiscal years are detailed in the following table:

Type of Service Provided	2025 (\$)	2024 (\$)
Audit fees (including quarterly reviews) ⁽¹⁾	395,579	378,025
Audit-related fees ⁽²⁾	-	-
Tax fees ⁽³⁾	45,577	114,626
All other fees	-	-
TOTAL	441,156	492,651

Notes:

- (1) Audit fees were paid for professional services rendered by the auditors for the audit or review of the Corporation's annual and interim financial statements.
- (2) Audit-related fees are paid for assurance and related services related to securities filings other than the audit or review of the annual and interim financial statements.
- (3) Tax fees were paid for professional services relating to tax compliance, tax advice and tax planning.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein, there were no material interests, direct or indirect, of directors or executive officers of Western, any holder of Common Shares who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year which has materially affected or is reasonably expected to materially affect Western.

TRANSFER AGENT AND REGISTRAR OF THE CORPORATION

Odyssey Trust Company, 1230 300 5th Avenue SW, Calgary Alberta, T2P 3C4, is the transfer agent and registrar of the Common Shares.

MATERIAL CONTRACTS

Except for the agreements noted below, Western is not party to any contract material to its business or operation, other than contracts entered into in the ordinary course of business. Copies of the following material agreements of Western, including amendments thereto, have been filed under its profile on SEDAR+ at www.sedarplus.ca:

Amended and Restated Senior Secured Second Lien Credit Agreement dated May 18, 2022 between Western and AIMCo, agreeing to the terms of the Second Lien Facility, as amended by the First Amending Agreement dated January 27, 2025, extending the maturity date of the Second Lien Facility from May 18, 2026 to May 18, 2027. See Note 11 to the Corporation's audited annual financial statements as at and for the year ended December 31, 2025 for a description of the principal terms of the Second Lien Facility.

Registration Rights Agreement dated May 18, 2022 between Western and AIMCo, granting AIMCo the right to cause the Corporation to file a prospectus to facilitate the sale of its Common Shares in a public offering, or to allow it to participate in a public offering of Common Shares by the Corporation, in each case subject to certain customary restrictions and limitations (the "Registration Rights Agreement").

Investor Rights Agreement dated May 18, 2022 (the "Investor Rights Agreement") between Western, AIMCo, G2S2, Armco, Matco and Ronald P. Mathison, granting AIMCo the right to nominate two directors for election to the Corporation's Board of Directors for so long as AIMCo and its affiliates collectively hold at least 30% of the outstanding Common Shares of the Corporation.

Fifth Amended and Restated Credit Agreement dated March 22, 2024, among Western, HSBC Bank Canada and ATB Financial, agreeing to the terms of its Credit Facilities. See Note 11 to the Corporation's audited annual financial statements as at and for the year ended December 31, 2025 for a description of the principal terms of the Credit Facilities.

INTERESTS OF EXPERTS

Deloitte LLP is the external auditor of the Corporation. Deloitte LLP, Chartered Professional Accountants, is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Western is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of any legal proceeding, during the financial year ended December 31, 2025, nor is Western aware of any such contemplated legal proceedings, which involve a claim for damages exclusive of interest and costs that may exceed 10% of the current assets of Western.

During the year ended December 31, 2025, there were no: (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares and securities authorized for issuance under equity compensation plans, is contained in the Corporation's management information circular dated March 10, 2025 filed on SEDAR+ at www.sedarplus.ca. Additional financial information is provided for in the Corporation's financial statements and management's discussion and analysis for the years ended December 31, 2025 and 2024.

APPENDIX 'A' – AUDIT COMMITTEE CHARTER

WESTERN ENERGY SERVICES CORP. (the "CORPORATION") AUDIT COMMITTEE CHARTER

Purpose

1. The purpose of the Audit Committee (the "**Committee**") is to:
 - (a) review and recommend to the Board for acceptance, prior to their public release, all material financial information required to be gathered and disclosed to the public by the Corporation;
 - (b) oversee management designed and implemented accounting systems and internal controls; and
 - (c) recommend to the Board of Directors (the "**Board**") of the Corporation, the engagement of the external auditor to the Corporation, including their compensation.

Composition

2. The Corporation, as a reporting issuer, must have an audit committee that complies with National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). Accordingly, the Committee must be comprised of at least three members of the Board to serve at the pleasure of the Board. Each member will at all times be independent and financially literate as those terms are defined in NI 52-110. At least one member shall have accounting or related financial management expertise. In particular, at least one member shall have education or experience as a principal financial officer, controller or chartered public accountant.
3. No Committee member shall serve on the audit committees of more than three other issuers without prior determination by the Board that such simultaneous service would not impair the ability of such member to serve effectively on the Committee.
4. No Committee member shall have served as Chief Financial Officer of the Corporation within the last five years.

Meetings

5. The Committee is required to meet in person, by telephone conference call, or virtually, at least once each quarter and as often thereafter as required to discharge the duties of the Committee.
6. The Chair of the Committee appointed by the Board will, in consultation with management, establish the agenda for meetings.
7. A quorum for a meeting of the Committee shall be a majority of members present in person or by telephone conference call.
8. Notice of the time and place of every meeting shall be given in writing, by email or facsimile to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.

Responsibilities of the Committee

9. The Committee's primary responsibilities are to:
- (a) have a written charter that sets out its mandate and responsibilities;
 - (b) be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
 - (c) monitor the management of the principal risks that could impact the financial reporting of the Corporation;
 - (d) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - (e) provide an avenue of communication among the external auditors, management and the Board; and
 - (f) ensure that the external auditor reports directly to the Committee.

Authority of the Committee

10. The Committee must have the authority to:
- (a) inspect any and all of the books and records of the Corporation, its subsidiary and affiliates;
 - (b) engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (c) set and instruct the Corporation to pay the compensation for any advisors employed by the Committee;
 - (d) communicate directly with the internal and external auditors of the Corporation;
 - (e) annually recommend to the Board the appointment of the external auditor, and oversee their compensation;
 - (f) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors, or the external auditors of the Corporation's subsidiary entities and the Committee may delegate to one or more independent members, the authority to pre-approve non-audit services which must then be presented to the Committee at its first scheduled meeting following such pre-approval; and
 - (g) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the Change of Auditor Notice called for by NI 51-102 and as required by other applicable securities regulation, and the planned steps for an orderly transition period.

11. The Committee must establish and periodically review procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, or other matters that could negatively affect the Corporation such as violations of the Corporation's Code of Conduct and Ethics.
12. The Committee must review and approve the hiring of any partners, employees and former partners and employees of the Corporation's present and former external auditors.
13. The Committee shall:
 - (a) review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities;
 - (b) review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process;
 - (c) establish a periodic review procedure to ensure that the external auditor complies with the Canadian Public Accountability Regime under National Instrument 52-108 – *Auditor Oversight*;
 - (d) inquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Committee by any member of the Board, a shareholder of the Corporation, the external auditors, or senior management;
 - (e) review the audit plan with the Corporation's external auditors and with management;
 - (f) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
 - (g) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
 - (h) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (i) review audited annual financial statements and related documents in conjunction with the report of the external auditors;
 - (j) review the Corporation's financial statements, management's discussion and analysis and annual and interim profit or loss press releases and with financial management and the external auditors before release to the public, and recommend to the Board for approval;

- (k) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and must periodically assess the adequacy of such procedures;
- (l) review and recommend to the Board for approval any financial outlooks and future oriented financial information prior to disclosure of such information;
- (m) annually review the management of risks associated with the Corporation's data protection and cyber security practices;
- (n) at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate; and
- (o) assess, on an annual basis, the adequacy of this Charter.

14. Annual Review of the Committee's Charter

- (a) Review and reassess, at least annually, the adequacy of this Charter and recommend any proposed changes to the Board for approval; and
- (b) Review the Corporation's public disclosure regarding the Committee's Charter.

Approved by the Board of Directors October 21, 2025.